

EMPLOYEE SHARE PLAN 2020

SIP



FROM
17TH
SEPTEMBER
TO
2ND
OCTOBER
2020

 **COUNT** 



ME



IN!

L'ORÉAL

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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 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 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 and becoming an indirect L'Oréal shareholder via the UK Share Incentive Plan ("SIP").

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 Share Incentive 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 Plan will again be a great success, and thank you all for your commitment.

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

L'ORÉAL IN BRIEF

L'ORÉAL, THE WORLD LEADER IN BEAUTY

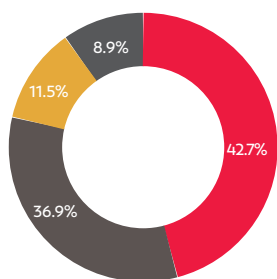
For more than a century, L'Oréal has devoted its energy and competencies solely to one business: beauty. We are the world's leading beauty group. Beauty drives the Group. It enables all individuals to gain self-confidence, express their personalities and open up to others and contributes to personal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

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

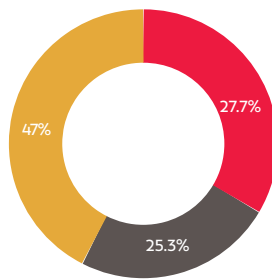


BREAKDOWN OF 2019 SALES (AS A PERCENTAGE)



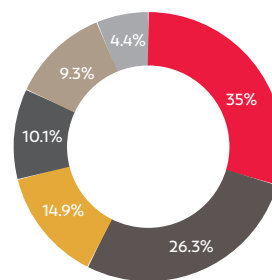
BY DIVISION

- 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*

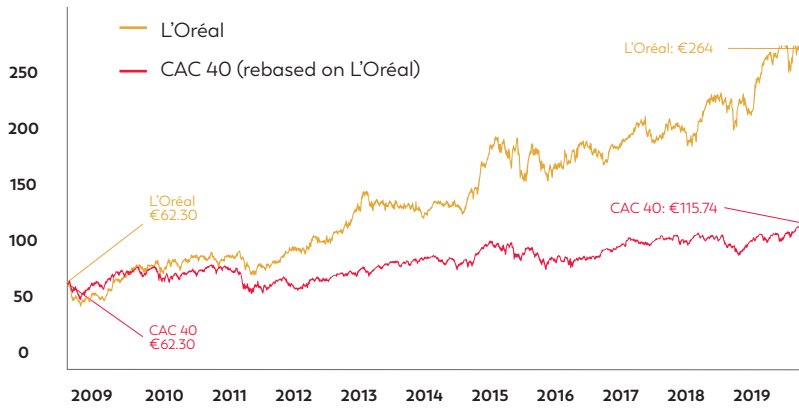


BY BUSINESS SEGMENT

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

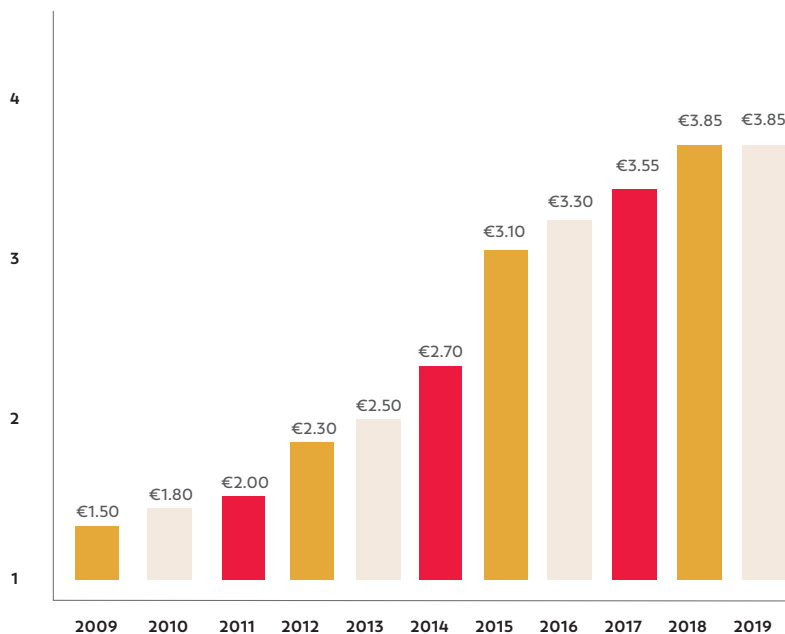
EMPLOYEE SHARE PLAN

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 the 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.

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 October 2020;
- 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 £300 per month between October 2020 and June 2021 (the "Accumulation Period") subject to a maximum total investment of £2,700¹. The current L'Oréal share price of around €280 (£250) indicates that a minimum investment of at least £28 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 17th September to 2nd October 2020.

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.

¹ As long as the amounts invested in each UK tax year (6th April to 5th April) do not exceed 10% of your annual gross earnings.

EMPLOYEE SHARE PLAN

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. You may choose to sell a proportion of your Partnership Shares and keep the remainder in the SIP. However, you will lose the full income tax and NIC benefits applicable to any Partnership Shares if they that 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 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 ²	Reduction in take home pay	Income tax and NIC saving
£50.00	£34.00	£16.00
£100.00	£68.00	£32.00
£300.00	£204.00	£96.00

Higher Rate Taxpayer

Monthly contribution ²	Reduction in take home pay	Income tax and NIC saving
£50.00	£29.00	£21.00
£100.00	£58.00	£42.00
£300.00	£174.00	£126.00

Additional Rate Taxpayer

Monthly contribution ²	Reduction in take home pay	Income tax and NIC saving
£50.00	£26.50	£23.50
£100.00	£53.00	£47.00
£300.00	£159.00	£141.00

² In each case the total contribution for 2020/21 will be nine times the monthly contribution mentioned above.

EMPLOYEE SHARE PLAN

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 £300 over the nine month “Accumulation Period”. Your investment in each UK tax year 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 €280 (£250) indicates that a minimum investment of at least £28 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, if necessary, 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.

If you participated in the 2018 SIP offering, you will not need to register as a first-time user. Instead you can apply by logging into your account at www.esp-portal.com/clients/loreal. 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 2nd October 2020.

3. YOUR CONTRIBUTIONS WILL BE DEDUCTED FROM YOUR PAY EACH PAY PERIOD FOR NINE MONTHS (THIS IS CALLED THE “ACCUMULATION PERIOD”)

- **Your first deduction will be taken from your pay after the start of the Accumulation Period in October 2020 and your last deduction will be in June 2021. The Partnership Shares will be purchased on 28th June 2021 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.

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.

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.

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.

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.

OFFER SCHEDULE



INVITATION PERIOD

You have the opportunity to join the SIP during the invitation period from 17th September to 2nd October 2020.

(23:59 PARIS TIME)

17-2

17TH SEPTEMBER
TO 2ND OCTOBER
2020

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 pay slip after the start of the Accumulation Period on 1st October 2020 and your last deduction will be in June 2021.

1-28

1ST OCTOBER 2020
TO 28TH JUNE
2021



ACQUISITION PRICE AND EXCHANGE RATE FIXED

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

DURING JUNE
2021

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.

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ON OR AROUND
28TH JUNE
2021



28

28TH JUNE
2026

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 17th September to 2nd October 2020.

2. ARE THERE ANY CONDITIONS ATTACHED TO THE MATCHING SHARES?

You will lose your Matching Shares if prior to 28th June 2026, 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 nine-month accumulation period, you can cease contributions at any time and withdraw your funds. You can restart your contributions once. If you need to withdraw you can do so via the Portal or by contacting your HR.

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 €280 (£250) indicates that a minimum investment of at least £28 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. HOW WILL MY SHARES BE TAXED IF I WITHDRAW THEM FROM THE SIP AT THE END OF THE 5 YEAR HOLDING PERIOD?

Any growth in the value of your Partnership Shares and Matching Shares whilst they are held in the SIP during the 5-year holding period will be outside the scope of Capital Gains Tax (CGT) (and, as discussed above, income tax and NICs). Following the end of the 5-year holding period, you may choose to continue to keep your Partnership Shares and Matching Shares in the SIP, in which case any further growth in value after the five-year date will also be exempt from CGT. You may then choose to sell your Partnership and Matching Shares immediately upon withdrawal from the SIP, in which case no CGT or other tax liability should arise.

If you withdraw your Partnership Shares and Matching Shares from the SIP following the end of the five-year period but do not immediately sell them on, any further growth in value after their withdrawal from the plan will be subject to CGT. CGT is charged at 10% for basic rate taxpayers and 20% for higher or additional rate taxpayers and applies on capital gains in excess of your annual capital gains tax allowance (£12,300 for tax year 2020/21). More information on CGT can be found at <https://www.gov.uk/capital-gains-tax>. Any capital gains you make from other sources in the same tax year will be relevant when calculating the extent to which CGT is payable on the sale of your Partnership and Matching Shares.

12. HOW WILL ANY DIVIDENDS THAT ARE PAID ON PARTNERSHIP AND MATCHING SHARES BE TAXED?

UK taxpayers may receive dividends up to the annual dividend allowance each tax year before becoming subject to taxation (£2,000 for tax year 2020/21). Any dividends above this amount will be subject to UK income tax at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividends you receive from other sources will impact upon whether you meet this threshold for the relevant tax year.

13. WHO SHOULD I CONTACT IF I 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.

L'ORÉAL

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