

EMPLOYEE SHARE PLAN 2020

FCPE NON-EUROZONE



FROM
SEPTEMBER
17
TO
OCTOBER
2,
2020

 **COUNT** 



ME



IN!

L'ORÉAL

WWW.INVEST.LOREAL.COM

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JEAN-PAUL AGON

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JEAN-PAUL AGON

Chairman and Chief
Executive Officer

Dear employees,

In 2018, for the first time in our history we offered you the opportunity to become a shareholder in L'Oréal by purchasing¹ 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 all its employees another opportunity to become involved in the Group's success and prosperity, assist in its growth and take part in its strategic plan by subscribing to its new Employee Share Plan. We are all working to fulfil a single mission: Beauty for all. And 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 its 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.

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

¹ Via the Employee Shareholding Fund (FCPE) "L'Oréal Employee Share Plan Relais 2020".

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 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



1ST COSMETICS GROUP WORLDWIDE



OPERATES IN 150 COUNTRIES



29.87 BILLION EUROS IN SALES



88,000 EMPLOYEES

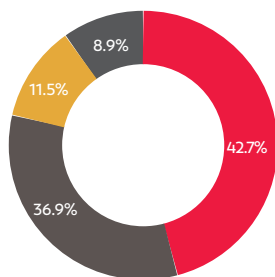


AN ANNUAL RESEARCH AND INNOVATION BUDGET OF €985 MILLION



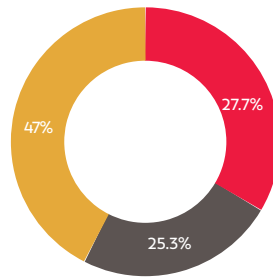
36 COMPLEMENTARY BRANDS

BREAKDOWN OF 2019 SALES (AS A PERCENTAGE)



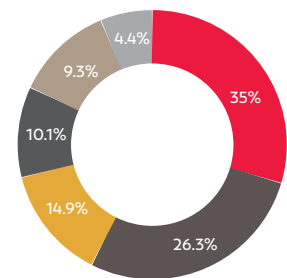
BY DIVISION

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



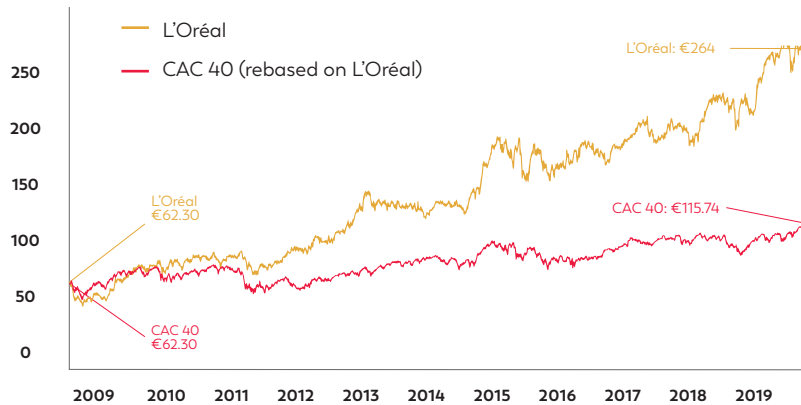
BY BUSINESS SEGMENT

- 35.0% Skincare (and sunscreens)
- 26.3% Makeup
- 14.9% Haircare
- 10.1% Hair colouring
- 9.3% Fragrances
- 4.4% Other²

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

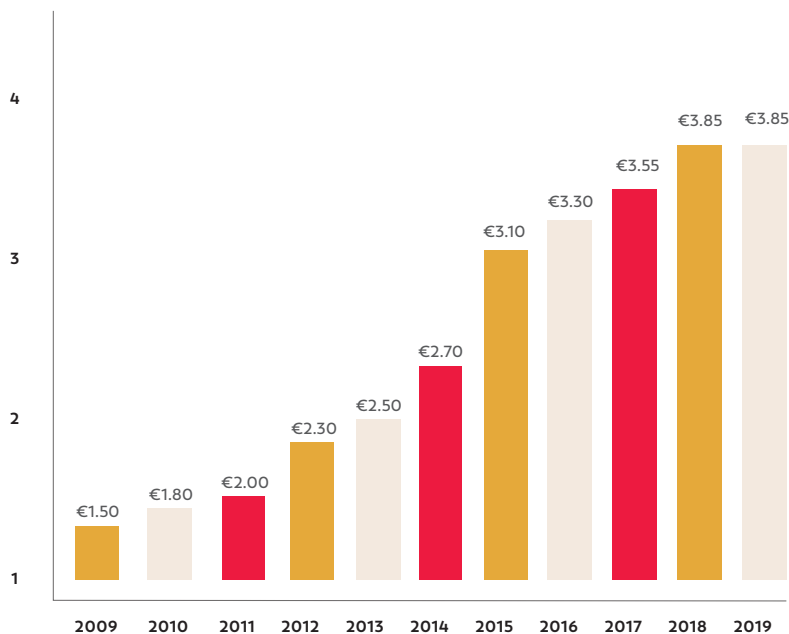
EMPLOYEE SHARE PLAN

L'ORÉAL SHARE PRICE (IN EUROS) BETWEEN 2009 AND 2019 (31/12/2019)



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). 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

AN INVESTMENT IN L'ORÉAL SHARES IN THE INTERNATIONAL EMPLOYEE SHARE PLAN, VIA THE FCPE

In this L'Oréal employee shareholding plan, you are invited to purchase L'Oréal shares via the "L'Oréal Employee Share Plan Relais 2020" employee shareholding fund (FCPE)³ on preferential terms. This "relais" fund groups together the employee subscriptions and will be merged with the "L'Oréal Employee Share Plan" FCPE when the capital increase is completed. After the two funds have merged, you will hold "L'Oréal Employee Share Plan" FCPE units.

The "L'Oréal Employee Share Plan" FCPE is a collective investment fund restricted to Group employees wishing to invest in L'Oréal shares.

Each employee will receive the number of FCPE shares proportional to their investment.

A supervisory board consisting of L'Oréal employees and representatives of the enterprise is responsible for examining the management⁴ of this FCPE.

ADVANTAGE 1

20% DISCOUNT

As an employee, you benefit from a subscription price that includes a 20% reduction. This reduction is called the "discount".

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

ADVANTAGE 2

UP TO 4 FREE SHARES

L'Oréal gives you up to four free L'Oréal shares in addition to your subscription. This is a contribution made by the company.

You will be given the free shares 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").



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

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³ The relay fund will merge with the "L'Oréal Employee Share Plan" FCPE subject to Supervisory Board and French Financial Markets Authority (AMF) approval. The "L'Oréal Employee Share Plan" FCPE is invested in L'Oréal shares. As a result, subscribers are recommended to evaluate the need to spread their savings. It is essential to read the Key Investor Information Document (KIID) on the "L'Oréal Employee Share Plan" FCPE.

⁴ See the FCPE rules.

EMPLOYEE SHARE PLAN

FREE SHARE RULE

If you purchase* in 2020:	+	L'Oréal will give you free** in 2025:	=	TOTAL of your 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 YOU⁵
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 we suppose that 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
(3+2) 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***
	↘	Is 15% down on the reference price, i.e., €212.50	€1,062.50
€600	=	Is equal to the reference price, i.e., €250	€1,250
	↗	Is 15% up on the reference price, i.e., €287.50	€1,437.50

*Via the FCPE.

**If you purchase more than 10 L'Oréal shares, you will receive the maximum of 4 free shares.

⁵If you are still a Group employee.

***Excluding taxes and dividends.

EMPLOYEE SHARE PLAN

VOTING RIGHTS ATTACHED TO YOUR SHARES

The “L’Oréal Employee Share Plan” FCPE supervisory board will exercise the voting rights attached to your shares on your behalf at General Meetings.

POTENTIAL DIVIDENDS

Any dividends⁶ paid by L’Oréal will automatically be reinvested in the FCPE, increasing the value of your shares as a result. The dividends from the shares held by the FCPE are increased by 10% after two years.

PAYMENT FACILITIES FOR FINANCING YOUR SUBSCRIPTION

Payment details appear in your local supplement, which can be downloaded from www.invest.loreal.com.

PAYMENT *FACILITIES* FOR FINANCING YOUR *SUBSCRIPTION*

FINANCIAL BENEFITS

L’Oréal pays the account management fees⁷.

⁶ The dividends are not paid automatically and depend on the Group’s profits. They are decided in General Meetings.

⁷ Employees who leave the Group must pay the account management fees themselves.

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.

..... : 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 make a capital loss.

Consequently, the value of your assets on exit may be less than your personal contribution, depending on the share price. As the L'Oréal Employee Share Plan Fund is invested in L'Oréal shares, you are recommended to evaluate the need to diversify your savings in order to spread the risks.

..... : 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 shares 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").

After the five-year lock-in period:

- you can either keep your "L'Oréal Employee Share Plan" FCPE assets for as long as you want

or

- request the full or partial redemption of your assets.



NOTE

As 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 your currency fluctuates over the term of your investment. If the value of the euro rises against your currency, the value of your shares will rise in your currency. Conversely, if the value of the euro drops against your currency, the value of your shares will drop in your currency.

SUBSCRIPTION TERMS AND CONDITIONS

WHO CAN SUBSCRIBE?

Any employees recorded as having worked for 24 months for a L'Oréal group company participating in the International Employee Share Plan on October 2, 2020 and still a Group employee on the last day of the subscription period, i.e., 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 number of units in the operation is reached.

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



A SIMULATOR

is available on

www.invest.loreal.com

HOW DO EMPLOYEES INVEST?

YOU CAN SUBSCRIBE IN A FEW CLICKS:

- 1
VISIT THE WWW.INVEST.LOREAL.COM WEBSITE
- 2
CLICK THE "SUBSCRIBE" BUTTON
- 3
LOGIN USING THE PERSONAL ID AND PASSWORD YOU WERE SENT (BY E-MAIL OR BY LETTER TO YOUR HOME)
- 4
FILL IN THE ONLINE SUBSCRIPTION FORM
- 5
DO NOT FORGET TO CONFIRM YOUR SUBSCRIPTION

EMPLOYEES CAN SUBSCRIBE ONLY ONCE.

HOW MUCH SHOULD YOU SUBSCRIBE?

- Minimum : one L'Oréal share.
- Maximum : 50 L'Oréal shares, amounting to no more than 25% of your 2020 gross annual salary⁸. 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.

⁸Your gross annual salary includes your fixed and variable compensation together with all bonuses received or due during the year.

OFFER SCHEDULE



SUBSCRIPTION PRICE AND EXCHANGE RATE FIXED

You will be informed of them on the website **www.invest.loreal.com**, by e-mail and on display.

Register now in the “E-mail alerts” module on www.invest.loreal.com to receive them by e-mail.

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SEPTEMBER 14, 2020

(23:59 PARIS TIME)

17-2

SEPTEMBER 17 TO OCTOBER 2, 2020

SUBSCRIPTION PERIOD

During this period, you can subscribe on the website www.invest.loreal.com by clicking “Subscribe”.



CAPITAL INCREASED AND SHARES DELIVERED

During the weeks after this is done, you will receive a confirmation of your subscription.

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NOVEMBER 3, 2020

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

On this date, you can choose to either:

- Request the redemption of your assets,
- Keep your assets in the “L’Oréal Employee Share Plan” FCPE.

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NOVEMBER 4, 2025



L'ORÉAL

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