

## L'ORÉAL EMPLOYEE SHARE OFFERING 2022 LOCAL SUPPLEMENT FOR NEW ZEALAND

*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.*

### New Zealand securities law statement

The statement below is provided in order to comply with New Zealand securities law and in particular the Financial Markets Conduct Regulations 2014 ("**FMC Regulations**"). This 2022 Employee Offering is made in reliance on the exclusion for employee share purchase schemes under clause 8 of Schedule 1 of the Financial Markets Conduct Act 2013 ("**FMC Act**") and is therefore not a "regulated offer" under the FMC Act and FMC Regulations and does not require the preparation of a product disclosure statement.

### **Warning**

This is an offer of ordinary shares in L'Oréal S.A. The Shares will be subscribed and held through and in the name of a French *Fonds commun de placement d'entreprise* ("**FCPE**"), « L'OREAL EMPLOYEE SHARE PLAN». As Shares will be held through the FCPE, employees will be issued units of the FCPE which may be redeemed for Shares. The Shares give you a stake in the ownership of L'Oréal S.A. The FCPE units are the mechanism through which Shares are held in the plan. You may receive a return if dividends on the Shares are paid. For more information on the FCPE please refer to the section "What is the FCPE".

If L'Oréal S.A. runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

### **Transfer of FCPE Units**

FCPE units will not be quoted on any stock exchange and cannot be sold to a third party. The FCPE units can only be redeemed in accordance with the rules of the plan.

### **Transfer of Shares**

You may not sell the Shares during the lock-in period of five years.

The value of your investment will track the value of Shares which are quoted on Euronext Paris (a European stock exchange seated in Paris). This means you may be able to sell them after the end of the five year lock-in period, on the Euronext Paris if there are interested buyers. You may get less than you invested. The price will depend on the demand for Shares.

Please see below information under the heading “Early redemption events” regarding the 5-year lock-in period and permitted early redemption events.

### ***Annual report and audited financial statements***

On request, you are entitled to receive, free of charge, a copy of L'Oréal S.A.'s latest annual report (including its audited financial statements). L'Oréal S.A.'s annual report is also available by electronic means from the company's website: <http://www.loreal.com/>.

### **Local Offering Information**

This Local Supplement for New Zealand contains further information about the offer as it applies to eligible employees who reside in New Zealand. This New Zealand Supplement and the Information Brochure (and the documents referred to therein) set out the terms of the offer to you and constitute the terms of the 2022 Employee Offering.

Any advice in this New Zealand Supplement is of a general nature only. It does not take into account your objectives, financial situation and needs. You should read this New Zealand 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 to give such advice if you have any queries as to the course of action you should follow having regard to your particular circumstances.

Please note that neither L'Oréal S.A. nor your employer is providing you with, any personal, financial or tax advice or recommendation in relation to the 2022 Employee Offering.

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 Shares issued to you in accordance with this offer are issued as an incentive to promote mutual independence 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 New Zealand Supplement 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 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.

Élora DELAMARE29347919

## **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.

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 New Zealand  
Level 2, Building B, Millennium Centre,  
600 Great South Road, Greenlane,  
Auckland 1051

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 over the 20 preceding trading days minus a 20% discount.

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

## **Custody of your Shares**

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.

### **Your investment is capped**

The maximum subscription amount you can invest is 25% of your 2022 estimated gross annual remuneration. 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?**

As stated above, if you wish to participate, please complete the subscription form online at <https://invest.loreal.com> or if you do not have internet access at work or at home, please contact the HR Department to request a paper subscription form.

The following payment methods are available:

- salary deduction over 12 months; or
- bank transfer to the employer bank account.

#### *Bank transfer*

Should you choose to pay for your subscription through a bank transfer to L’Oréal New Zealand’s company bank account, you must transfer the full amount to the following bank account between July 12 and July 19, 2022:

Account Title: L’OREAL NEW ZEALAND LIMITED  
Branch: CITIBANK NA, NEW ZEALAND  
23 CUSTOMS STREET EAST,  
AUCKLAND, N.Z.  
Account Number: 31-2840-0022455-02

#### *Salary deduction*

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Should you choose to pay for your subscription through after tax salary deductions over 12 months, the first deduction from your salary will be made from your first (for employees paid weekly) or only (for employees paid monthly) salary payment received in August 2022.

If you choose to pay for your subscription through salary deduction and you cease employment with L'Oréal New Zealand or a subsidiary before all your salary deductions are completed, you will need to make arrangements satisfactory to your employer to repay the salary advance (refer below).

**Terms and conditions of interest free advance on your salary as part of the salary deduction payment option.**

If you choose to pay for your subscription through salary deduction, 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 post tax salary payments during the specified period;
- the 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 cease employment with L'Oréal New Zealand or a subsidiary before the FCPE purchases the Shares, then the FCPE will purchase Shares on your behalf and shortly after receiving notification of your unit allocation you may request a redemption of units from the FCPE upon an early exit event, and you must make arrangements satisfactory to your employer to repay the salary advance;
- if you cease employment with L'Oréal New Zealand or a subsidiary before all your 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 upon certain early exit events detailed below; and
- if you cease employment with L'Oréal New Zealand or a subsidiary before all your salary deductions are completed, the amount you must repay your employer to pay the salary advance is an amount no greater than the cumulative value (as at the time the loan is repayable) of the financial products (being the shares / units in the FCPE corresponding to the Shares you subscribed for) you subscribed for and which were allocated to you.

## **Risks**

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

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 / New Zealand dollar exchange rate. 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 the New Zealand dollar. As a result, if the value of the euro strengthens relative to the New Zealand 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 New Zealand dollar, the value of the Shares expressed in New Zealand dollars will decrease.

As your investment is subject to a 5-year lock up period, you are not able to sell the underlying Shares 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. 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 shares in a French company, time differences between New Zealand and France will also be a relevant from a risk perspective.

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; and
- the 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 Shares 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.

## **Early Exit Events**

Under the 2022 Employee Offering, 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, for example:

1. disability of the employee or spouse or child;

2. death of the employee or his/her spouse; and
3. termination of employment.

Before relying or attempting to rely on any early exit event, you should consult with your employer to make sure that your case constitutes an accepted early exit event and meets all the requirements of French and New Zealand 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 department.

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

Shares will be offered to all eligible employees of participating L'Oréal companies, including in New Zealand, pursuant to L'Oréal's capital increase reserved for such employees.

If the total number of requested Shares exceeds the offered Shares, the number of Shares 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 2022 Employee Offering, 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. By participating in the 2022 share offering, you (and any approved transferee of your FCPE units or shares) authorise L'Oréal to collect, hold, use and disclose any personal information that you provide to your employer or otherwise authorise L'Oréal to collect, in accordance with these terms and the Privacy Act 2020 (NZ) ("**Privacy Act**").

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

Your personal information will be used:

- for considering, processing and corresponding with you about your application;
- in connection with your holding of FCPE units or Shares, 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.

In accordance with the Privacy Act, you have the right to access and request correction of your personal information that the L'Oréal Group holds in accordance with the Privacy Act, by contacting [dataprivacy@loreal.com](mailto:dataprivacy@loreal.com).

### **Matching Contribution/Free Shares**

Your investment will be matched by grant of rights to additional shares of L'Oréal S.A. for free ("**Free Shares**"). You will 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 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 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 Free Shares** : In order to qualify for a grant of Free Shares within the framework of the 2022 Employee Offering, you must satisfy the following conditions:

- you must have validly subscribed in the context of the 2022 Employee Offering and must satisfy all the conditions for participating therein;
- your participation in or your subscription or payment for the 2022 Employee Offering 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 2022 Employee Offering 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 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 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 2022 Employee Offering 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 2022 Employee Offering and the 20<sup>th</sup> 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**"):

- (a) **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.
- (b) **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.
- (c) **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.
- (d) **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.
- (e) **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.
- (f) **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.

## 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 shareholders 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 New Zealand dollar 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 the 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.

A final and conclusive judgment obtained in a New Zealand 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 New Zealand**

*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 New Zealand for the purposes of the tax laws of New Zealand and of the tax treaty concluded between France and New Zealand 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 New Zealand 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 on the difference between the subscription price and the market value of the L’Oréal share at the time of subscription**

You will have taxable income in respect of the units in the FCPE issued to you. You are liable to pay the income tax imposed on that taxable income. The tax rate applicable to this taxable income depends upon your total taxable income for the 2021/22 tax year. The tax rates currently in force range from 10.5% to 39% of taxable income.

The amount of the taxable income is the market value of the Shares on the date of issue to you less the amount paid to subscribe for the Shares. The market value of the shares for this purpose may be determined by reference to (i) the middle market quotation for the shares or (ii) the 5-day volume weighted average price for the shares (or any method that is accepted by the Inland Revenue Department (“**IRD**”) or is comparable to the 5-day weighted volume average price method). Although not completely certain, the IRD may accept the subscription price set under the Share Plan as an acceptable measure of the market value of the Shares on the date of issue (despite being the average opening price over the 20 trading days preceding the date the price is set).

Your employer may assist with converting the taxable income arising from the 20% discount, initially expressed in euros, into a New Zealand dollar equivalent amount by use of an acceptable rate of exchange. If necessary, an acceptable rate of exchange may be obtained from the IRD at [www.ird.govt.nz](http://www.ird.govt.nz) or from a trading bank.

The amount of the taxable income arising from the 20% discount will be shown in the Summary of Income issued to you by IRD for the 2021/22 tax year. Your employer will have previously reported this item of taxable income to IRD through the employment income information form filed by the employer with IRD. Your employer may elect to pay, on your behalf, through the PAYE withholding system the tax owing on the taxable income. If your employer does not do so the tax owing would need to be paid by you to IRD by the date notified by IRD to avoid interest charges.

No social security charges apply to a subscription for Shares.

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

Any loan provided by your employer in relation to the Share Plan will not have taxation consequences for you.

### **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 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 New Zealand

The tax treatment during each tax year of the FCPE lock-up period depends upon whether you adopt and apply "Foreign Investment Fund Taxation" or "Dividend Taxation".

Foreign Investment Fund Taxation applies for the tax year if the cost of all of your foreign shareholdings, but not including the shares of ASX listed companies and certain Australian unit trusts, exceeds NZ\$50,000. Foreign Investment Fund Taxation may also be chosen and applied despite being under the NZ\$50,000 cost threshold.

#### *Dividend Taxation*

Under Dividend Taxation your taxable income includes all dividends paid during the tax year on your Shares held by the FCPE. The euro amount of the dividends must be converted into a New Zealand dollar equivalent amount using an acceptable rate of exchange.

Dividend Taxation would start to apply in relation to any dividends which are paid on your Shares after the issue of your Shares on or about July 26, 2022.

#### *Foreign Investment Fund Taxation*

Under Foreign Investment Fund Taxation, you must select an authorised calculation method to determine the taxable income created by your FCPE units for the tax year. If assistance is given with defining the market value of your FCPE units, "the fair dividend rate method" may be chosen to calculate the taxable income. Under the fair dividend rate method taxable income includes the amount that is 5% of the market value of your FCPE units on the 1st of April which starts the tax year.

If adopted, Foreign Investment Fund Taxation would first be applied for the tax year starting on 1 April 2023. Dividends paid on the Shares during the tax year are not also taxable income if Foreign Investment Fund Taxation has been applied for the tax year.

*Dividend Taxation applies where Foreign Investment Fund Taxation does not apply.*

The taxable income under Dividend Taxation or Foreign Investment Fund Taxation is reportable to IRD if you have total annual income of more than \$200 which has not been subject to withholding at source.

The taxable income may be reported through an addition to your myIR account if you have one, by a correction to the Summary of Income received from IRD for the relevant tax year or a tax return filed by you for that tax year.

The income tax owing must be paid by you by the due date notified by IRD to avoid interest charges.

No social security charges currently apply in relation to the holding of FCPE units.

### **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 New Zealand

Whether taxable income arises at the end of the lock-up period (or earlier authorised exit event) depends upon whether you apply Dividend Taxation or Foreign Investment Fund Taxation for the tax year in which redemption occurs.

The taxable income under Dividend Taxation or Foreign Investment Fund Taxation is reportable to IRD on the same basis as described above concerning the reporting position during the life of the Plan. . The income tax owing must be paid by you by the due date notified by IRD to avoid interest charges.

### *Dividend Taxation*

Under Dividend Taxation, no taxable income will arise for the cash or market value of Shares received upon redemption of the FCPE units, provided that the units and Shares are held on capital account.

### *Foreign Investment Fund Taxation*

Under Foreign Investment Fund Taxation no further taxable income arises for the cash or market value of Shares received upon redemption of the FCPE units.

**IV. 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.**

In the absence of redemption of the FCPE units you would need to continue to apply Dividend Taxation or Foreign Investment Fund Taxation in relation to the FCPE units you hold.

The taxable income under Dividend Taxation or Foreign Investment Fund Taxation is reportable on the same basis as described above concerning the reporting position during the life of the Plan. The income tax owing must be paid by you by the due date notified by IRD to avoid interest charges.

No social security charges currently apply to FCPE unit holdings.

No social security charges currently apply in relation to share unit redemptions.

## **Free Shares**

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

No tax or social security charge is payable by you upon grant of the right to Free Shares.

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

Delivery of the Free Shares will create an item of taxable income for you. You will be liable to pay the income tax imposed on this taxable income. The tax rate applicable to this income will depend upon the tax rates in force for the 2027/28 tax year as the tax year in which delivery of the Free Shares will occur (or an earlier tax year, if the delivery of the Free Shares is triggered by an Early Exit Event).

The amount of the taxable income is the market value of the Free Shares at the time of delivery to you. That market value, although initially expressed in euros, must be converted into a New Zealand dollar equivalent amount using an acceptable rate of exchange.

The amount of taxable income from the Free Shares is expected to be shown in the Summary of Income issued to you by IRD for the 2027/28 tax year. It is further expected that your employer will have reported this item of taxable income to IRD through the employment income information form filed by the employer with IRD.

Your employer may elect to pay on your behalf through the PAYE withholding system the tax owing on the taxable income. If your employer does not do so the tax owing would need to be paid, by you to IRD by the due date notified by IRD to avoid interest charges.

No social security charge currently applies to receipt of shares.

### ***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?***

Whether you will be required to pay income tax or social security charges on the date of sale/redemption of the Free Shares will depend upon the tax rules in force for the tax year in which the transaction occurs.

If still in force without modification, the rules on Dividend Taxation may have the consequence that sale of the Free Shares will give rise to a non-taxable capital gain, provided that the FCPE units and Shares are held on capital account. Modification of that treatment could occur if a change in law results in the taxation of capital gains with no exemption available.

If still in force without modification, the rules on Foreign Investment Fund Taxation may have the consequence that no taxable income arises upon sale of the Free Shares.

No social security charges currently apply to the sale of shares.

### ***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?***

There are no additional reporting obligations beyond those outlined above.



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