

# THE SUBSCRIPTION PROCESS

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**Only one subscription per employee**

OFFER AT A GLANCE

**EMPLOYEE  
SHARE  
PLAN 2020**

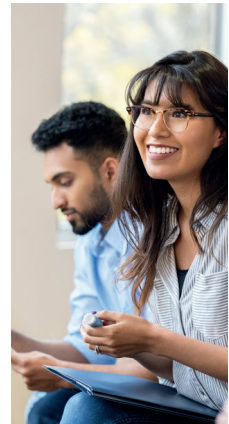


**FROM  
17<sup>TH</sup>  
SEPTEMBER  
TO  
2<sup>ND</sup>  
OCTOBER  
2020**

**COUNT**



**ME**



**IN!**

OEB\_SIP\_UK\_EN20- Photos Credit: Shutterstock - GettyImages

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## UNDERSTANDING THE EMPLOYEE SHARE PLAN

L'Oréal is pleased to offer you the opportunity to become involved in the Group's success and become a shareholder through the "Share Incentive Plan" (SIP).

**By participating in the new Share Incentive Plan, you can purchase L'Oréal shares under preferential terms.**

Pay through salary deductions over 9 months

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

Receive up to 4 tax-free matching shares delivered for free by L'Oréal

### 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 increase by 10% after you have held your shares for two calendar years - in other words, in 2024.

Like any shareholder, your investment will follow the L'Oréal share price up or down. This means that you may make a capital loss.

In order to benefit from tax and NI relief and receive the matching shares, the shares must be held in the Plan for 5 years (i.e. until June, 2026).

#### 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

As part of the SIP, matching shares will be delivered as shown in the following table:

If you purchase	You will receive:
From <b>1 to 2</b> shares	<b>1</b> free matching share
From <b>3 to 5</b> shares	<b>2</b> free matching shares
From <b>6 to 9</b> shares	<b>3</b> free matching shares
<b>10</b> or more shares	<b>4</b> free matching shares

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

### EXAMPLE

The purchase price payable for L'Oréal shares will be the lower of the share price on 2<sup>nd</sup> October 2020 or the purchase price in June 2021.

Let's assume that the price of the **L'Oréal share is €250**, and that you are a basic tax rate 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 €170 (i.e. €250 minus 30% tax and 2% NI).

You pay for 3 shares at an effective price of €510 (3 x €170).

L'Oréal contributes **2 matching shares**.

→ The actual value of your investment in the Plan is **€850** (5 x €170, the purchase price)

In this example, you will save

**€340**

## WHO CAN JOIN THE SIP?

Anyone who has worked for a L'Oréal Group company for 6 consecutive months, and is still a Group employee on 2<sup>nd</sup> October, 2020.

## 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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- To subscribe from 17<sup>th</sup> September to 2<sup>nd</sup> October, 2020