

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

You have been invited to invest in shares of L'Oréal ("Shares") in the L'Oréal group employee share plan 2022. 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 Serbian Dinars 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 Serbian Dinar. As a result, if the value of the euro strengthens relative to the Serbian Dinar, 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 Serbian Dinar, the value of the Shares expressed in Serbian Dinars will decrease.

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

The following payment method is available:

- Wire transfer to the employer bank account (bank account details will be communicated to you separately). Please note that the whole payment of funds should be received at the employer bank account between July 12 and 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 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

You will not have any reporting obligations to the National Bank of Serbia in relation to acquiring the shares.

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 plan before the end of the lock-up period in the case of early exit events as described below:

1. marriage or civil union;
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.

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, around 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 RH 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 article 10 of the Free Share Plan Rules.

Tax Information for Employees Resident in Serbia

*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 Serbia for the purposes of the tax laws of Serbia and of the tax treaty concluded between France and Serbia 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 Serbian tax laws 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 not be required to pay any tax at the time of subscription. The discount (i.e. the difference between the subscription price and the market value of the L’Oréal share at the time of subscription) is considered as a salary income and taxed accordingly. Namely, the discount (as salary income) is exempt from taxation in Serbia, unless one of the taxable events, explained below under the Section “Upon acquiring the right to dispose of my shares” occur.

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 Serbia

Yes. You will be obliged to file a form PP OPO with the Serbian tax authorities and pay the tax on dividends within 30 days from receiving the dividends, at the rate of 15%. The taxable base is the amount which is reinvested for purchase of additional L’Oréal shares.

You will have this obligation each time when there is distribution of dividends and regardless of the amount of received dividend (i.e. of the amount of reinvestment in additional L’Oréal shares).

Upon acquiring the right to dispose of my shares

III. Will I be required to pay any tax or social security charges at the end of the lock-up period (or in the event of an authorized early exit event)?

The discount of 20% is considered as a salary income and is exempt from taxation in Serbia, unless one of the following taxable events occur:

1. employees sell the shares prior to expiration of two years as from the moment of acquiring the right to dispose of the shares (the taxable event is at the moment of sale);
2. the employer or the company related to the employer buys the shares back from employees (the taxable event is at the moment of purchase); and
3. the employment relationship is terminated prior to expiration of two years as from the moment of acquiring the right to dispose of the shares (the taxable event is at the last day of employment).

The exceptions from the preceding item 3. are (i.e. the discount will not be subject to taxation) if the employment is terminated for the following reasons:

- a) the occurrence of working disability of the employee;
- b) if it is forbidden to the employee (either on the basis of the law or of the court decision or other body), to perform specific jobs, and there is no other working position that he/she can be allocated to;
- c) if the employee has to be absent from work because of serving prison sentence longer than 6 months;
- d) if the employee has to be absent from work as a result of the security, attitude or protection measure in a duration longer than 6 months;
- e) in the case of termination of business activities of the employer;
- f) retirement of the employee; and
- g) termination of employment in order to conclude the employment with the company related to the employer

In the event that discount is taxable, you will be responsible for filing tax return on PP OPO form and paying the salary tax within 30 days as of the occurrence of taxable event. Salary tax rate is 10%.

The taxable basis is the amount of discount i.e. the difference between the market price of the shares (at the moment of occurrence of taxable event) and the amount that you have paid for the shares.

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

Yes. If you sell your shares at the end of the 5-year lock period or any time after that (or earlier in the case of an authorized early exit event), you will be responsible to file the tax return and pay capital gain tax on income earned through the sale of the shares within 30 days from realizing the capital gain.

The tax basis will equal the difference between the sale price and the actual purchase price (which is actually your personal contribution paid for the purpose of purchasing the shares). The tax rate on the capital gain is 15%.

The social security charges are not applicable.

FREE SHARES

IV. 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 charges are payable at the Grant Date of the Free Shares.

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

No, unless one of the taxable events described above occur. Namely, the Free Shares are also considered as a salary income, and this income is exempt from taxation in Serbia under the condition that the specific taxable events do not occur at the Delivery Date or within two years as of Delivery Date when you acquired the right to dispose of your Free Shares.

In the event that the Free Shares are taxable, you will be responsible for filing tax return on PP OPO form and paying the salary tax within 30 days as of occurrence of the taxable event. Salary tax rate is 10%.

In the event that the Free Shares are taxable, the taxable basis is the market value of the Free Shares at the day of occurrence of the taxable event.

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. When you sell your Free Shares you will be responsible to file the tax return and pay capital gain tax on income earned through the sale of the Free Shares within 30 days from realizing the capital gain.

The tax basis will equal the sale price of Free Shares. The tax rate on the capital gain is 15%.

The social security charges are not applicable.

VII. Will I be required to pay any other tax in relation to my shares?

You will be responsible to pay the so called **Annual Income Tax** if you are tax payer in the Republic of Serbia and your income exceeds three average annual salaries per employee in Serbia in the year in which the tax is levied. It is important to note that in the case that the above stated income is subject to taxation and thus becomes taxable salary income (the amount of the discount of the share price and the amount of Free Shares), it will be included in calculation of taxable basis for Annual Income Tax. The applicable tax rate is progressive.

You are required to file a tax return for your annual income not later than May 15th of the current year for the preceding year.

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?*

Apart from the above explained reporting and payment obligations, there are no other obligations with respect to the subscription, holding and redemption of the FCPE units as well as the payment of dividends, all according to the currently applicable regulations.

Documentation requirements: As per the Rules on Realization of the Right to Tax Exemption of Employee's Income from Shares Acquired without Consideration or at Discounted Price, adopted in July 2019, the employees will have to fulfil the requirements set out in this regulation in respect to collecting and keeping the specific set of documents, by which they will be able to evidence to the Serbian Tax Authority (upon their request) that the conditions for exemption from taxation are met.

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