

**L'ORÉAL EMPLOYEE SHARE OFFERING 2022
LOCAL SUPPLEMENT FOR SOUTH AFRICA**

*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 together with the requisite enclosures 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 rand 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 rand. As a result, if the value of the euro strengthens relative to the rand, the value of the Shares expressed in rand will increase. On the other hand, if the value of the euro weakens relative to the rand, the value of the Shares expressed in rand will decrease.

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

The following payment methods are available:

- Advance of the amount and a salary deduction over 12 months starting in August 2022 with no interest; or
- Payment by Bank Transfer to the following account (between July 12 and July 19, 2022) :

Citibank account number 00200395018 at Citibank NA, Johannesburg branch code 350005 Using reference ESOP + [Staff number]

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 for and those representing the 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

Private individuals (South African exchange control residents) are allowed to participate in offshore share incentive or share option schemes, provided that such participation is financed in terms of the employee's single discretionary allowance (limited to R1 million per annum) or the foreign investment allowance dispensation (the annual limit per individual is currently R10 000 000) and/or from the proceeds of authorised foreign assets.

If you use your single discretionary allowance, you will not require a tax compliance status pin from the South African Revenue Service ("SARS") but the authorised dealer (local bank) will require a form confirming that you have not made use of, or will not exceed, the annual R 1 million during the year in question. The authorised dealer will provide such a form. If you will use your foreign investment allowance, you will need to obtain a foreign investment allowance tax compliance status pin (previously a tax clearance certificate) from SARS (via eFiling), and provide this to your employer. This pin allows third parties to log into the SARS eFiling system and view your tax compliance status.

Your local employer must contact its local bank's authorised dealer division to place the plan on record (and obtain approval) before any foreign remittances. The authorised dealer will advise of any further requirements it may have or whether further forms are required.

Employees will be personally responsible for ensuring that all information provided is accurate and complies with the relevant exchange control regulations and tax requirements. All forms (which include the exchange control related documents) must accompany the subscription form.

Securities Notices

The local company must appoint a compliance officer. The Companies Act does not set out any specific formalities pertaining to the appointment of a compliance officer. All that is required is that someone must be tasked with the responsibility of administering the scheme and comply with the requirements set out in the Companies Act pertaining to employee share schemes. Given the tasks to be performed by the compliance officer, it is advisable but not required that the individual be located in South Africa (the head of HR may for instance be the right person).

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, in July 2027, subject to the terms and conditions provided for in the Free Share Plan Rules.

You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Free Shares. For the full description, please refer to the Free Share Plan Rules made available to you at <https://invest.loreal.com> (in French and English) and upon request from your 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 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 South Africa

*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 South Africa for the purposes of the tax laws of South Africa and of the tax treaty concluded between France and South Africa 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 South African 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

No

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

Yes

For tax purposes you will be deemed to have received a fringe benefit should you be granted an advance and interest on the advance is charged at a rate lower than the SARS official rate of interest (referred to as a low or interest free loan fringe benefit) to acquire any shares. The official rate of interest is the South African repurchase rate plus 1%.

The fringe benefit is added to your other remuneration items (i.e., salary, travel allowance etc) and the gross is subject to the applicable tax rate (maximum of 45%). Employers must withhold the requisite employees' tax on a monthly basis via the payroll.

Unemployment Insurance Fund (“**UIF**”) contributions are based on your remuneration and must be paid over every month together with the Employees’ Tax. UIF is paid equally by you and your employer at a rate of 1% each of the amount of your remuneration. Fringe benefits form part of the amount upon which UIF is based. UIF has a ceiling amount which is currently pegged at R17 712 per month or R212,544 per annum. The maximum amount of monthly UIF that can be paid is therefore R354.24 (R177,12 by each, of the employer and the employee).

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 South Africa

No tax will be payable on the dividends in South Africa.

The employee receives further units, which are "restricted equity instruments", and these will form part of the total basket of restricted equity instruments held, and be taxed as a whole, upon redemption.

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 South Africa

Yes

South African tax rules seek to tax the gain on an employment-related equity instrument at income tax rates when the equity instrument (FCPE units) vests. Vesting will be deemed to occur when the FCPE units are redeemed or can be redeemed freely by you at market value (whichever is earlier).

The date on which the lock-up period ends or the date of early redemption, whichever occurs first will be the date the FCPE units vest for tax purposes as it is the date when all restrictions attaching to the units are removed. On the vesting date, you will be taxed at your income tax rate (maximum 45%) on the difference between the market value of the equity instrument (the FCPE unit linked to the shares in L'Oreal) on that date, and the consideration given by you for the equity instrument.

The matching contribution is not taken into account for purposes of calculating the consideration you paid for the equity instrument. In other words, as you paid no consideration for the FCPE units received under the employer's matching contribution, you will be taxed on the full market value of those units at the time of vesting.

This gain will be included in your monthly earnings which is subject to UIF, being an employee and employer contribution of 1% each (to a maximum of R177.12).

Your employer will obtain a directive from SARS advising the rate and amount of tax to be withheld via the payroll. Your employer will include the gain made and tax withheld on your annual employee tax certificate (IRP5).

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.

The tax payable on the date of vesting (the end of the lock-up period assuming there has been no early redemption) as set out above will be payable regardless of whether you redeem your units at the end of the lock-up period or choose to continue holding them.

If you choose to continue holding the FCPE units after the end of the lock-up period (i.e. after the date of vesting for tax purposes), the growth in value of the FCPE units from the date of vesting to the date of redemption will be taxed at your personal capital gains tax rate (currently a maximum effective rate of 18%).

FREE SHARES

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

The matching shares will not be taxed on issuance, rather they will form part of the taxable equity instruments and be taxed upon vesting (see Redemption discussion above). As these shares are received for no consideration the full value will be added to the taxable amount.

The matching contribution takes the form of additional shares issued for free by L'Oréal (and NOT invoiced by L'Oréal to the local employer) to the employee participant. Such matching share will follow the same custody as the shares paid for by the participant, i.e. issued directly to the employee or via the FCPE. Therefore these shares are, for tax purposes, merely additional equity instruments.

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

Yes – see above. The full market value of the shares will be taxed as income upon vesting of the Free Shares.

As UIF contributions are based on your remuneration and must be paid over every month together with the Employees' Tax, there will be an additional UIF deduction upon vesting.

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?

The tax payable on the date of vesting (the end of the lock-up period assuming there has been no early redemption) as set out above will be payable regardless of whether you redeem your units at the end of the lock-up period or choose to continue holding them.

If you choose to continue holding the FCPE units after the end of the lock-up period (i.e. after the date of vesting for tax purposes), the growth in value of the FCPE units from the date of vesting to the date of redemption will be taxed at your personal capital gains tax rate (currently a maximum effective rate of 18%).

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?*

As regards the gain upon redemption, the local employer will obtain a directive from SARS as to the employees' tax to be withheld, pay the tax over via the payroll and issue you, at year-end, with an employees' tax certificate (IRP5) form which will include, amongst other remuneration items, the gain and tax withheld. You will disclose this item in your annual return of income as well.