

**L'ORÉAL EMPLOYEE SHARE OFFERING 2022  
LOCAL SUPPLEMENT FOR FINLAND**

*You have been invited to invest in shares of L'Oréal ("**Shares**") in the L'Oréal group employee share plan 2022 ("**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 to Kati Uljas 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.

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

The following payment method is available:

- Bank transfer to the employer bank account. You should make the bank transfer to L'Oréal Finland Oy's bank account with Danske Bank, account number (IBAN): FI30 8143 9710 0060 42, BIC: DABAFIHH (with personal identity code stated in the information section). The bank transfer must take place no later than July 19, 2022.

***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 bonus 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.

### ***Securities Notices***

The Information Document pursuant to the EU Prospectus Regulation is composed of the Brochure and this Local Supplement.

### ***Labor Law Disclaimer***

Please note that this 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 made by L'Oréal, in its sole discretion. The offering does not form part of your employment agreement and does not amend or supplement such agreement. Further, your participation in the 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 offering as a result of the termination of your employment. Benefits or payments that you may receive or be eligible for under this offering will not be taken into consideration in determining the future benefits, payments or other entitlements, if any, that may be due to you (including in cases of termination of employment).

### ***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 years, ending on July 26, 2027.

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

1. marriage;
2. birth or adoption of a third child (or higher);
3. divorce (if custody of at least one child is retained);
4. domestic violence committed against the employee by his/her spouse, partner, civil partner, or his/her former spouse, partner or civil partner;
5. disability of the employee or spouse or child;
6. death of the employee or his/her spouse;
7. use of proceeds for creation by the employee, child or spouse of certain businesses;
8. use of the proceeds for the acquisition or enlargement of the principal residence;
9. over-indebtedness; and
10. termination of employment.

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.

## **BONUS SHARES**

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

You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Bonus Shares. For the full description, please refer to the Bonus 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 Bonus Share Plan Rules.

**Eligibility to the grant of Bonus Shares** : in order to qualify for a grant of Bonus 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 Bonus Shares and stipulating the number of Bonus Shares granted to him or her, subject to the conditions of the Bonus Share Plan Rules (as summarized hereafter).

**Delivery Date** : Subject to the satisfaction of the conditions stipulated below, the Bonus Shares will be delivered to you (and held through the FCPE) on or around July 26, 2027.

**Conditions to be satisfied to receive the Bonus Shares at the end of the lock-up period** (you may refer to article 6 of the Bonus 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 Bonus Share Plan Rules ) :

In order to receive the Bonus Shares, you must remain an employee or a 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 20<sup>th</sup> 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 20<sup>th</sup> 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 Bonus Shares within six months of the death. In such a case, any Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus Shares on the Delivery Date.

**Ownership of the Bonus Shares:** At the Date of Delivery, any Bonus Shares delivered will become your full property. Your Bonus 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 Bonus Shares as a result of the grant or delivery of the Bonus Shares, L'Oréal reserves the right to delay the transfer of the Bonus 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 Bonus Share Plan Rules.

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

*This summary sets forth general principles in effect in March 2022 that are expected to apply to employees (“**Participants**”) (i) who are, and shall remain until the disposal of their investment, working and resident in Finland for the purposes of the tax laws of Finland and the French Republic and the Convention between Finland and the French Republic for the avoidance of double taxation dated 11 September 1970, as amended (the “**Treaty**”), (ii) who are and shall remain until the disposal of their investment entitled to the benefits of the Treaty, (iii) who have an employment contract with a company controlled by L’Oréal, and (iv) who are subject to the social security scheme of Finland.*

*The tax consequences listed below are described in accordance with Finnish and certain French tax laws and practices, as well as the Treaty, all of which are applicable in March 2022. These laws, practices, and the Treaty may change over time even with retroactive effect.*

*Please note that neither L’Oréal nor your employer is providing you with, and will not provide you with, any personal, financial, or tax advice. Please note that FCPE is not recognised by Finnish tax law or commonly used in Finland for the conservation of shares held by employee-investors. The below summary is based solely on our understanding of the currently limited Finnish tax practice. 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?**

Taxes or social security charges should not be due upon subscription. In accordance with the current taxation practice, the taxation and social security charges should be deferred until the end of the lock-up period or an early exit event.

### **During the Life of the Plan**

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

##### **(i) Taxation in France**

Provided your investment will be held through the FCPE and the FCPE reinvests any dividends that may be distributed by L’Oréal, you will not be subject to tax or social charges in France.

##### **(ii) Taxation in Finland**

In accordance with the current taxation practice, employees should not be subject to taxation or social security charges when the FCPE receives and reinvests potential dividends during the lock-up period. Instead, taxation should, as a starting point, be deferred until the end of the lock-up period or early exit event.

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

No wealth tax is levied in Finland.

## 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?***

#### (i) Taxation in France

The capital gain, if any, derived from the redemption of units will not be subject to tax or social charges in France.

#### (ii) Taxation in Finland

You should be subject to income tax at the end of the five-year lock-up period (or earlier in the case of early exit). In accordance with the current taxation practice, you should be subject to taxation and social security charges at the end of the five-year lock-up period, irrespective of whether you request redemption of your units or not at such time. The possible gain from the investment should be taxed as earned income at progressive tax rates of up to approximately 55% (in 2022) and subject to the employee's health care payment (1.5% in 2022). However, if an early exit event happens before one year of the lock-up period has passed, the gains could be subject to all customary social security charges. Employee's customary social security charges would be in total approximately 11 % of the gains (based on the rates in 2022). Correspondingly, the employer would be obliged to pay the employer's share of the social security charges. The amount of the taxable income will most likely be the difference between the value of your investment upon termination of the lock-up period (or the value of your investment upon early exit) and the amount of your original investment in 2022 Employee Offering.

To the extent that tax prepayment withheld by the employer in accordance with your tax card would not suffice for the payment of your taxes for the tax year in question (including tax payable on benefit from investment), you shall take care of payment of any outstanding tax yourself. The employee's health care payment is included in the withholding percentage stated on your tax card.

If you decide to continue to hold any shares through the FCPE after the end of the lock-up period, you are responsible for verifying the applicable tax treatment and obligations independently. Based on current tax practice, any further gain upon redemption of such shares should, as a starting point, be taxed as capital income at tax rates of 30–34% (in 2022). Any gain or loss should be calculated as the redemption proceeds less the amount of your investment and the amount taxed as earned income.

Alternatively, in lieu of applying the actual acquisition costs, you could potentially choose to apply a presumptive acquisition cost equal to 20% of the sales price, or, if the shares sold have been held for a minimum of ten years, 40% of the sales price. If the presumptive acquisition cost would be used instead of the actual acquisition cost, any selling expenses would be deemed to be included therein, and therefore, could not be deducted in addition to the presumptive acquisition cost. Capital losses are primarily deductible from capital gains arising in the same year and the following five years and secondarily also from other capital income arising in the same year and the following five years. Capital gains of individuals are tax-exempt if the total sales proceeds from the assets sold do not exceed EUR 1,000 during a tax year. The capital losses will not be tax deductible for individuals if the total amount of the acquisition prices of the assets

sold does not exceed EUR 1,000 in a tax year. No social security charges should be applicable. The applicable taxes would not be withheld by the employer.

**Additional information**

During the five-year lock-up period, you are obliged to report your holdings in the FCPE to the tax authorities as assets in your pre-completed tax return. As the dividends reinvested within the FCPE are not taxed in Finland at the time of reinvestment pursuant to the current practice, you are not required to report them on the pre-completed tax return. As a starting point, you have to report the taxable income in the tax return (or check the information on the pre-completed tax return) for the tax year in which the lock-up period ends. In the case of an early exit event, you have to report the taxable income already in the tax return for the tax year in which you receive the taxable benefit from redemption.