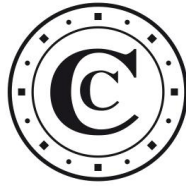


Cour des comptes



THE “L'ORÉAL FOR WOMEN” ENDOWMENT FUND

Financial years 2020 to 2022

Organisation receiving donations

February 2025

Executive Summary

An endowment fund dedicated to helping women in vulnerable situations, closely managed by its founder

Established in summer 2020 by L'Oréal, against the backdrop of a health crisis that exacerbated social inequalities, the “L'Oréal for Women” endowment fund aims to help vulnerable women in France and abroad who are in precarious social situations, refugees, victims of violence or suffering from disabilities.

Endowed by its founder with €50 million for its first three years of existence – to which an additional €30 million was added during the three-year renewal for 2023-2026 – and operating with human and administrative resources provided by L'Oréal, the fund forms part of the group's broader social and environmental responsibility strategy. However, its activities are intended to serve the public interest and are distinct from the commercial activities of the latter.

The board of directors, composed exclusively of senior executives of the founder, is actively involved in the governance of the fund and closely monitors its strategic direction. To this end, it has appointed an advisory committee, provided for in the bylaws and made up of qualified individuals specialising in issues related to “*vulnerability and gender*”, as well as a committee of experts tasked with advising the fund's governance and operations on identified needs in France.

These committees, the creation of which demonstrates the founder's commitment to pluralism and openness, are nevertheless rarely consulted and their discussions are not subject to any formal procedure. Progress must be made to ensure that their involvement alongside the board of directors is effective, tangible and traceable. Furthermore, if the role of the France Experts Committee is deemed important to preserve, its existence and responsibilities should be formally incorporated into the fund's bylaws.

This necessary formalisation of the added value provided by the advisory bodies will also make it possible to ensure more effective compliance with the rules of ethics and conflict of interest prevention issued by the endowment fund, which must also apply to all members of the board of directors and the fund's operational team.

Following the audit by the Court of Accounts, the endowment fund undertook to make the necessary improvements on all these points without delay.

An active and diversified support policy, which could be improved by stricter compliance with the procedures put in place

Over the first three years, the financial aid paid to associations and organisations totalled €27.4 million (plus €23.3 million distributed in 2023). After two years of rapid growth in activity, the endowment fund financed 150 associations or organisations in 2022 (compared with only 21 in 2020), with beneficiaries based abroad accounting for 45 % of total aid disbursed.

Keen from the outset to focus on grassroots associations capable of carrying out concrete projects with measurable effects for women in vulnerable situations, the fund broadened the scope of its interventions during the three years under review. In light of the impact studies conducted, it has strengthened its support for associations with growth and innovation potential (to which higher individual grants are now awarded) and has decided to provide longer-term support by developing multi-year funding.

The internal procedures designed to govern the selection of applications, the allocation of aid and the monitoring of the implementation of supported projects are precise and of high quality. However, their practical implementation needs to be ensured more effectively on a day-to-day basis.

For example, although the selection of applications is based on the general guidelines laid down by the board of directors, it is essentially the responsibility of the operational team and the fund's management. The method used could be improved and enhanced by drawing on the expertise of advisory committees to examine all or some of the applications, which the endowment fund has undertaken to implement following the audit by the Court of Accounts.

Expenditure commitments also comply with clear general rules, but regrettable omissions were identified in some cases during the period under review, as the delegation of powers and responsibilities in force was not fully respected.

Finally, the monitoring of the implementation of the projects supported is, in practice, too formal and not sufficiently rigorous. The activity data reported by beneficiaries, such as financial reports, require more thorough checks than those carried out to date by the fund's departments, where necessary by calling on external service providers to exercise the right of audit imposed on beneficiaries in the financing agreements.

These rigorous requirements for the selection and monitoring of supported projects are all the more necessary when the fund assists associations whose social mission goes beyond the mere defence of vulnerable women. In such cases, it is essential that all precautions be taken to ensure strict compliance with the statutory corporate purpose of the endowment fund.

The endowment fund has taken note of the Court of Accounts' findings in this regard and has stated its determination to strengthen the monitoring of the implementation of the organisations or projects supported without delay.

Opinion of compliance with reservation

Following its audit of the financial years 2020 to 2022, in light of the procedures it has carried out and within the limits of its powers under Article L. 111-10 of the financial courts code, the Court of Accounts finds that the expenditure incurred by the “L’Oréal for Women” endowment fund during the years under review is consistent with the objectives it pursues in accordance with its bylaws.

However, the Court issues the following reservation:

- the financial aid granted to certain associations whose mission is not primarily focused on defending vulnerable women and girls is not subject to sufficiently precise prior agreements or sufficiently thorough monitoring to ensure that it is strictly in line with the corporate purpose of the endowment fund.

Recommendations

The Court makes the following recommendations:

1. Promptly strengthen the formalisation of the work carried out by the two advisory committees and, in the event of a future extension of the fund, grant the France Experts Committee statutory status.
2. Apply strictly the rules set out in the delegation of authority and responsibilities granted by the Chair to the Vice-Chair.
3. Strengthen the operational and financial monitoring of the organisations and projects receiving support and fully exercise the contractual prerogatives granted for the right of audit.
4. Reassess the fund's methods of intervention in non-European Economic Area countries to ensure compliance with the tax regime for charitable donations.
5. Ensure strict adherence to the fund's stated purpose when selecting beneficiary organisations and determining the terms of the financial support provided to them.