

## L'ORÉAL EMPLOYEE SHARE OFFERING 2022 LOCAL SUPPLEMENT FOR AUSTRALIA

*You have been invited to invest in the L'Oréal group employee share plan 2022 ("2022 Employee Offering"). You will find below a brief summary of the terms of the local offering, the local offering information and expected principal tax consequences relating to the offering.*

### Local Offering Information

This Australian Supplement contains further information about the offer as it applies to eligible employees who reside in Australia. The Australian Supplement and the Information Brochure set out the terms of the offer to you and constitute the terms of 2022 Employee Offering.

This Australian Supplement has been prepared so that the offer made to Australian employees complies with certain regulatory requirements of the *Corporations Act 2001* (Cth) ("**Act**"), as modified by specific relief granted by the Australian Securities and Investments Commission ("**ASIC**"), other legal requirements and to provide additional information regarding taxation issues.

**Any advice in this Australian Supplement is of a general nature only. It does not take into account your objectives, financial situation and needs. You should read this Australian Supplement, the Information Brochure and the other materials distributed to you carefully and consider obtaining your own financial product advice from a person who is licensed by ASIC to give such advice if you have any queries as to the course of action you should follow having regard to your particular circumstances. You should also obtain your own taxation advice.**

**Please note that neither L'Oréal group nor your employer is providing you with, and will not provide you with, any personal, financial or tax advice in relation to this offer.**

The decision whether to participate in the 2022 Employee Offering is yours to make, having regard to your own particular circumstances and any independent advice which you require. Any units issued to you in accordance with this offer are issued as an incentive to promote mutual interdependence between you and L'Oréal, and to further align your interests with the interests of the L'Oréal shareholders. They are not issued for the purpose of on-sale.

There are no employment advantages or disadvantages related to whether or not you participate in the 2022 Employee Offering.

Nothing contained in this document or in any other materials distributed or made available to you in connection with the 2022 Employee Offering shall confer upon you any right or entitlement respecting your employment. Participation in the 2022 Employee Offering is separate from and does not form part of your employment agreement.

L'Oréal does not make any recommendation about whether you should participate in the 2022 Employee Offering. This document does not constitute investment advice. If you have any specific queries about the 2022 Employee Offering, you should direct them in the first instance to [ANZ.esop.queries@loreal.com](mailto:ANZ.esop.queries@loreal.com).

You should note that as this is an offer for participation in a foreign employee share offering which is subject to the regulation of the French 'Autorité des Marchés Financiers' ("**AMF**") and laws of France, and any dispute regarding the offer and its operation shall be subject to the exclusive jurisdiction of the courts of France. You should also note that the FCPE and the offer are regulated by the laws of France, and those laws differ from Australian laws. Employees in Australia who participate in this offer must make any claim and enforce any right arising out of or in connection with the offer in the courts of France.

You should also note that no employee has a right to compensation or damages as a result of termination of his or her office, employment or other contract with a group company for any reason, so far as those rights arise or may arise from the participant ceasing to have rights under the offer as a result of termination.

Please carefully read the information below before making your investment decision.

### **Eligibility**

All current permanent full time and part time employees of L'Oréal and the employees of its participating direct and indirect majority-owned subsidiaries, in each case subject to a minimum employment condition of two years, on a continuous basis, measured at the close of the offer period, will be eligible to participate.

By completing the online subscription form, you declare that as of the last day of the offer period, you have an employment contract with the L'Oréal group and have been employed by your company or a company of the L'Oréal group for at least two years.

### ***Subscription Period***

The subscription period starts on **June 8, 2022** and lasts until **June 22, 2022** (inclusive).

During the subscription period, you may subscribe online at <https://invest.loreal.com>. Username and password details will be provided to you by email or mail. The market price of a Share can be ascertained from the Euronext Paris website (<https://www.euronext.com/en>). While the market price of a Share will be quoted in Euros on the Euronext Paris website, it can be converted to Australian dollars on websites such as [www.xe.com](http://www.xe.com) to determine the market price of the Share in Australian dollars.

If you do not have access to the internet at home or at work, you may subscribe with a paper subscription form. Please contact your Human Resources department to receive a paper subscription form.

If you will subscribe with a paper subscription form please return your duly completed subscription form before **June 22, 2022** to [ANZ.esop.queries@loreal.com](mailto:ANZ.esop.queries@loreal.com) or mail to:

Attn: Payroll Department – ESOP correspondent  
L'Oréal Australia  
564 St Kilda Road  
Melbourne, VIC 3004

If you are posting your duly completed subscription form, it must be received by **June 22, 2022**. Any forms received after this date will not be eligible.

### ***Subscription Price***

The subscription price will be set on June 3, 2022 as the average opening price of the shares of L'Oréal S.A. ("Shares") over the 20 preceding trading days minus a 20% discount.

It is to be noted that your subscription is in euro. Consequently, for the purposes of your subscription, the amount of your payment in Australian dollars will be converted by your employer using the exchange rate, applicable by or around the beginning of September 2022.

### ***Custody of your shares***

Shares will be subscribed and held by a collective shareholding vehicle, known as a *Fonds Commun de Placement d'Entreprise*, or an FCPE, which is commonly used in France for the conservation of shares held by employee-investors. You will be issued units in the FCPE corresponding to your subscription and corresponding to the shares representing the employer matching contribution once delivered at the end of the lock-up period subject to the conditions described below. For more information on an FCPE please see the section "What is a FCPE".

### **Your investment is capped**

The maximum subscription amount you can invest is 25% of your 2022 estimated gross annual remuneration, up to the limit of the equivalent of 50 shares. Your gross annual remuneration includes your base salary, guaranteed allowances, bonus and superannuation.

### **Your investment will be subject to a five-year lock-up period**

In consideration of the benefits granted under this offer, your investment is subject to a lock-up period of five years (ending on July 26 2027), during which you will not be able to redeem your investment unless you qualify for an early exit (see "Early Exit Events").

### **Dividends**

Any dividends paid with respect to the Shares while those Shares remain held in the FCPE will be reinvested in the FCPE. The net asset value of the FCPE units will be increased to reflect this dividend reinvestment. No additional units (or fractions thereof) of the FCPE will be issued. The dividends will not be paid out directly to you.

### **Voting Rights**

As long as the shares are held by the FCPE, the voting rights pertaining to such shares will be exercised by the supervisory board of the FCPE on behalf of the employees.

### ***Method of Payment – What are the payment methods available for my subscription?***

Only one payment method is available in relation to the payment of your subscription amount: after-tax salary deduction over 12 months.

You are not able to pay your subscription amount by way of an upfront electronic funds transfer for this of 2022 Employee Offering.

### **Salary Deduction**

To participate in the 2022 Employee Offering you must pay your subscription amount through after-tax salary deduction.

If you cease employment with L'Oréal Australia or a subsidiary before all your after-tax salary deductions are completed, you will need to make arrangements satisfactory to your employer to repay the salary advance (refer below). You should also refer to the section headed "Early exit events" in terms of the circumstances in which you may redeem your units prior to the end of the lock-up period.

### **Terms and conditions of interest free advance on your salary**

Your employer will provide an interest free advance on your salary for the amount you wish to subscribe.

The terms of the interest free advance are:

- you must mark the box for payment by salary deduction on the Subscription Form (online or paper);
- you must nominate the total amount you wish to invest on the Subscription Form (online or paper);
- your employer will deduct that amount in equal instalments (subject to any final instalment differences) from your after-tax salary payments during the specified period;
- the after-tax salary deductions will be used to repay that interest free advance over the specified period;
- the advance is interest free;
- no fees are payable in respect of the advance;
- if you are an employee who is a temporary residency visa holder you may not be able to participate in the salary deduction / interest free loan advance. For example, you will not be eligible for the interest free loan repayment option if you have less than 12 months remaining on your visa as at the end of the subscription period on **June 22, 2022**;
- if you cease employment with L'Oréal Australia or a subsidiary before the FCPE purchases the shares then the FCPE will purchase shares and shortly after receiving notification of your unit allocation you may request a redemption of units from the FCPE under the early exit events detailed below, and you must make arrangements satisfactory to your employer to repay the salary advance;
- if you cease employment with L'Oréal Australia or a subsidiary before all your after-tax salary deductions are completed, you will need to make arrangements satisfactory to your employer to repay the salary advance. You may request a redemption of units from the FCPE under the early exit events detailed below; and
- if you cease employment with L'Oréal Australia or a subsidiary before all your after-tax salary deductions are completed, the amount you must repay your employer to repay the salary advance is an amount no greater than the cumulative value (as at the time the loan is repayable) of the FCPE units you subscribed for and which were allocated to you and the FCPE units corresponding to the matching shares.

## **Risks**

You should note that as your investment under this offering is for units in an FCPE that will hold shares in a French company listed on the Euronext Paris, your subscription will be in Euros.

As noted above, any dispute regarding the offer and its operation shall be subject to the exclusive jurisdiction of the courts of France so employees in Australia must make any claim and enforce any right arising out of or in connection with the offer in the courts of France. The plan and its operation are regulated by the laws of France, which differ from Australian laws.

After the funds are provided to the FCPE to allow it to purchase the shares there is no protection or guarantee in relation to the impacts on your investment of movements in the euro / Australian dollar exchange rate. During the life of your investment, the value of the Shares held by the FCPE will be affected by fluctuations in the currency exchange rate between the euro and the Australian dollar. As a result, if the value of the euro strengthens relative to the Australian dollar, the value of the Shares expressed in local currency will increase. On the other hand, if the value of the euro weakens relative to the Australian dollar, the value of the Shares expressed in Australian dollars will decrease.

The return on or value of your FCPE units and the Shares held by the FCPE is not subject to any form of guarantee. The Share price may fall to such level that when you exit your holding, including taking into account the initial discount on the acquisition price, you may not recover the full amount you initially paid.

As your investment is subject to a 5-year lock up period, you are not able to redeem your units in the FCPE until the lock-up period has ended (subject to certain exceptions). Please read above in relation to the custody of the shares and the early exit events from the 5-year lock up period.

You will not directly receive dividends on the shares held by the FCPE. Any dividends received on the Shares held by the FCPE are re-invested in the FCPE and result in the increase in value of the FCPE units. No additional units (or fractions thereof) of the FCPE will be issued.

In addition, as your investment under this offering is for units in an FCPE that holds shares in a French company, time differences between Australia and France will also be a relevant from a risk perspective in relation to administering your FCPE units.

Please also read the relevant clauses in relation to:

- the terms of the interest free advance, and in particular the implications if you cease employment prior to repaying the interest free advance in full; and
- the expected key tax implications and considerations applying to the 2022 Employee Offering.

## **Redemption**

Your investment will become available upon the expiry of the lock-up period of five years, or earlier, if you qualify for an early exit. Prior to the end of the lock-up period, you will be informed of the availability of your investment and your units will be valued in accordance with the share price at that time. You may request the redemption of your investment or you may continue to hold your units in the FCPE. Your request for redemption of your units in the FCPE should be sent to PRM, who will check your request and

forward it on to the FCPE Management Company. Please note that you may only redeem units in the FCPE for cash and that you cannot redeem units in the FCPE for Shares.

### **Early Exit Events**

You may request redemption of your investment during the above-mentioned lock-up period in the following circumstances only:

- (a) total and permanent disability of the employee;
- (b) death of the employee; or
- (c) termination of the employment contract (including voluntary resignation and retirement).

Before relying or attempting to rely on any of these early exit events, you should consult with your employer to make sure that your case meets all the requirements of French and Australian law.

Supporting documentation may be required to establish the occurrence of a valid early exit event. Acceptance of a request for early exit is possible but not mandatory. For further information, please contact your human resources office.

### **A share capital increase reserved for employees**

Shares, or units in an FCPE that holds shares, will be offered to all eligible employees of participating L'Oréal companies, including in Australia, pursuant to L'Oréal's capital increase reserved for such employees.

If the total number of requested shares or units exceeds the offered shares, the number of shares or units requested may be reduced in proportion to the number of subscription applications received. In this event, each participant will be notified personally.

### **Privacy**

If you apply to participate in the plan, you will be asked to provide personal information to L'Oréal and your employer who will collect and hold the personal information provided by you in connection with your application.

Your personal information will be used:

- for considering, processing and corresponding with you about your application;
- in connection with your holding of FCPE units, including sending you information that L'Oréal or your employer considers may be relevant to you by virtue of your participation in the plan; and
- for conducting an audit or review of the activities contemplated above.

All personal information which is required to complete the subscription form is mandatory and is required to participate in the offer.

## Matching Contribution

Your investment will be matched by a grant of rights to additional units for no additional payment (“**Matching Shares**”). You will be entitled to Matching Shares proportionally to your subscription for the ratio described in the Information Brochure. These units will be delivered to you at the end of the vesting period, in November 2027, subject to the terms and conditions provided in the Free Share Plan Rules.

You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Matching Shares. For the full description, please refer to the Free Share Plan Rules made available to you at <https://invest.loreal.com> (in French and English) and upon request emailed to [ANZ.esop.queries@loreal.com](mailto:ANZ.esop.queries@loreal.com). Subscription to the L’Oréal employee share plan 2022 implies acceptance of the Free Share Plan Rules.

**Eligibility to the grant of Matching Shares:** in order to qualify for a grant of Matching Shares within the framework of the L’Oréal employee share plan 2022, you must satisfy the following conditions:

- you must have validly subscribed in the context of the L’Oréal employee share plan 2022 and must satisfy all the conditions for participating therein;
- your participation in or your subscription or payment for the L’Oréal employee share plan 2022 must not have been rejected or cancelled on (or prior to) the Grant Date (defined below); and
- the payment of the subscription must have been fully settled at the Delivery Date (defined below).

**Grant Date:** The date of the grant shall occur on the date on which the shares subscribed for by the FCPE pursuant to the L’Oréal employee share plan 2022 are issued, i.e on July 26 2022, or shortly thereafter. Within weeks of the Grant Date, each beneficiary shall receive a letter or statement electronically confirming that he or she is a beneficiary of the grant of Matching Shares and stipulating the number of Matching Shares granted to him or her, subject to the conditions of the Free Share Plan Rules (as summarized hereafter).

**Delivery Date:** Subject to the satisfaction of the conditions stipulated below, the Matching Shares will be delivered to you on or around July 26, 2027. You will not receive shares directly, shares will be provided to the FCPE and you will receive FCPE units.

**Conditions to be satisfied to receive the Matching Shares at the end of the lock-up period** (you may refer to Article 6 of the Free Share Plan Rules for a detailed and full description of the conditions; stipulations below are only a summary of the applicable conditions and do not supersede provisions of the Free Share Plan Rules).

In order to receive the Matching Shares, you must remain an employee or corporate officer of the L’Oréal Group from the last day of the subscription period pursuant to the L’Oréal employee share plan 2022 until the 20th calendar day preceding the Delivery Date (the “**Continued Employment Condition**”).

The period between the last day of the subscription period pursuant to the L’Oréal employee share plan 2022 and the 20th day calendar day preceding the Delivery Date shall be referred to hereinafter as the “**Acquisition Period**”.

Nevertheless, you will be deemed to have satisfied the above Continued Employment Condition if, at any time during the Acquisition Period, you lose the status of employee or corporate officer of the L’Oréal Group for one of the following reasons (the “**Exceptions to the Continued Employment condition**”):

- **Death:** In the event of death, your heir(s) may request, the delivery of the Matching Shares within six months of the death. In such a case, any Matching Share granted shall be delivered to the assigns shortly after the submission of their request and the Acquisition Period shall not apply. In the absence of such a request, the Matching Shares granted to the deceased beneficiary shall be delivered to the heirs on the Delivery Date.
- **Disability:** In the event of disability, as defined in Article L. 225-197-1 of the French Commercial Code, during the Acquisition Period, the Matching Shares granted shall be delivered shortly after the occurrence of the relevant disability event.
- **Retirement:** In the event of retirement at the minimum retirement age stipulated by the law of the relevant country or in the event of retirement pursuant to any retirement scheme, the Matching Shares shall be delivered to the beneficiary on the Delivery Date.
- **Dismissal for a reason other than gross misconduct or serious misconduct:** In the event of a dismissal for a reason other than gross misconduct or serious misconduct, the Matching Shares granted shall be delivered to the Beneficiary on the Delivery Date. For the purposes of the plan, dismissal for gross misconduct or serious misconduct entailing the forfeiture of the right to receive the Matching Shares shall be assessed having regard to the regulations of the relevant country applicable to the dismissal of the beneficiary.
- **Termination of the employment contract pursuant to the mutual agreement of the employee and the employer:** In the event of the termination of the employment contract of the beneficiary pursuant to a mutual agreement, the Matching Shares shall be delivered to the beneficiary on the Delivery Date.
- **Change of control of your company/employer:** In the event of a change of control over your company/employer, those beneficiaries who are employees or corporate officers of the relevant company shall receive their Matching Shares on the Delivery Date.

**Ownership of the Matching Shares:** At the Date of Delivery, any Matching Shares delivered will become your full property. Your Matching Shares will be delivered and held through the FCPE “L’OREAL EMPLOYEE SHARE PLAN” and you shall receive units of the FCPE who will hold those shares. In the event that a L’Oréal company is required to pay taxes, social charges or any other governmental charges on behalf of any beneficiary of the Matching Shares as a result of the grant or delivery of the Matching Shares, L’Oréal reserves the right to delay the transfer of the Matching Shares to such person until such person has paid all such amounts, or made arrangements for payment that are satisfactory to L’Oréal, or to cause the sale of the shares held by the FCPE and withhold from the proceeds the relevant amounts, as provided for in the article 10 of the Free Share Plan Rules.



## What is the FCPE?

An FCPE is a collective shareholding vehicle established under French law and is created specifically for the purpose of a French company or group employee stock plan.

Under the 2022 Employee Offering, the FCPE will acquire shares in L'Oréal and then issue units to participating employees. Each unit represents an undivided percentage interest in the L'Oréal shares held by the FCPE on behalf of employees. That is, the shares are pooled within the FCPE and are not held in separate accounts for each employee. Unit values are calculated on the basis of net asset value ("NAV"). All prices and values will be calculated in Euros.

The FCPE is governed by rules, which set out the terms and conditions under which a plan offering is to operate.

The FCPE is operated and managed by:

- a Management Company (which is Amundi Asset Management);
- a Custodian (which is Caceis Bank); and
- the Supervisory Board (which is comprised of equal numbers of employee shareholder representatives chosen from a different geographical zone and representatives of the L'Oréal group).

Each of these bodies has specific obligations under the FCPE rules.

**Management Company:** The Management Company (Amundi Asset Management) maintains the portfolio of the FCPE pursuant to the rules of the FCPE. The Management Company, subject to the powers of the Supervisory Board, acts on behalf of unitholders and also prepares the accounting documents and periodic information documents required by the FCPE rules. In addition, the Management Company appoints an Auditor (with the approval of the AMF).

After being certified by the Auditor, within a period of 8 weeks from the end of each half-year period, the Management Company is required to disclose the audited asset composition of the FCPE and this information is made available to the Supervisory Board, to participating group companies and to the participants in original or simplified form.

The Management Company calculates the number of units held by each employee and prepares an allotment statement for the company. L'Oréal then informs each employee of the number of units allotted to that employee. It also executes the redemption of units.

**Custodian:** The Custodian (Caceis Bank) is responsible for the custody of the assets comprised in the FCPE. It ensures that transactions are carried out in conformity with the relevant legislation and with the FCPE rules. The Custodian must take any necessary steps to enable the FCPE to exercise rights attaching to the assets held by the FCPE.

The Custodian must audit the inventory of the FCPE assets (prepared by the Management Company) within 6 weeks of the end of each half-year period and certifies the inventory of the FCPE's assets at the end of the year.

**Supervisory Board:** The Supervisory Board meets at least once a year to review the annual reports on the

FCPE's performance and the transactions it has made. The Supervisory Board exercises the voting rights attached to the securities included in the FCPE's assets. It appoints one or more proxies to represent the FCPE at the shareholders meetings of the issuing company (in this case, L'Oréal). The Supervisory Board may present resolutions at the general meetings. The Supervisory Board must approve any changes to the FCPE rules before they are made. Without prejudice to the abilities of the Management Company and the liquidator, the Supervisory Board may act on the unitholder's legal behalf to defend or assert the rights or interests of the unitholders.

**Custody account keeper of FCPE units:** The custody account keeper is responsible for account keeping and custody services for the FCPE units held by unitholders. It receives and processes unit subscription and redemption requests, and initiates all related payments and settlements.

**Auditor:** The Auditor ensures legislative requirements have been met and certifies the accuracy of published information and the regularity of the financial statements and accounting information contained in the management report.

**Annual Accounts:** The Management Company must send to participating L'Oréal group companies the following documents (which must have been certified by the Auditor):

- the inventory of assets certified by the Custodian within 8 weeks from the end of each half-year period; and
- the balance sheet, the income statement and notes, and the management report prepared in accordance with the provisions of the current accounting plan, certified by the Auditor within 4 months after every fiscal year-end.

These documents will be available for inspection at the registered office of L'Oréal during normal business hours. In addition, L'Oréal S.A.'s annual report is also available by electronic means from the company's website: <http://www.loreal.com>.

**Unit value:** The value of your units is determined on the basis of NAV. The NAV is calculated by dividing the compartment's net assets by the number of units issued and not yet redeemed. The NAV is calculated on the last Market Trading Day of each month, on the basis of the opening price on Euronext. Because the assets underlying the compartment of the FCPE in which you are investing are primarily shares in L'Oréal and the value of your investment will be calculated periodically by reference to the underlying value of the assets, the value of your units will depend on changes in the price of L'Oréal shares.

Changes in the cash value of your investment are directly related to changes in the price of the Shares and changes in the A\$ cash value of your investment are also a direct result of changes in the exchange rate.

Your investment will always be valued in Euros. Any account statements you are provided will only indicate the Euro value of your investment.

**Fees and Charges:** Administrative, accounting and auditing fees will be paid by the participating L'Oréal group companies. Brokerage fees, commissions and costs on sales of shares included in the compartment and on purchases of shares made using sums from either the sale or redemption of shares, or income from assets included in the FCPE shall be paid out of these assets and deducted from the liquid assets of the compartment.

**Amendment to the FCPE rules and changes to governing bodies:** The Supervisory Board's prior consent is required for certain changes to the FCPE rules, as set forth therein. Employees must be informed of any

amendment to the rules. Changes take effect, at the earliest, 3 business days after employees are first informed. The Supervisory Board may decide to change the Management Company and/or the Custodian. Any such change is subject to the prior agreement of the Supervisory Board and the approval of the AMF. Once the new Management Company and/or the new Custodian has been appointed, the transfer shall take place within a maximum of 3 months after the AMF's approval. In that period the departing Management Company must prepare an interim management report and an inventory of the FCPE's assets. These documents must be provided to the new Management Company on a mutually agreed date or at the end of the 3-month period following the AMF's approval.

**Merger or demerger, Partial transfer of assets, Liquidation:**

Any merger or demerger of the FCPE must be:

- made in accordance with French law;
- decided upon by the Supervisory Board;
- approved by the AMF; and
- notified to unitholders.

In a merger or demerger your new rights will be calculated on the basis of the NAV of units of the FCPE (which will be calculated on the date of merger or demerger). You will be notified of the number of units you will hold in the revised FCPE and of the new rules. Unitholders of the same company may decide, under certain limited circumstances, to collectively transfer the assets of the current and former employees of the same company held in each compartment of the FCPE to another investment vehicle. The FCPE may not be liquidated so long as there are units that are not yet available.

**What is the effect of foreign jurisdiction?**

Under the rules of the FCPE any dispute that arises between:

- the unitholders; and
- the Management Company; or
- the Custodian,

in connection with the FCPE either during its operation, or upon its liquidation, will be referred to the courts of competent jurisdiction.

Pursuant to the terms of specific relief obtained from ASIC, L'Oréal Australia has agreed to accept notices, correspondence and service of process at its registered office on behalf of L'Oréal, the Management Company and the Custodian. However, any claim will still be against L'Oréal, the Management Company or the Custodian.

A final and conclusive judgment obtained in an Australian court in respect of a fixed and certain sum payable by a French company (such as L'Oréal) would be recognised and enforced by the courts in France, provided actual notice of proceedings has been established in sufficient time to contest them and provided that the judgment was not obtained in a manner contrary to natural justice, French law or public policy in France.

## **Tax Information for Employees Resident in Australia**

*This summary sets forth general principles that are expected to apply to employees (“**Participants**”) who (i) are and who shall remain, until the disposal of their investment, resident in Australia for the purposes of the tax laws of Australia and the Convention between the government of Australia and the government of the French Republic for the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion dated 20 June 2006, including any impact of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “**Treaty**”) and (ii) are entitled to the benefits of the Treaty, but may not apply in all situations.*

*The tax consequences listed below are described in accordance with Australian tax law and certain French tax laws and practices, all of which are applicable in effect at 23 March 2022. These principles and laws may change over time. L’Oréal will not apply to the ATO for a Class Ruling in respect of the 2022 Offering. However, the Australian tax aspects of this tax summary is based on rulings issued for similar plans. This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. For definitive advice, employees should consult their own tax advisors. **Upon subscription***

### **I. Will I be required to pay any tax or social security charges at the moment of subscription?**

#### **I.1 Taxation on the difference between the subscription price and the market value of the L’Oréal share at the time of subscription**

You will not be subject to income tax in respect of the subscription price discount applicable at the time of subscription. Instead, the provision of units to you constitutes a fringe benefit provided in relation to your employment with L’Oréal. Accordingly, your local L’Oréal employer will be liable for fringe benefits tax (“**FBT**”) on the “taxable value” of the benefit.

To the extent that you are granted a right to additional units with reference to the Matching Shares, this will be included in the taxable value of the benefit for FBT purposes. You will not be liable for income tax.

If the fringe benefits that you receive during the year ending 31 March are greater than \$2,000 in aggregate the value of the benefits will generally be reportable in your year-end payment summary/income statement. This amount will be used by the Australian Tax Office (“**ATO**”) to determine your entitlement (to or liability for) income-tested tax concessions and surcharges, including:

- the Medicare levy surcharge (note: this is different to the 2% Medicare levy);
- concessions for personal and spouse superannuation contributions; and
- HECS\HELP debt repayments.

#### **I.2 Will the interest-free advance payment be taxable?**

You will not be subject to income tax in respect of any interest-free advance or reduced-rate advance at a rate less than the FBT statutory rate (currently 4.52% for the FBT year ending 31 March 2022 and updated annually) resulting from the after-tax salary deduction proposed as your method of payment.

Any interest-free advance or reduced-rate advance at a rate less than the FBT statutory rate (currently 4.52% for the FBT year ending 31 March 2022 and updated annually) resulting from the after-tax salary deduction proposed as your method of payment will constitute a “loan fringe benefit” on which the local

L'Oréal employer will be required to pay FBT on the "taxable value" of the benefit. L'Oréal will be required to include a reportable fringe benefits amount on your payment summary/income statement. Please see I.1 above for the consequences of this.

### **During the life of the Plan**

#### **II. Will I be required to pay any tax or social security charges on dividends?**

Any dividends distributed by L'Oréal will be automatically reinvested by the FCPE «L'OREAL EMPLOYEE SHARE PLAN» in L'Oréal shares (purchased on the market). The value of the units will increase to reflect this dividend reinvestment.

(i) Taxation in France

In the absence of a distribution to employees of the dividends received from L'Oréal, no withholding tax will be levied in France.

(ii) Taxation in Australia

You should not be subject to income tax on any dividends to be reinvested by the compartment of the FCPE in additional shares.

### **Upon redemption**

#### **IV.1 Will I be required to pay any tax or social security charges when, at the end of the lock-up period (or in the event of an authorized early exit event), I ask the FCPE to redeem my units for cash?**

(i) Taxation in France

You will not be subject to income taxes in France on the gain, if any, realized on the redemption of your units.

(ii) Taxation in Australia

If you request to redeem your units in the FCPE for cash, you may make a capital gain and therefore be subject to tax on redemption. You will be assessed on any gain you make on redemption, which will be equal to the difference between:

- the amount of cash you receive; over
- the sum of the subscription price you paid for the units.

For units received with reference to the Matching Shares, you will be assessed on any gain you make on redemption, which will be equal to the amount of cash you received, as no subscription price would have been paid for those units.

However, you may use other capital losses from the same income year or prior year capital losses that you have carried forward to offset the capital gain arising from redemption.

To the extent that the gain is derived on FCPE units which you have held for at least twelve months, the net capital gain remaining after the utilisation of any capital losses will be reduced

by 50%. If you redeem your units in the FCPE within one year of acquiring the units, the whole of the net capital gain remaining after the utilisation of any capital losses will be assessable.

Any net capital gain you make must be included in your income tax return in the year in which your units are redeemed and will be assessed at your marginal tax rate. The top marginal rate is currently 47% (including a 2% Medicare levy).

A 1% to 1.5% Medicare levy surcharge may in addition apply to employees whose income for surcharge purposes (including reportable fringe benefits) is more than \$90,000 per annum (for an individual) or \$180,000 per annum (for a couple) in most situations if Australian registered private hospital insurance cover is not held.

If the amount of cash you receive on redemption is less than the sum of the subscription price you paid for the units, you will make a capital loss. Capital losses can be used to offset other capital gains or carried forward and utilised against capital gains made in future income years.

***IV.2 Tax or social security charges that may be applicable, if I do not choose immediately to redeem my investment upon the expiration of the lock-up period.***

If you decide to retain your units in the FCPE upon leaving L'Oréal or at the end of the Lock-up Period, you will not be liable for income tax on any unrealised gain at that time. However, as stated above, you may be subject to income tax on any realised capital gain when your units are redeemed in the future.

***VIII. What are my reporting obligations with respect to the subscription, holding and redemption of the FCPE units as well as the payment of dividends, as applicable?***

You will not have any specific reporting obligations beyond including any net discounted capital gain that you make on redemption of your FCPE units in your income tax return for the income year in which redemption occurs.

If the fringe benefits that you receive during the year ending 31 March are greater than \$2,000 in aggregate the value of the benefits will generally be reportable in your year-end payment summary/income statement. This amount will be included when determining your entitlement to certain tax offsets and other concessions as well as your liability for various surcharges and obligations.

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