

from
June
4 to 18
2018



EMPLOYEE SHARE PLAN



EMPLOYEE &
SHAREHOLDER
**COUNT
ME IN!**



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Message

FROM JEAN-PAUL AGON

L'ORÉAL CEO



Dear employees,

L'Oréal has been passionate about Beauty for more than a century. This is a collective adventure. Our success and strength rely, above all, on your personal commitment to us fulfilling our mission: Beauty for all.

Beauty is an eternal quest. It is also a constantly changing and growing market and we possess solid assets enabling us to continue to consolidate our leadership: our clear strategic plan, international network, highly committed teams, constant investment in Research and Innovation, stable shareholding and governance and the widest brand range in the industry.

In a radically changing world, we are pursuing our transformation into a more digital, efficient, agile and sustainable L'Oréal. Every day and in every country, you contribute to this transformation.

This year, we are inviting you to participate in our first Employee Share Plan and become an indirect L'Oréal shareholder via the UK Share Incentive Plan («SIP»).

L'Oréal has always wished to involve its employees in the Group's success and prosperity. The SIP is part of the Group's first employee shareholding plan, and offers you a new way to assist in Group growth and take part in its strategic plan, should you choose. It demonstrates our ambition to involve you more in the future of the Group.

This is a key moment in the life of L'Oréal and I am pleased to share it with you.

I sincerely hope that this offer will be highly popular with you all.

Thank you for your commitment and your trust.

L'Oréal

IN BRIEF

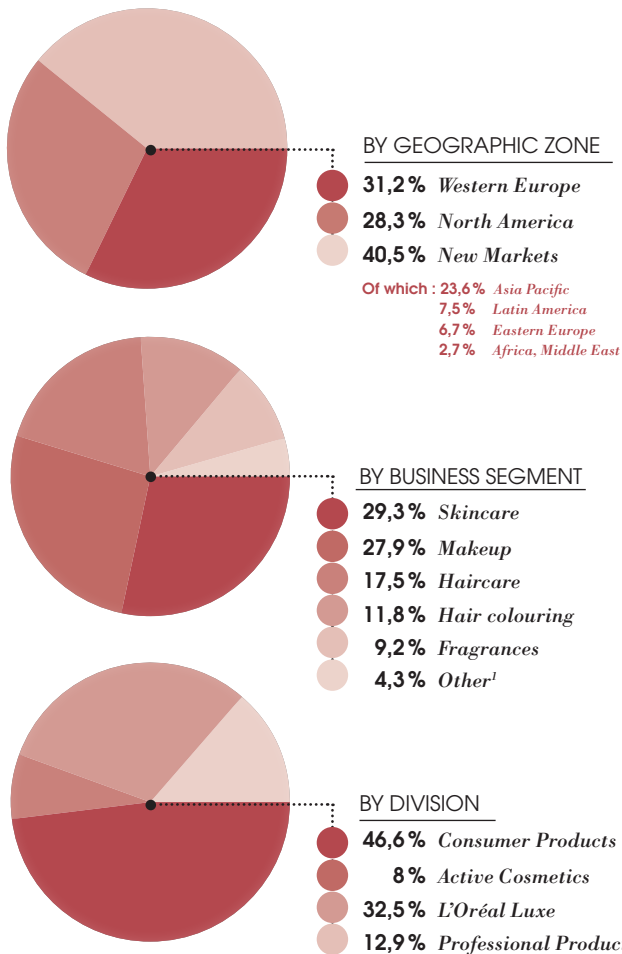
■ L'ORÉAL, THE WORLD LEADER IN BEAUTY

For more than a century, L'Oréal has devoted its energy and competencies solely to one business: beauty. We are the world's leading beauty group. Beauty drives the Group. It enables all individuals to gain self-confidence, express their personalities and open up to others and contributes to personal and collective well-being.

The Group caters for every beauty aspiration worldwide through its international flotilla of 34 complementary brands.

L'Oréal is found in all distribution channels and earned 26.02 billion euros in sales in 2017 thanks to its 82,600 employees worldwide.

■ BREAKDOWN OF 2017 SALES



² "Other" includes hygiene products as well as sales by American professional distributors with non-Group brands.



2017 KEY FIGURES



1ST COSMETICS
group worldwide



Operates in
150 countries



26,02 BILLION
D'EUROS
in sales



82,600
employees



34 complementary
brands

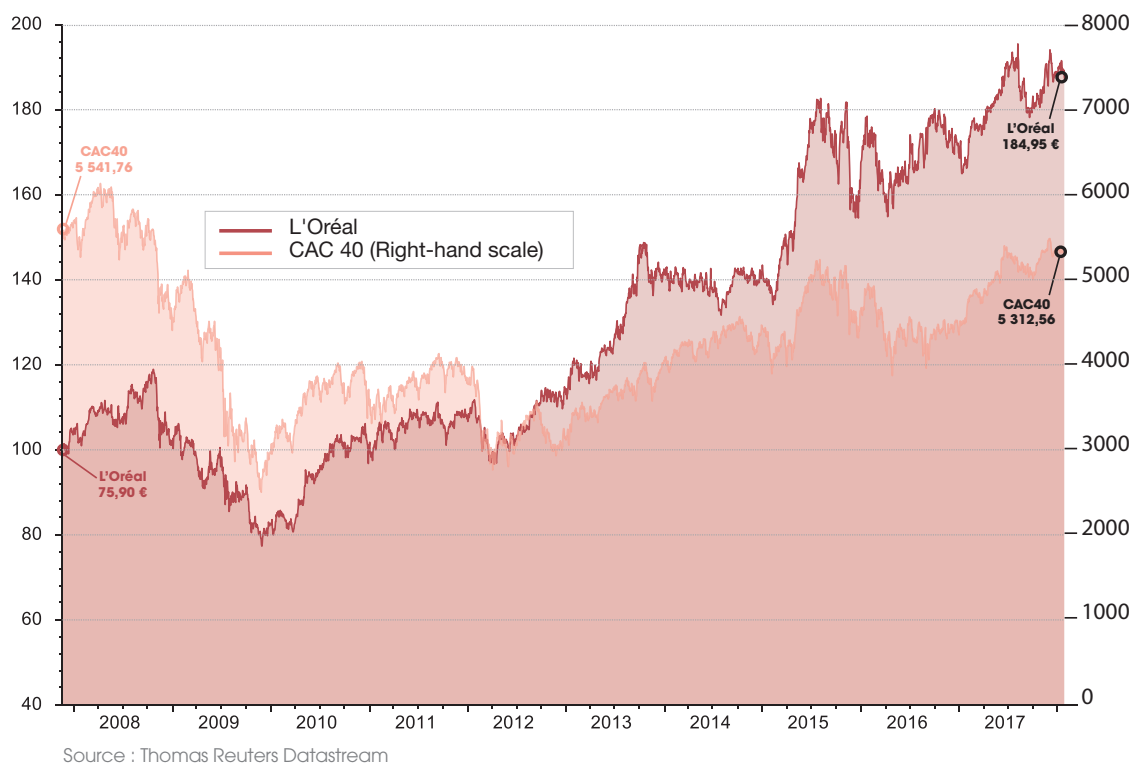


A Research and
Innovation budget of
€877 MILLION

■ PUBLISHED SALES (IN MILLIONS OF EUROS)

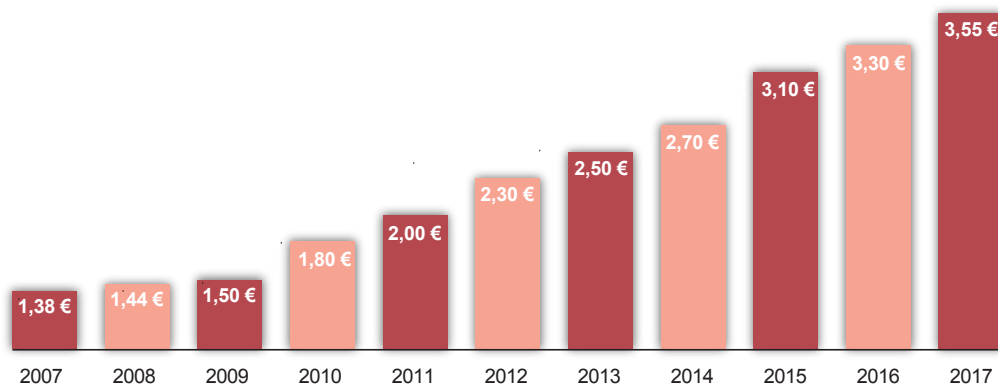
2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
17 063	17 542	17 473	19 496	20 343	21 638	22 124	22 532	25 257	25 837	26 024

■ L'ORÉAL AND THE CAC 40: 10 YEARS TO 31/12/2017 AND 13/03/2018



■ DIVIDEND DECLARATION (IN EUROS) BETWEEN 2007 AND 2017

The dividend corresponds to the portion of the Group net profit that is distributed to shareholders. The dividend is not paid automatically; its payment is decided at the General Meeting of Shareholders.



Warning: past performance does not predict future performance

L'Oréal periodically publishes documents, including financial information, on its website (www.loreal-finance.com). You are invited to consult these documents, which contain important information on subjects including the Group's business, strategy and objectives, the risk factors inherent in the Group and its business, and its financial results.

The UK Share Incentive Plan (SIP)



AM I ELIGIBLE TO JOIN?

To join the L'Oréal SIP you must:

- be a full or part-time employee of a UK subsidiary of L'Oréal;
- have been employed by L'Oréal for at least six months prior to 1st July 2018;
- pay tax on your earnings under the pay-as-you-earn (PAYE) system; and
- accept the terms and conditions (hosted on the portal).

■ HOW DOES THE SHARE INCENTIVE PLAN (SIP) WORK?

You can invest any amount between £10 and £450 per month* between July and October 2018 (the «Accumulation Period») subject to a maximum total investment of £1,800. The current L'Oréal share price of around €190 (£165) indicates that a minimum investment of at least £45 gross per month is likely to be required to acquire at least one share.

Your investment will be deducted from your salary prior to deduction of income tax and National Insurance Contributions ("NIC"). Following the end of the accumulation period your investment amount will be used to purchase ordinary shares in L'Oréal known as 'Partnership Shares'.

You may only join the SIP during the invitation period which runs from 4 June to 18 June 2018.

*as long as this does not exceed 10% of your annual gross earnings (see Frequently Asked Questions at page 11).

■ RECEIVE FREE 'MATCHING SHARES'

You will receive an award of «Matching Shares» when you purchase Partnership Shares. The number of Matching Shares you receive will depend on the number of Partnership Shares you purchase:

If you purchase:	You will receive:
From 1 to 2 shares	1 share for free
From 3 to 5 shares	2 shares for free
From 6 to 9 shares	3 shares for free
10 or more shares	4 shares for free

The shares are held on your behalf by an independent Trustee: the Equiniti Share Plan Trustees Limited (ESPTL) and are exempt from Capital Gains Tax («CGT») whilst they remain in the SIP. Please see the Frequently Asked Questions for further details of the tax treatment of the SIP.

HOW LONG DO PARTNERSHIP AND MATCHING SHARES HAVE TO BE HELD FOR?

HM Revenue and Customs requires shares to be held in the Plan by a Trustee on your behalf. The Company have appointed Equiniti Share Plan Trustees Limited to act in this role. The Trustee's responsibility is to look after the administration of the Plan and to ensure compliance with the Plan rules and governing legislation.

Partnership Shares: You can sell your Partnership Shares at any time. However, you will lose the full income tax and NIC benefits applicable to Partnership Shares if they are not held in the SIP for 5 years.

Matching Shares: Matching Shares are subject to a 5 year holding period and cannot normally be sold or transferred before the end of this period. You may sell your Matching Shares following the end of the 5 year holding period. If you decide to sell or transfer your Partnership Shares or you cease to be employed by L'Oréal (other than in certain specified circumstances as detailed below) before the Partnership Shares have been held in the SIP for at least 5 years, you will lose the corresponding Matching Shares.

KEY BENEFITS

- Tax efficient savings made from pre-tax and NIC pay deductions.
- Benefit from additional Matching Shares provided by the Company.
- Partnership Shares and Matching Shares are exempt from income tax and NIC once held for 5 years.
- Benefit from any rise in the L'Oréal share price.
- Benefit from any dividends declared on L'Oréal shares.

EXAMPLES OF WHAT YOU MIGHT SAVE:

Basic Rate Taxpayer

Monthly contribution*	Reduction in take home pay	Income tax and NIC saving
£50.00	£34.00	£16.00
£100.00	£68.00	£32.00
£375.00	£255.00	£120.00
£450.00	£306.00	£144.00

Higher Rate Taxpayer

Monthly contribution*	Reduction in take home pay	Income tax and NIC saving
£50.00	£29.00	£21.00
£100.00	£58.00	£42.00
£375.00	£217.50	£157.50
£450.00	£261.00	£189.00

Additional Rate Taxpayer

Monthly contribution*	Reduction in take home pay	Income tax and NIC saving
£50.00	£26.50	£23.50
£100.00	£53.00	£47.00
£375.00	£198.70	£176.25
£450.00	£238.50	£211.50

*In each case the total contribution for 2018 will be four times the monthly contribution mentioned above.

■ HOW DO I APPLY AND NEXT STEPS?

1. Choose how much to invest

- The minimum amount that you can invest monthly is £10 while the maximum is £450 over the four month "Accumulation Period". Your investment is also capped at 10% of your annual gross earnings. The amount you choose must be covered by your monthly pay when the deduction is made. As noted above, the current L'Oréal share price of around €190 (£165) indicates that a minimum investment of at least £45 per month is likely to be required to acquire at least one share.

2. Apply now

- **All you need to do is log onto www.esp-portal.com/clients/loreal and register as a first time user:**
- On the Portal homepage, click in the 'Register' box and complete the brief registration steps. You will be asked to create a password, which is required when you log into the Share Plans Portal. Where possible, you should register with your L'Oréal email address. Once registered the system will send you an activation code.
- If you register with an e-mail address using the L'Oréal domain, your activation code will be emailed to you immediately which will enable you to activate your account instantly and get immediate access. If you register with any other domain name (e.g. gmail.com or hotmail.com) then for security reasons the activation code will be sent to you by post. Once received you will need to log back into the Share Plans Portal to activate your account and use its functionality.
- **You do not need to wait for your activation code to apply** - you should click on 'Apply for SIP' under the 'I want to ...' section and complete your application, making sure to click 'Submit application' when you are done.

Confirmation of your application will be sent to the email address you supplied when registering, which you should keep.

If you do not have access to the Portal, you may request a personalised hard copy application form from the SIP Administrator, Equiniti, by calling their Helpline (see Contacts below). If you apply to participate in this way, you will need to return your application form to the address printed on the form so that it is received by no later than 5pm on 18th June 2018.

3. Your contributions will be deducted from your pay each pay period for four months (this is called the 'Accumulation Period')

- **Your first deduction will be taken from your pay after the start of the Accumulation Period in July 2018 and your last deduction will be in October 2018. The Partnership Shares will be purchased in November and will be awarded to you based on the lower of:**
 - i. the market value of L'Oréal shares at the start of the Accumulation Period; and
 - ii. the market value of L'Oréal shares on the purchase date.

For the above purposes, market value will be calculated as the average opening price of L'Oréal shares in Pounds Sterling over the 5 dealing days preceding each of the dates mentioned above.

4. At the end of 5 years

- If you hold your Partnership Shares in the SIP until the end of 5 years, your Matching Shares will no longer be subject to forfeiture and you will be able to keep them.
- If you hold your Partnership Shares and Matching Shares in the SIP until the end of 5 years, they can be taken out of the SIP free from income tax and NIC.

If you choose to keep your Partnership Shares and Matching Shares in the SIP following the end of the 5 year period, any further increase in the value of the Partnership Shares and Matching Shares will be exempt from CGT whilst they remain in the SIP.



WHAT IF I LEAVE L'ORÉAL?

All of your shares (including your Matching Shares, if they have not been forfeited) must be taken out of the SIP.

Should you leave L'Oréal for one of the following reasons, you will not be liable to pay income tax or NIC on any Partnership or Matching Shares which cease to be subject to the SIP and your Matching Shares will not be subject to forfeiture:

- retirement;
- redundancy;
- injury or disability;
- transfer of your employment to a non-group company to which TUPE (Transfer of Undertakings Protection of Employment) regulations apply;
- your employing company ceases to be an associated group company; or
- death.



HOW DO I MONITOR MY SHARES?

As well as applying for the plan, once you have registered and activated your account, the Share Plans Portal (www.esp-portal.com/clients/loreal) will also allow you to do the following:

- view your contributions made during the accumulation period;
- view your partnership, matching and any dividends;
- sell any L'Oréal SIP shares; and
- use online calculators to model potential gains and tax benefits.

■ WHAT HAPPENS IF THE SHARES ARE OVERSUBSCRIBED?

If more Partnership Shares are requested than are proposed to be made available under the SIP, the biggest subscriptions (including the relevant Matching Shares) will be reduced until the number of shares proposed to be made available is reached.

This scaling down will occur before the shares are definitively allocated and paid for, and any excess investment will be returned to you.

■ THE VALUE OF YOUR INVESTMENT DEPENDS ON THE L'ORÉAL SHARE PRICE

Please note the price of shares may go down as well as up, and as an investor you may not receive back the full amount of your investment. You should also be aware that as L'Oréal shares are traded in Euros on the Paris stock exchange and your investment is made in sterling, the value of your shares will also be subject to fluctuations in the exchange rate between the Euro and sterling.

If you are in any doubt as to whether this type of investment is appropriate for your individual circumstances, you should consult an Independent Financial Adviser (IFA).

Neither L'Oréal nor Equiniti Share Plan Trustees is able to provide you with investment advice.



Investing in L'Oréal shares is a personal decision

Before you decide to invest in this Plan, we invite you to consult the latest annual or half-yearly reports by the L'Oréal Group. These documents contain important information on the Group and its strategy, performance and financial position.

The details contained in this brochure are provided solely for information and do not constitute financial or investment advice from L'Oréal. Your decision to participate in this operation is a free and strictly personal one.

OFFER SCHEDULE

**4TH JUNE TO 18TH JUNE
2018**
(23H59 - UTC+1)



Invitation period

You have the opportunity to join the SIP during the invitation period from 4th June to 18th June 2018

Accumulation period

Your contributions are made to the SIP (and will be held by the SIP Trustee) during this period out of your pre-tax salary.

Your first deduction will be taken from your first payslip after the start of the Accumulation Period on (1st) July 2018 and your last deduction will be in October 2018.



**(1ST) JULY 2018 TO
(31ST) OCTOBER
2018**

**DURING
NOVEMBER**



Acquisition price and exchange rate fixed

You will be informed of these on the website (www.invest-loreal2018.com), on the Portal (www.esp-portal.com/clients/loreal) and by e-mail.

Capital increase and shares delivered

Partnership Shares are purchased by the SIP Trustee and the relevant number of Matching Shares are awarded. You will receive a statement from the SIP Trustee which shows the number of Partnership Shares and Matching Shares you hold in the SIP.



**ON OR AROUND
NOVEMBER
2018**

**XX NOVEMBER
2023**



All shares can now be withdrawn from the SIP and sold free from income tax and NIC. If shares are kept within the SIP, any further increase in value whilst they remain in the SIP will be exempt from CGT.

FREQUENTLY *asked questions*

1. Do I have to join straight away?

Yes. The only opportunity to join the SIP this year is during the invitation period from 4 June to 18 June 2018.

2. Are there any conditions attached to the Matching Shares?

You will lose your Matching Shares if prior to (xx November 2023), being the 5th anniversary of the grant of the Matching Shares:

- you cease to be employed by the L'Oréal group for any reason other than those listed on page 8;

or

- you withdraw/sell the Partnership Shares to which those Matching Shares are linked in the SIP.

If you leave L'Oréal for any reason listed on page 8 before the fifth anniversary then you will not forfeit your Matching Shares.

3. If I need to, can I stop my contributions?

During the four month accumulation period, you can cease contributions at any time and withdraw your funds, but you cannot restart contributions into the SIP. If you need to withdraw you can do so via the Portal or by contacting (your local HR team/payroll).

4. Can other benefits be affected by the purchase of shares?

Purchasing Partnership Shares will reduce the pay on which income tax and NIC are assessed.

This may affect your and/or your spouse/civil partner's entitlement to certain State benefits including statutory maternity pay and statutory sick pay. This is important if your participation in the L'Oréal SIP means that your earnings, on which NIC are due, fall below the Lower Earnings Limit so that you are not paying any NIC. HM Revenue & Customs (HMRC) publish a guidance leaflet "Share Incentive Plans and your entitlement to benefits" (IR177) which can be viewed on their website at www.hmrc.gov.uk.

5. Does participation in the SIP affect my company pension?

Joining the SIP does not affect your company pension or any salary sacrifice scheme (if applicable).

6. What if my accumulated savings are not sufficient to purchase a whole number of Shares? Will the number of Partnership Shares I acquire be rounded up or down?

Only whole shares may be bought with your investment. It is therefore possible that there may be a small cash amount left over after the Trustee has bought your Partnership Shares. Any cash balance remaining will be returned to you via Payroll, less any income tax and NIC due on this amount and will be paid to you as soon as practicable. As noted above, the current L'Oréal share price of around €190 (£165) indicates that a minimum investment of at least £45 per month is likely to be required to acquire at least one share.

7. What happens if I move to work in another L'Oréal entity?

Whether you move to another part of L'Oréal within the UK or overseas, your SIP account will remain open and your Partnership and Matching Shares will continue to be held in the SIP.

8. What happens if I move house or change my name?

You should inform your HR Department in the normal way. They will notify the SIP administrator.

9. What happens if a takeover offer is made for L'Oréal shares?

The Trustee will write to you to explain the offer that has been made and the choices open to you. You will have the opportunity to instruct the Trustee as to whether or not you want the Trustee to accept the offer on your behalf and, if there is a choice of consideration, which consideration you wish to receive for your L'Oréal shares. The Trustee will act in accordance with your instructions.

10. How do I find out the share price for L'Oréal shares?

L'Oréal shares are listed on the Paris stock market. You will be able to see the share price on the L'Oréal website: www.loreal-finance.com or by registering at www/esp-portal.com/clients/loreal

11. Who should I contact if have further questions?

You can contact the SIP Administrator, Equiniti, whose contact details are provided at the end of this Guide. Alternatively you can contact your HR Department.

CONTACTS

**Equiniti Limited, Aspect House,
Spencer Road, Lancing, West Sussex
BN99 6DA United Kingdom.**

Equiniti Employee
Helpline:

0371 384 2040

Textel/minicom
Service Number:

0371 384 2255

You should retain this brochure for future reference.

If you would like a copy of this brochure in an alternative format, for example large print, Braille or audio tape, please contact the Equiniti Employee helpline on 0371 384 2040, 8:30am to 5:30pm, Monday to Friday, excluding UK public holidays.

This booklet is not a legal document and will always be overridden by the formal rules of the SIP if there are any differences between the two. In the event of any conflict between this brochure and the SIP rules/legislation, the latter will take precedence. Any references to tax consequences within this document are for guidance only.

Data Protection:

Your personal details and the knowledge obtained from operating the SIP will be kept in an Equiniti database. This information will be used to provide you with services. When you speak to Equiniti on the telephone, some calls may be monitored or recorded in case Equiniti needs to check they have carried out your instructions correctly and to help improve the quality of service.
