

L'ORÉAL EMPLOYEE SHARE OFFERING 2022 LOCAL SUPPLEMENT FOR LATVIA

*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 at your company's Human Resources Department: *HR Generalist Baltic countries, Ieva Miķelsone +371 29821946.*

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 methods are available:

- Salary Deduction over 12 month starting in August 2022; or
- Wire transfer to the employer bank account: [LV15RIKO0000083119329](#)

Should you choose the salary deduction over 12 month period, in case your employment relationship terminates with L'Oréal Baltic SIA (even if you continue employment with another L'Oréal group company) before the expiry of the 12 month period (or before the full amount has been withheld for the purchase of the shares) you agree to pay the amount outstanding to the employer in full on your last day of employment by withholding by your employer agreed with your employer.

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

There are no applicable currency or exchange controls in Latvia.

Securities Notices

There are no required securities law notices required with respect to the share offering in Latvia.

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. disability of the employee or spouse or child;
5. domestic violence against the employee was committed by his spouse, civil partner;
6. death of the employee or his/her spouse;
7. use of the proceeds for the acquisition or enlargement of the principal residence; and
8. 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.

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 You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Free Shares. Free Share Plan Rules.

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, the Free 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 Free 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 Free 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 Free 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 Free Shares on the Delivery Date.

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.

Tax Information for Employees Resident in Latvia

*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 Latvia for the purposes of the tax laws of Latvia and of the tax treaty concluded between France and Latvia 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 Latvian 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?

No.

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

No.

Your employer will report the basic terms of the plan and your participation in the plan within two months after your enrolment or subscription to the plan in order to qualify for the tax exemption.

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

If the investment is paid for in 12 monthly installments, you may be taxed on deemed interest if the installments are treated as an interest free loan from your Employer. In such case the income is calculated in the following way: $0.7 \times$ annual weighted average interest rate on loans to domestic non-financial corporations for previous year. (2021 applicable rate was 2.80%) This income shall be calculated on yearly basis and adjusted in accordance with the actual term of the interest free loan.

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 Latvia

According to Latvian income tax law dividend income is exempted if corporate income tax has been paid by L'Oréal SA in France. If dividends paid by EU/EEA company, it is considered that tax has been paid and exemption is applicable.

If the payor of the dividends is a non-resident (not needed if dividends paid by EU/EEA company), the recipient of the dividends is required to declare the received dividends for the period when the dividends were calculated and with declaration documented proof that corporate income tax or equal tax has been paid or personal income tax or equal tax has been deducted from dividends.

Upon redemption

III. 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 Latvia

No. You will not be subject to tax on the redemption of the units for shares.

If you redeem the units for cash you may be subject to tax on the capital gains at the rate of 20%. The gain would be calculated as the difference between the acquisition price of the units/shares and the price at which the units/shares are redeemed. It will be your responsibility to report such gain and pay any applicable tax.

In case of early redemption (if you hold your units less than 12 months), your income will be subject to personal income tax and social insurance contributions on the value of the units at the time of redemption (value of discount and matching shares will be considered as net benefit). Your employer will be liable for the calculation and payment of personal income tax and social insurance contributions in Latvia on the basis that the benefit received is treated as remuneration arising from the employment relationship. The employer will be required to report the income in the period when it is received and withhold and pay any applicable personal income tax and social insurance contributions.

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.

There will not be any tax or social insurance security charges applicable if you choose not to redeem your units immediately upon the expiration of the lock-up period. You may be subject to tax on the capital gains from the sale of the shares at a later date. The current applicable rate of tax is 20% on capital gains.

FREE SHARES

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

No, provided the lock up period of five years has expired.

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

No, provided there has not been any early termination events applicable to you.

VI. 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?

Yes. After the redemption of your units, if you incur a gain on the sale of the shares, the gain will be subject to personal income tax. The currently applicable rate of tax is 20%. You will be required to report the gain to the Latvian State Revenue Service either in the month following the quarter when the gain was realized or in your annual income tax return depending on the amount of the gain. The gain on the sale of the shares is not subject to social insurance contributions.

VII. 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 employer will report your participation in the plan to the Latvian State Revenue Service. Your employer will be responsible for the reporting of any personal income tax and social insurance contributions in case of early termination.

In the case of dividend payments you will not be liable for payment of personal income tax for dividend income, if the following conditions are met:

- if Latvian corporate income tax has been paid at distribution;
- if corporate income tax or equivalent tax has been paid or personal income tax or equivalent tax has been deducted from dividends at source in the jurisdiction of the payer.

If no tax has been paid for company profits or withheld from distribution of dividends, then received dividends are taxed at a rate of 20%. If dividends paid by EU/EEA company it is considered that tax has been paid and exemption is applicable.

In the case of sale of shares after the redemption of the units, you will be responsible for the declaration and payment of personal income tax on the gains from the sale of the shares. The deadline for submitting a declaration depends on the amount of income earned in the quarter: if the total income from transactions in capital assets exceeds 1000 Euros in a quarter, the declaration must be submitted quarterly by the 15th day of the month following the quarter after the income from capital gains; if the person's total income from transactions in capital assets in a quarter does not exceed 1000 Euro, then the declaration must be submitted by 15 January of the following year. The capital gains tax must be paid till 23rd of month when the declaration is submitted.

The above explanations are general in nature and you may need to seek personal tax advice with respect to your specific situation. Please note that Latvian tax law and the practice of the tax authorities changes often and the above tax treatment may change within the term of the plan.