

L'ORÉAL EMPLOYEE SHARE OFFERING 2022 LOCAL SUPPLEMENT FOR THE PEOPLE'S REPUBLIC OF CHINA

EMPLOYEE SHARE PLAN 2022



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

LOCAL OFFERING INFORMATION

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 will be provided to you by email or mail. You may also subscribe with a paper subscription form should you not have access to internet. Please contact your Human Resources Department to receive a subscription form.

Unless you subscribe through Internet, please return your duly completed subscription form before June 22, 2022 at your company's Human Resources Department.

Subscription Price

The subscription price will be set on June 3, 2022 as the average opening price of the Shares over the 20 preceding trading days minus a 20% discount.

It is to be noted that your subscription is in euro. Consequently, for purposes of your subscription, the amount of your payment in Renminbi ("RMB") will be converted by your employer using the exchange rate, applicable by or around the beginning of June 2022, that will be communicated to you on demand. During the life of your investment, the value of the Shares subscribed through the FCPE will be affected by fluctuations in the currency exchange rate between the euro and RMB. As a result, if the value of the euro strengthens relative to the RMB, 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 RMB, the value of the Shares expressed in RMB will decrease.

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

The payment will be made through Salary Deduction in accordance with your choice indicated in the subscription form.

According to your subscription amount, your payment will be deducted from your salary at once in August, 2022, or over 6 months separately from August, 2022 (i.e. from August, to January, 2023).

Please note that deductions from salary are subject to limitations of PRC laws and regulations, in which the monthly salary after deduction will not be less than the minimum monthly salary legally required by relevant local authority at the work location indicated in your labor contract. Consequently, if you selected a payment through salary deduction at once in August 2022 but the limitations mentioned above do not allow deducting in one time such amount, your payment will be made over several installments up to 6 months.

In any case, if your payment cannot be repaid in full until January, 2023, the outstanding amount owed to your employer will be repaid on the seventh following month, i.e. February 2023.

L'ORÉAL

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Custody of your shares, voting rights, dividends

Your shares will be subscribed and held on your behalf 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 the shares you will have subscribed and those representing the employer matching contribution once delivered to you at the end of the lock-up period subject to the conditions described below.

As long as your L'Oréal shares are held by the FCPE "L'OREAL EMPLOYEE SHARE PLAN", the voting rights pertaining to such shares will be exercised by the supervisory board of the FCPE on behalf of the employees.

Any dividends paid by L'Oréal will be automatically reinvested in this FCPE and will increase the value of the units held therein.

Currency Exchange Control

All matters with respect to foreign exchange under the Employee Offering will be handled by your local employer on your behalf in accordance with the applicable laws and regulations of the People's Republic of China ("**PRC**" or "**China**"). If you choose to participate in the Employee Offering, you are agreeing that your local employer will make the relevant application or filing with the State Administration of Foreign Exchange ("**SAFE**") for purposes of implementing the Employee Offering. In addition, you may be required to fill out or submit documentation as may be requested by state laws and regulations or the relevant authority in connection with the Employee Offering.

If the Employee Offering cannot be approved as a whole or partially by relevant authorities, your subscription would be materially affected or even be cancelled and you would be informed by your local employer immediately of such circumstances. In this case, no compensation will be payable.

According to the PRC laws and regulations, the payment of your proceeds under the Employee Offering made by your employer will also be subject to the review and registration with the SAFE and the bank, which may result in the delay of payment. Due to the uncertainties of timing and the fluctuation of foreign exchange rate, the proceeds to be received may be adversely affected. In this case, no compensation will be payable.

Labor Law Disclaimer

Please note that the Employee Offering is provided to you by the French company L'Oréal, not by your local employer. The decision to include a beneficiary in this or any future offering is taken by L'Oréal in its sole discretion. The Employee Offering does not form part of your employment agreement and does not amend or supplement such agreement. Participation in the Employee Offering does not entitle you to future benefits or payments of a similar nature or value, and does not entitle you to any compensation in the event that you lose your rights under the Employee Offering as a result of the termination of your employment. Benefits or payments that you may receive or be eligible for under the Employee Offering will not be taken into consideration in determining the amount of any future benefits, payments or other entitlements that may be due to you (including in cases of termination of employment).

Other Regulatory Requirements

Based on the PRC laws and regulations, the applicable governmental authorities may review and examine the Employee Offering at any time and the Employee Offering may be modified, amended or cancelled in accordance with PRC laws and regulations and government authorities' requirements. If the Employee Offering is modified, amended or cancelled, your rights under the Employee Offering may be certain and adversely affected. In this case, you will be informed of the situation and L'Oréal will execute the Employee Offering in accordance with the PRC laws and regulations and governmental authorities' requirements.

Lock-up period and Early Exit Events - In which cases may I ask for an early redemption?

Under the L'Oréal employee share plan 2022, your investment must be held for a period of five-year, ending on July 26, 2027.

Nevertheless, you may be able to request early release and exit from the Employee Offering before the end of the lock-up period in the case of early exit events as described below:

1. marriage of the employee;
2. birth or adoption of a third child or higher;
3. divorce (if custody of at least one child is retained);
4. disability of the employee or spouse or child;
5. death of the employee or his/her spouse;
6. termination of employment (including retirement); and
7. domestic violence committed against the employee.

These early exit events are defined by French law and must be interpreted and applied in a manner consistent with French law. You should not conclude that an early exit event is available unless you have described your specific case to your employer and your employer has confirmed that it applies to your situation, upon your providing the requisite supporting documentation.

In the event of the termination of employment contract (including retirement) or your local employer ceases to be a group company of L'Oréal, you are required to redeem all your units under all plans of L'Oréal employee offerings within six months or even a shorter time limit required by PRC relevant governmental authorities from time to time, which may be finally determined by your local employer. If you do not redeem all of your investments within such period, your local employer has the right to redeem such investments on your behalf without your consent.

In addition, in the event that other early exit event occurs, in accordance with the requirements of PRC relevant governmental authorities from time to time, you may be required to redeem all your units within a time limit, which will be determined by your local employer.

Please be noted that your employer has the right to suspend payment of your proceeds until you provide tax-paid certificate if your employer does not to withhold such taxes for you at its own discretion.

FREE SHARES

Your investment will be matched by grant of rights to additional shares of L'Oréal S.A. for free ("**Free Shares**"). You would be entitled to Free Shares proportionally to your subscription for the ratio described in the Information Brochure. These shares will be delivered to you at the end of the vesting period, in July 2027, subject to the terms and conditions provided for in the Free Share Plan Rules.

You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Free 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 from your HR correspondent. Subscription to the L'Oréal employee share plan 2022 implies acceptance of the Free Share Plan Rules.

Eligibility to the grant of Free Shares: in order to qualify for a grant of Free 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);
- 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 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 Free Shares and stipulating the number of Free 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 Free Shares will be delivered to you on or around July 26, 2027.

Conditions to be satisfied to receive the Free 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 that 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 Free 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 Free Shares within six months of the death. In such a case, any Free 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 Free 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 Free 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, instead of the delivery of the Free Shares you will receive a cash payment from your employer, at the time of or shortly after the occurrence of retirement, representing the value of the Free Shares on the basis of their fair market value at the time of your departure from the L'Oréal Group.

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, instead of the delivery of the Free Shares you will receive a cash payment from your employer, at the time of or shortly after the occurrence of the mutual agreement, representing the value of the Free Shares on the basis of their fair market value at the time of your departure from the L'Oréal Group.

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 Free Shares on the Delivery Date.

Please be noted that your local employer may determine whether or not you will be delivered with free shares or cash payment eventually upon the occurrence of above-mentioned events in accordance with PRC foreign exchange and other regulations.

Ownership of the Free Shares: At the Date of Delivery, any Free Shares delivered will become your full property. Your Free Shares will be delivered and held through the FCPE "L'OREAL EMPLOYEE SHARE PLAN" and you shall receive units of the FCPE representing 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 Free Shares as a result of the grant or delivery of the Free Shares, L'Oréal reserves the right to delay the transfer of the Free 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 and withhold from the proceeds the relevant amounts, as provided for in the article 10 of the Free Share Plan Rules.

In the event of the termination of employment contract (including retirement) or your local employer ceases to be a group company of L'Oréal, you are required to sell all free

shares delivered to you under all plans of L'Oréal employee offerings within six months or even a shorter time limit required by PRC relevant governmental authorities from time to time, which may be finally determined by your local employer. If you do not sell all of your investments within such period, your local employer has the right to sell such investments on your behalf without your consent.

TAX INFORMATION FOR EMPLOYEES RESIDENT IN MAINLAND OF PEOPLE'S REPUBLIC OF CHINA

This summary sets forth general principles in effect at the time of subscription of the offering, that are expected to apply to employees ("Participants") who are and who shall remain, until the disposal of their investment, resident in the mainland of People's Republic of China ("PRC" or "China") for the purposes of the tax laws of the PRC and of the tax treaty concluded between France and China for the avoidance of double taxation (the "Treaty") and are entitled to the benefits of the Treaty. The tax consequences listed below are described in accordance with the PRC tax law and certain French tax laws and practices, all of which are applicable at the time of the offering. These principles and laws may change over time.

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 or social security charges on the difference between the subscription price and the market value of the L'Oréal share at the time of subscription.

The difference between the subscription price and the market value of L'Oréal shares upon subscription (i.e. the date on which you obtain the FCPE units registered in your name) will be regarded as salary/bonus income and is subject to taxation at progressive rates of between from 3% and to 45%. Your employer will withhold such taxes in accordance with the applicable PRC tax laws.

You will not be subject to social security charges upon subscription, but it may cause the increase of your social insurance contribution basis in the coming year.

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

The interest-free advance payment may be considered as the loan to the employee. If such advance payment is not repaid within 12 months, the tax authority may consider such unpaid amount as the salary/bonus of the employee and request the employer to withhold relevant individual income tax for the employee.

DURING THE LIFE OF THE EMPLOYEE OFFERING

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 China

You may not be subject to taxation or social security charges in China with respect to dividends reinvested in the FCPE. However, some tax bureaus may apply income tax at a flat rate of 20% regarding the reinvestment in the FCPE as dividends and request to pay tax upon such reinvestment. Your employer will withhold such taxes in accordance with the applicable PRC tax laws.

Provided no individual income tax is applicable upon reinvestment of such dividends, proceeds from sale of such FCPE units reinvested may be regarded as a capital gain by transferring assets and subject to individual income tax at a flat tax rate of 20%. Your employer will withhold such taxes in accordance with the applicable PRC tax laws.

III. Will I be required to pay any wealth tax on the FCPE units I own?

No.

UPON REDEMPTION

IV. 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 China

The difference between the proceeds from redemption of the FCPE units and the market value of the L'Oréal shares on the date of your subscription (i.e. the date on which you obtain the FCPE units registered in your name) would be subject to taxation up to a fixed rate of 20% as your income from assets transfer, with the possibility that certain tax offices may apply progressive rates of up to 45% as your salary and bonus income. Your employer will withhold such taxes in accordance with the applicable PRC tax laws.

You will not be subject to social security charges in China at the moment of redemption of your FCPE units.

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 do not redeem your units at the end of the lock-up period, the tax described above will not apply until such time as you actually redeem your units.

You will not be subject to social security charges in China at the moment of redemption of your FCPE units.

FREE SHARES

V. Will I be required to pay any tax or social security charges at the Grant Date of the Free Shares?

You will not be subject to tax or social security charges at the Grant Date.

VI. Will I be required to pay any tax or social security charges at Tax at the Delivery Date of the Free Shares?

The market value of Free Shares at Delivery Date (i.e. the share price on the Delivery Date x shares you own) would be subject to an individual income tax at progressive rates from 3% to 45%. Your employer will withhold such taxes in accordance with the applicable PRC laws.

You will not be subject to social security charges at the Delivery Date, but it may cause the increase of your social insurance contribution basis in the coming year.

VII. Will I be required to pay any tax or social security charges at the date of sale of the shares / redemption of the units representing the Free Shares?

The difference between the proceeds from sale of shares/redemption of the FCPE units and the market value of the Free Shares on the date of delivery would be subject to taxation up to a fixed rate of 20% as your income from assets transfer, with the possibility that certain tax offices may apply progressive rates of up to 45% as your salary and bonus income. Your employer will withhold such taxes in accordance with the applicable PRC tax laws.

You will not be subject to social security charges in China at the date of sale of the shares/redemption of your FCPE units.

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?

Your local employer may file the offering and relevant documents with the tax authorities and withhold relevant tax for you in accordance with relevant PRC tax laws, however, please note that such actions of your local employer can not exempt you from obligations to file and report your income with the relevant tax authority if you have such obligations according to the relevant tax rules. Under the current tax rules, you may have reporting obligation under the following circumstances: (i) if you obtain consolidated income and need to make final settlement; (ii) if you obtain taxable income but there is no withholding agent; (iii) if you obtain taxable income but the withholding agent does not withhold your tax; (iv) if you obtain overseas income; (v) if you deregister your household registration in China for emigrating overseas; (vi) if you are a non-PRC resident but obtain wages and salaries from more than two places in the PRC; or (vii) other circumstances which are required by the State Council.

In addition, although your employer generally withholds the taxes under the Employee Offering for you, there may be cases in which your employer is unable or inappropriate to withhold such taxes. Thus, you will be liable to declare and pay taxes by yourself in the aforementioned cases and shall provide relevant tax payment evidence to your employer after completing such declaration and payment.