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From
June
4 to 18,
2018

Employee **SHARE OWNERSHIP** *Plan*

THE OFFER IN BRIEF



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L'ORÉAL

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L'ORÉAL

UNDERSTANDING THE EMPLOYEE SHARE OWNERSHIP PLAN


L'Oréal is offering you a new way to become involved in the Group's growth: becoming a shareholder through the new L'Oréal Share Incentive Plan (SIP).

By participating in the first Employee Share Incentive Plan, you can buy L'Oréal shares on preferential terms using deductions over a four month period from your pre-tax salary.

Get Tax and NI Savings on the shares you purchase ('Partnership Shares')

A tax-free matching contribution of up to **4 shares delivered for free by L'Oréal**, depending on your personal investment

BEFORE YOU INVEST

 **By participating in the Plan, you will be a L'Oréal shareholder**

As a result, you will receive any annual dividends Paid. These dividends will be increased by 10% after you have held your shares for two calendar years, in 2021.

Like for any shareholder, your investment will follow the L'Oréal share price up and down. As a result, it involves some risk of capital loss. In order to benefit from the tax reliefs and the matching shares you must maintain your investment for 5 years (i.e. until November 2023) except in the event of an early release.

Note: As the L'Oréal shares are listed on the Paris stock exchange in euros over the term of your investment, the value of your investment will vary as the exchange rate between the euro and pounds sterling fluctuates.

MATCHING CONTRIBUTION RULE

In the context of the SIP, the matching shares will be awarded as shown in the following table:

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

If you subscribe for more than 10 shares, the matching shares are restricted to a maximum of 4 shares.

EXAMPLE

The purchase price payable for L'Oréal shares will be the lower of the share price on 1st July 2018 or the purchase price in November 2018.

Let's assume that the **price of L'Oréal shares is €180 and that you are a basic rate tax payer**. You pay for the shares through your gross pay and therefore save both tax and NI. The effective purchase price for you of a share would be **€122** (i.e., €180 minus the 30% tax and 2% NI).



You pay for 3 shares at an effective price of **€366** (3 x €122)



L'Oréal contributes 2 matching shares .



The actual value of your investment in the Plan is **€900** (5 x €180, the purchase price)

In this example, you will save

€534

WHO CAN SUBSCRIBE?

Any employee who has been working for the L'Oréal Group for 6 consecutive months and is still employed on 1st July 2018.

INVESTING THROUGH THE L'ORÉAL SHARE INCENTIVE PLAN (SIP)

The L'Oréal SIP is an employee share 'trust' restricted to UK employees wishing to invest in L'Oréal shares. Your shares, including the matching shares received from L'Oréal, will be held in the trust.

You cannot withdraw your Partnership Shares from the trust without losing favourable tax treatment before the end of this period unless you satisfy one of the early leaver conditions mentioned in the Brochure.

You will also lose the free matching shares you are given if you withdraw your Partnership Shares or you leave the company before the end of this period, unless you satisfy one of the early leaver conditions mentioned in the Brochure.

Note: L'Oréal pays the Trustee's fees.



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