

**EMPLOYEE  
SHARE  
PLAN 2020**  
DIRECT SHAREHOLDING  
NON-EUROZONE



**FROM  
SEPTEMBER  
17  
TO  
OCTOBER  
2,  
2020**

**COUNT**



**ME**



**IN!**

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**L'ORÉAL**

[WWW.INVEST.LOREAL.COM](http://WWW.INVEST.LOREAL.COM)

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JEAN-PAUL AGON

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### JEAN-PAUL AGON

Chairman and  
Chief Executive Officer

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Dear employees,

In 2018, for the first time in our history, we offered you the opportunity to become a shareholder in L'Oréal by purchasing Group shares under preferential terms.

The 2018 Employee Share Plan was highly successful, as nearly 20,000 employees decided to subscribe to the operation in 52 countries, demonstrating their faith in the future of the Group. I want to thank you.

This year, L'Oréal wants to offer our employees another opportunity to become involved in the Group's success and prosperity, assist in our growth and take part in our strategic plan by subscribing to our new Employee Share Plan. We are all working to fulfil a single mission: Beauty for all. In the constantly changing beauty market, we can rely on our firm foundations, the creativity and excellence of our employees worldwide and our ability to constantly rethink all we do, to ensure our lasting success.

Our new Plan offers you another opportunity to strengthen your links with L'Oréal and make you a bigger part of our future. For every day, it is you who help to transform L'Oréal into a more digital, responsible, sustainable and agile business.

I truly hope that this operation will again be a great success with you all and thank you for your commitment and trust.

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A handwritten signature in black ink, consisting of several overlapping, stylized strokes that form the name 'JP Agon'.

# L'ORÉAL IN BRIEF

## L'ORÉAL, THE WORLD LEADER IN BEAUTY

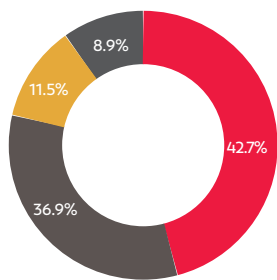
For more than a century, L'Oréal has devoted its energy and competencies solely to one business: beauty. We are the world's leading beauty group. Beauty drives the Group. It enables all individuals to gain self-confidence, express their personalities and open up to others and contributes to personal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

The Group caters to every beauty aspiration worldwide through its international compilation of 36 complementary brands. L'Oréal is found in all distribution channels and earned 29.87 billion euros in sales in 2019 thanks to its 88,000 employees worldwide.

## 2019 KEY FIGURES

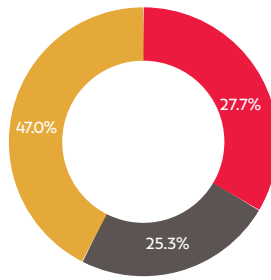


## BREAKDOWN OF 2019 SALES (AS A PERCENTAGE)



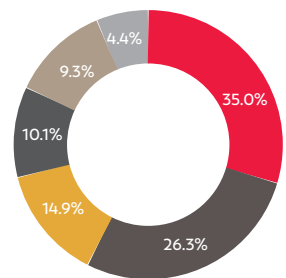
BY DIVISION

- 42.7% Consumer Products
- 36.9% L'Oréal Luxe
- 11.5% Professional Products
- 8.9% Active Cosmetics



BY GEOGRAPHIC ZONE

- 27.7% Western Europe
- 25.3% North America
- 47.0% New Markets
  - Of which: 32.3% Asia Pacific
  - 6.4% Eastern Europe
  - 6.0% Latin America
  - 2.3% Africa, Middle East



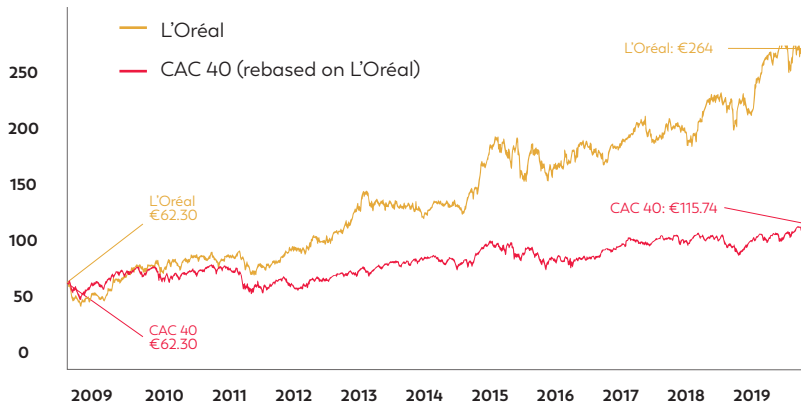
BY BUSINESS SEGMENT

- 35.0% Skincare (and sunscreens)
- 26.3% Makeup
- 14.9% Haircare
- 10.1% Hair colouring
- 9.3% Fragrances
- 4.4% Other<sup>1</sup>

<sup>1</sup> "Other" includes hygiene products as well as sales by American professional distributors with non-Group brands.

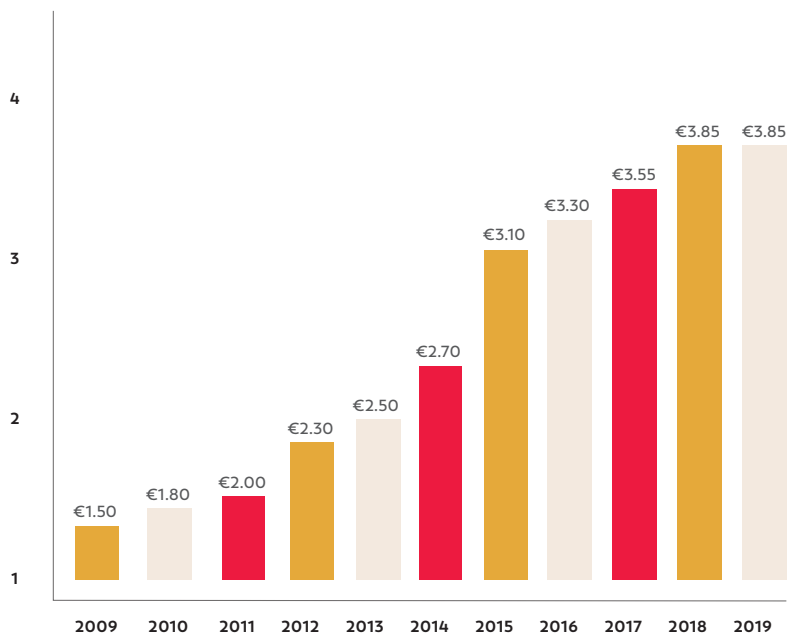
## EMPLOYEE SHARE PLAN

### L'ORÉAL SHARE PRICE (IN EUROS) BETWEEN 2009 AND 2019



Growth: Thomson Reuters Datastream

### EVOLUTION OF UNIT DIVIDEND (IN EUROS) BETWEEN 2009 AND 2019



The dividend is a portion of the Group net profit that, depending on the decision of the General Shareholders' Meeting, is distributed to shareholders.

### SALES GROWTH FROM 2009 TO 2019 (IN BILLIONS OF EUROS)

2019	29,873
2018	26,937
2017	26,024
2016	25,837
2015	25,257
2014	22,532
2013	22,124
2012	21,638
2011	20,343
2010	19,496
2009	17,473

Warning: past performance does not predict future performance.

L'Oréal periodically publishes documents, including financial information, on its website ([www.loreal-finance.com](http://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.

# UNDERSTANDING THE EMPLOYEE SHARE PLAN

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## AN INVESTMENT IN L'ORÉAL SHARES IN THE INTERNATIONAL EMPLOYEE SHARE PLAN

In this L'Oréal employee share plan, you can purchase L'Oréal shares on preferential terms.

If you choose to subscribe to shares in the Employee Share Plan, they will be recorded under your name in a share account. These shares cannot be sold (they are “locked in”) for five years except in the specified early release situations.

### ..... ADVANTAGE 1

#### **20% DISCOUNT**

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As an employee, you benefit from a Plan subscription price that includes a 20% reduction off the share's reference price. This reduction is called the “discount”.

The reference price is the average opening listed price of the L'Oréal shares between August 17, 2020 and September 11, 2020 and will be set on September 14, 2020. The L'Oréal share subscription price will also be fixed on September 14, 2020 and is equal to the reference price reduced by the 20% discount.

### ..... ADVANTAGE 2

#### **UP TO 4 FREE SHARES**

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L'Oréal gives you up to four free L'Oréal shares in addition to your subscription. This is a contribution made by the company. The number of free shares you receive is based upon the number of shares that you purchase.

You will be given the free shares at the end of the lock-in period, i.e., around November 3, 2025, if you are still a L'Oréal Group employee on that date (or in the special cases mentioned in the “Local Supplement”).



Use the **ONLINE  
SIMULATOR** to calculate  
your investment.

[www.invest.loreal.com](http://www.invest.loreal.com)

# EMPLOYEE SHARE PLAN

## FREE SHARE RULE

If you purchase in 2020:	+	L'Oréal will give you free <sup>2</sup> in 2025:	=	TOTAL investment in 2025:
1 share		1 share		2 shares
2 shares		1 share		3 shares
3 shares		2 shares		5 shares
4 shares		2 shares		6 shares
5 shares		2 shares		7 shares
6 shares		2 shares		8 shares
7 shares		3 shares		10 shares
8 shares		3 shares		11 shares
9 shares		3 shares		12 shares
10 shares		4 shares		14 shares

You can buy a maximum of 50 shares (unless the shares are oversubscribed).



IF YOU PURCHASE  
3 SHARES IN 2020



L'ORÉAL WILL GIVE YOU<sup>3</sup>  
2 FREE SHARES IN 2025



BRINGING YOUR TOTAL INVESTMENT  
TO 5 SHARES IN 2025.

In this hypothetical example in which the reference price is €250 per L'Oréal share, the share purchase price would be €250 - the 20% discount = €200, i.e., a payment of €600 for 3 L'Oréal shares. If the L'Oréal share price is again €250 on November 3, 2025, your investment would be worth €1,250 in 2025.

**You pay in 2020**  
**3 X €200 = €600**



**L'Oréal gives you free in 2025**  
**2 X €250 = €500**



**Total value of your investment in 2025**  
**5 X €250 = €1,250**

## THE VALUE OF YOUR INVESTMENT WILL VARY DEPENDING ON THE L'ORÉAL SHARE PRICE

IN THIS EXAMPLE, BY PURCHASING 3 SHARES:

You pay in 2020:		If the L'Oréal share price in trading on November 3, 2025	The value of your total investment in 2025 will be <sup>4</sup>
	↘	Is 15% down on the reference price, i.e., <b>€212.50</b>	<b>€1,062.50</b>
<b>€600</b>	=	Is equal to the reference price, i.e., <b>€250</b>	<b>€1,250</b>
	↗	Is 15% up on the reference price, i.e., <b>€287.50</b>	<b>€1,437.50</b>

<sup>2</sup> If you purchase more than 10 L'Oréal shares, you will receive the maximum of 4 free shares.

<sup>3</sup> If you are still a Group employee or in the special cases mentioned in the "Local Supplement".

<sup>4</sup> Excluding taxes and dividends.

## EMPLOYEE SHARE PLAN

### VOTING RIGHTS ATTACHED TO YOUR SHARES

As a shareholder, you can exercise the voting rights attached to each of your shares in General Meetings.

### POTENTIAL DIVIDENDS

You will directly receive any dividends<sup>5</sup> paid by L'Oréal. These dividends will be increased by 10% after you have held your shares for two years.

### PAYMENT OPTIONS FOR FINANCING YOUR SUBSCRIPTION

Payment details appear in your "Local Supplement", which can be downloaded from [www.invest.loreal.com](http://www.invest.loreal.com).

## PAYMENT OPTIONS FOR FINANCING YOUR SUBSCRIPTION

### FINANCIAL BENEFITS

**L'Oréal pays the account management fees for maintaining your account. Note, you are responsible for any sale or transfer fees you may incur as a result of future transactions. You are also responsible for the taxes that may be due, as detailed in the "Local Supplement."**

<sup>5</sup> The dividends are not paid automatically and depend on the Group's profits. They are decided in General Meetings.



# PARTICIPATING IN THE EMPLOYEE SHARE PLAN

FOR A LONG-TERM INVESTMENT

## ..... : 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 and will have no effect, neither positive or negative, on your employment.

## ..... : THE VALUE OF YOUR INVESTMENT DEPENDS ON THE SHARE PRICE

Your investment will follow the L'Oréal share price up and down. As a result, you may incur a capital loss.

Consequently, the value of your assets upon exit from the Plan may be less than your personal contribution, depending on the share price.

## ..... : YOUR INVESTMENT WILL BE LOCKED IN FOR 5 YEARS

Your investment will be locked in until November 3, 2025, (except in the early release situations mentioned in the "Local Supplement").

L'Oréal will give you the free share(s) at the end of the lock-in period, around November 3, 2025, if you are still a L'Oréal Group employee on that date (or in the special cases mentioned in the "Local Supplement").

### **At the end of the five-year lock-in period:**

- you can either keep your shares for as long as you want or
- you can sell them at any time.

### **FOR FURTHER INFORMATION**

on early release situations, please consult  
**the "Local Supplement".**



### **NOTE:**

L'Oréal shares are listed in euros on the Paris Stock Exchange. The value of your investment will vary as the exchange rate between the euro and the US dollar fluctuates over the term of your investment. Consequently, if the value of the euro rises against the dollar, the value of your shares will rise in dollars. Conversely, if the value of the euro drops against the dollar, the value of your shares in dollars will drop.

# SUBSCRIPTION TERMS AND CONDITIONS

## WHO CAN SUBSCRIBE?

Employees who work for an eligible L’Oreal Group company and have 24 months of service and are still Group employees on October 2, 2020.

## WHAT HAPPENS IF THE SHARES ARE OVERSUBSCRIBED?

If more shares are requested than are proposed under the Employee Share Plan, the biggest subscriptions (including any free shares) will be reduced until the allotted number of shares reserved for the Plan is reached.

This is done before the shares are definitively allocated and paid for.



A **SIMULATOR** is available on the website

[www.invest.loreal.com](http://www.invest.loreal.com)

## HOW DO EMPLOYEES INVEST?

YOU CAN SUBSCRIBE IN A FEW CLICKS:

- 1 VISIT THE [WWW.INVEST.LOREAL.COM](http://WWW.INVEST.LOREAL.COM) WEBSITE
  - 2 CLICK THE “SUBSCRIBE” BUTTON
  - 3 LOGIN USING THE PERSONAL ID AND PASSWORD THAT WILL BE SENT TO YOU (BY E-MAIL OR BY LETTER TO YOUR HOME) BY SEPTEMBER 17, 2020
  - 4 FILL IN THE ONLINE SUBSCRIPTION FORM
  - 5 DO NOT FORGET TO CONFIRM YOUR SUBSCRIPTION
- EMPLOYEES CAN SUBSCRIBE ONLY ONCE.

## ARE THERE LIMITS TO MY SUBSCRIPTION?

- MINIMUM: one L’Oréal share.
- MAXIMUM: 50 L’Oréal shares, amounting to no more than 25% of your 2020 gross annual salary<sup>6</sup>. This amount may be reduced if the shares are oversubscribed.

**At the end of the subscription period, your subscription choices will be final and you can no longer change them.**

<sup>6</sup> This includes your annual base salary and all bonuses received or due during the year.

# OFFER SCHEDULE



## SUBSCRIPTION PRICE AND EXCHANGE RATE FIXED

You will be informed of the subscription price and exchange rate on the website [www.invest.loreal.com](http://www.invest.loreal.com) and by e-mail.

Register now in the “E-mail alerts” module on [www.invest.loreal.com](http://www.invest.loreal.com) to receive them by e-mail.

# 14

SEPTEMBER 14, 2020

# 17-2

SEPTEMBER 17 TO OCTOBER 2, 2020  
(23:59 PARIS TIME)

## SUBSCRIPTION PERIOD

During this period, you can subscribe on the website [www.invest.loreal.com](http://www.invest.loreal.com) by clicking “Subscribe”.



## SHARES DELIVERED

During the weeks after the close of the subscription period, you will receive a confirmation of your subscription.

# 3

NOVEMBER 3, 2020

# 4

NOVEMBER 4, 2025

## ASSET AVAILABILITY DATE (AFTER A FIVE-YEAR LOCK-IN PERIOD)

After this date, you can sell your shares at any time.



L'ORÉAL

[WWW.INVEST.LOREAL.COM](http://WWW.INVEST.LOREAL.COM)