

2026 L'ORÉAL EMPLOYEE SHARE PLAN

LOCAL SUPPLEMENT FOR INDIA

You are invited to invest in shares of L'Oréal S.A. ("**L'Oréal shares**") under the L'Oréal Group Employee Share Plan 2026 ("**2026 L'Oréal Employee Share Plan**"). In this Local Supplement, you will find information about the Plan applicable to eligible employees residing in India, including the tax consequences of their participation:

- **PART A** is the general description of the representations, warranties and agreements that you accept if you participate in the Plan (Part A is a local information document for India that constitutes part of the Plan), and
- **PART B** provides general tax information for participants in India.

L'Oréal shares are listed on Euronext Paris. By purchasing L'Oréal shares under the 2026 L'Oréal Employee Share Plan, you agree to be bound by its terms and conditions, and your investment will be subject to them. For a complete description of the 2026 L'Oréal Employee Share Plan, please refer to the Employee Information Brochure, the Key Information Document, and other related documents for the L'Oréal Employee Share Plan, which are provided together with this Local Supplement, available at <https://invest.loreal.com>. Please consult your tax adviser, accountant, lawyer, or other professional advisers if you have any queries about the course you should follow.

The decision about whether to participate in the offer is yours, bearing in mind your circumstances and any independent advice you may have received. Your decision to participate in the 2026 L'Oréal Employee Share Plan will not affect, either positively or negatively, your employment with the L'Oréal group. Nothing in the present document or any other materials distributed or made available to you concerning the 2026 L'Oréal Employee Share Plan shall confer any right or entitlement regarding your employment. Participation in this plan is separate from and does not form part of your employment agreement.

This 2026 L'Oréal Employee Share Plan relies on the exemption from publishing a prospectus in Article 1.4(i) of the EU Prospectus Regulation 2017/1129/EC.

PART A

LOCAL OFFERING INFORMATION

Subscription Period

The subscription period starts June 10, 2026, and ends on June 24, 2026 (*inclusive*). You can submit your orders under the 2026 L'Oréal Employee Share Plan to subscribe to L'Oréal shares during the subscription period. Your subscription order will become final, binding, and irrevocable on the last day of the subscription period.

During the subscription period, you may subscribe online at <https://invest.loreal.com>. A username and password will be provided to you by email or postal mail. You may also subscribe using a paper subscription form if you do not have internet access. Please contact your Human Resources Department to receive the subscription form.

Unless you subscribe online, please return your duly completed subscription form and the requisite enclosures to your Human Resources Department before June 24, 2026. If you submit a paper subscription form and via <https://invest.loreal.com>, the online subscription will be used and considered final, and the paper subscription will be ignored.

Subscription Price

The subscription price will be set on June 5, 2026, as the average opening price of the L'Oréal shares over the 20 preceding trading days, minus a 20% discount, and will be communicated to you.

You will make your investment in Indian Rupees (INR/₹). For investment purposes, the amount of your payment in INR will be converted into euros (€) by your Employer as L'Oréal shares are listed in euros (€). The exchange rate applied for this conversion will be determined by L'Oréal before the beginning of the subscription period and communicated to you along with the subscription price. The amount in euros (€) corresponding to your investment in INR (₹) will be invested in L'Oréal shares via the FCPE on the date of delivery of the shares. Any variation between the exchange rate determined by L'Oréal and the exchange rate in effect on the date of the actual remittance of funds abroad will not affect the amount of your investment.

Important Note: Throughout the duration of your investment, the value of L'Oréal shares will be affected by fluctuations in the currency exchange rates between the euro (€) and INR (₹). As a result, if the value of the euro (€) strengthens relative to the INR (₹), the shares expressed in INR will increase. On the other hand, if the euro's (€) value weakens relative to the INR (₹), the value of the shares expressed in the INR will decrease. Thereafter, exchange rate fluctuations between the € and ₹ can positively or negatively impact your investment.

Method of Payment – What payment methods are available for my subscription?

The following payment methods are available:

- Payment by you by bank transfer of the subscription price (NEFT or RTGS), and/or
- Financing for the total subscription price.

You can pay for your subscription using any of the above payment methods, or a combination of them. You must indicate your payment method choice in the subscription form.

If you opt to pay your subscription by bank transfer, your Employer must receive payment of the total subscription amount between July 10, 2026 and July 21, 2026. Simultaneously, when making the bank transfer, please furnish the designated person in your HR department with proof of the transfer. The bank account details to which payment must be made will be emailed to you before the start of the subscription period.

Financing would be in the form of a short-term 'interest-free' loan, repayable/recoverable from your salary over 10 (ten) months through a monthly payroll deduction starting August 2026. Please note that the deduction of your subscription amount from your monthly salary cannot exceed 50% of your monthly salary. Although the said financing would be interest-free, under the Income-tax Act, a notional interest would be chargeable and treated as a perquisite, taxable in your hands until repayment¹. If you leave employment before repayment of the loan, your Employer would be entitled to deduct the unpaid contribution and costs (if any) from your payroll/salary at the time of full and final settlement.

¹ Further detail is provided in Part B – "Tax Section".

Default of Payment Case

In case you fail to fulfil your obligations to repay salary advance on time, your Employer shall have the right to sell, upon your default, the number of units/shares required to reimburse the salary advances, plus expenses, without prior notice of, or approval from you and without any right of indemnity. Such a sale of units/shares may have a tax impact on you, which you shall have to bear (see representations and undertakings in the purchase form for further details).

Maximum & Minimum Subscription

The maximum subscription (excluding free bonus shares) you are permitted is up to 25% of your gross annual compensation for 2026, subject to the subscription price equivalent to 20 L'Oréal shares. Gross annual compensation means the Annual Base Salary + Total Variable Compensation mentioned in the salary annexure of your last Year-End Compensation Review Letter.

Custody of L'Oréal shares, Voting Rights, and Dividends

Your L'Oréal shares will be subscribed and held on your behalf by a collective shareholding vehicle, known as a *Fonds Commun de Placement d'Entreprise*, or an FCPE, commonly used in France for the conservation of shares held by employee investors. The FCPE will subscribe to/purchase the L'Oréal shares on your behalf. You will be issued units in the FCPE corresponding to the L'Oréal shares you subscribe to and those representing the Bonus shares once delivered to you at the end of the lock-up period, subject to the conditions described below. The units of FCPE will not be listed on a stock exchange and are not transferable to a third party. The units can be redeemed only in the manner provided herein or in other documentation available at <https://invest.loreal.com>.

As long as your L'Oréal shares are held by the FCPE «**L'ORÉAL EMPLOYEE SHARE PLAN**», the voting rights in respect of such shares will be exercised by the FCPE's supervisory board on behalf of the employees.

Any dividends paid by L'Oréal will be automatically reinvested in the FCPE. By participating in the 2026 L'Oréal Employee Share Plan, you agree to such reinvestment of dividends. Such reinvestment will result in the issuance of additional units or fractional units. Hence, you will not receive dividends in cash. The additional units will be issued at the market price of L'Oréal shares without a discount and will be subject to the terms of the 2026 L'Oréal Employee Share Plan. It will help if you read the tax supplement (Part B) concerning the taxability of dividends.

Indian Currency Exchange Control

Under ESOP (Employee Stock Ownership Plan) schemes, all Indian resident individuals, whether employees or executive directors of L'Oréal India, may acquire foreign securities without any monetary limit.

Please note that your participation in the 2026 L'Oréal Employee Share Plan must comply with the applicable Indian laws, including the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder, as amended from time to time. The remittance of the subscription amount by your Employer on your behalf under the Liberalised Remittance Scheme² (LRS) must be within the

² The Liberalised Remittance Scheme of (Indian) foreign exchange control regulations allow an Indian resident employee to buy securities of a foreign company for an amount not exceeding USD 250,000 in a tax year (i.e., from 1 April of one calendar year to 31 March of the following calendar year). This limit is the aggregate amount an employee can remit in a tax year (April-March), including his remittances towards all permissible current and capital account transactions.

limit of USD 250,000 or otherwise be in accordance with and subject to the applicable exchange control laws and regulations in force. Your Employer may not be aware of your other remittances under the LRS; hence, you are solely responsible for ensuring that your subscription is within the limit of USD 250,000. You agree to be solely responsible for any breach of the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder. If it is later found that such remittance has breached the prescribed limit, i.e., USD 250,000 per tax year (or otherwise), you will bring the excess funds back to India and shall, *suo motu*, apply for compounding.

Your local Employer will handle all matters related to foreign exchange under the 2026 L'Oréal Employee Share Plan in accordance with the applicable laws and regulations. By participating in the 2026 L'Oréal Employee Share Plan, you are deemed to have authorised your local Employer to make a relevant application or file it with the appropriate authority on your behalf for implementing the 2026 L'Oréal Employee Share Plan. In addition, you may need to complete or submit any document as required by laws and regulations or by the relevant authority in connection with the plan.

Subject to the terms of the 2026 L'Oréal Employee Share Plan, you may transfer the L'Oréal shares provided the sale proceeds are repatriated immediately upon receipt and, in any case, not later than 180 days from the shares' sale date. All remittances you make under the 2026 L'Oréal Employee Share Plan shall be subject to all the applicable Indian foreign exchange control laws and regulations in force.

When you redeem your investment, your Employer will file the claim with the relevant governmental authorities (if required) and complete all procedures requested by the banks, which may delay the payment of your proceeds. Since your capital gain from the 2026 L'Oréal Employee Share Plan may be affected by the foreign exchange rate between the Indian rupee and the euro, your proceeds in the Indian rupee may be materially affected due to the fluctuation of the foreign exchange rate, resulting from such a payment delay.

Please refer to the tax supplement (Part B) for the applicability of the tax collected at source ("TCS"). TCS will apply if your international/overseas transfers (including those under the 2026 L'Oréal Employee Share Plan) under the LRS exceed INR 1,000,000 for the tax year 2026-27.

Securities Notices

This document and the offer are addressed only to L'Oréal Group employees eligible to participate in the 2026 L'Oréal Employee Share Plan. No Indian securities law or other filing or reporting requirements apply to the 2026 L'Oréal Employee Share Plan.

Lock-up period and Early Exit Events: Under what circumstances may I request early redemption?

Under the 2026 L'Oréal Employee Share Plan, your investment must be held for five (5) years, ending on July 30, 2031 (*inclusive*). Nevertheless, you may be able to request early release and exit from the plan before the end of the lock-up period in the case of early exit events as described below:

- 1) marriage,
- 2) divorce or other judicial recognition of separation, if custody of at least one child is retained,
- 3) disability of the employee or spouse or child resulting in permanent or temporary (of at least six (6) months) disability to exercise any professional activity,
- 4) domestic violence committed against the employee by the spouse or the former spouse,
- 5) death of the employee or spouse,

- 6) termination of employment for any reason, including resignation, dismissal, or retirement,
- 7) creation by the employee's children or spouse of a particular business venture,
- 8) acquisition or enlargement of the principal residence,
- 9) bankruptcy (as defined under Indian law),
- 10) for energy-efficiency renovation work on the main residence, and
- 11) for the purchase of an electric and/or hydrogen-powered vehicle.

These early exit events are defined by French law (other than bankruptcy) and must be interpreted and applied in accordance with French law.

In the event of an employee's death, the employee's nominee, as recorded with the Employer under the statutory regulations (*PF et al.*), shall be entitled to request redemption.

You must not conclude that an early exit event is available unless you have explained your specific case (by providing requisite supporting documentation) and your Employer has written that it applies to your situation. In this regard, your Employer's decision shall be final and binding.

Please contact your HR department for further information on early exit cases and redemption procedures.

Redemption

Your investment becomes available for redemption upon the expiry of the 5-year lock-up period (ending in July 2031) or earlier in the case of an early exit event as set out above. At the end of the lock-up period, you will be informed of the expiration of the lock-up period and the availability of your investment and redemption process.

Free Bonus Shares

Your investment will be rewarded by granting rights to additional shares of L'Oréal S.A. for free ("**Bonus Shares**"). You would be entitled to free Bonus Shares proportionally to your subscription for the ratio described in the Information Brochure. These shares will be delivered to you at the end of the vesting period in July 2031, subject to the terms and conditions of the Free Share Plan Rules.

Below is a summary of certain conditions applicable to the grant, vesting and delivery of the free Bonus Shares. For the full description, please refer to the Free Share Plan Rules available at <https://invest.loreal.com> (in French and English) and upon request from your HR correspondent. Please note that subscription to the 2026 L'Oréal Employee Share Plan implies acceptance of the Free Share Plan Rules.

Eligibility for the grant of free Bonus Shares: To qualify for a grant of free Bonus Shares within the framework of the 2026 L'Oréal Employee Share Plan, you must satisfy the following conditions:

- You must have validly subscribed under the 2026 L'Oréal Employee Share Plan and satisfied all conditions of participation,
- Your participation in, or your subscription/payment for the 2026 L'Oréal Employee Share Plan must not have been rejected or cancelled on (or prior to) the Grant Date (defined below),
- Payment of subscription must have been fully settled at the Delivery Date (defined below).

Grant Date: The date of the grant shall occur on the date when L'Oréal shares subscribed pursuant to the 2026 L'Oréal Employee Share Plan are issued, i.e., on July 30, 2031, or shortly thereafter. Within a few weeks of the Grant Date, each beneficiary will receive a letter or statement electronically confirming that he or she is a beneficiary of the grant of free Bonus Shares and stipulating the number of Bonus Shares granted to him or her, subject to the conditions of the Free Share Plan Rules (as summarised hereafter).

Delivery Date: Subject to the satisfaction of the conditions stipulated below, free Bonus Shares will be delivered to you on or around July 31, 2031.

Conditions to be satisfied to receive the free Bonus Shares at the end of the lock-up period (You may refer to article 6 of Free Share Plan Rules for a detailed and complete description of the conditions; stipulations below are only a summary of the applicable conditions and do not supersede provisions of the Free Share Plan Rules):

To receive free Bonus Shares, you must remain an employee or corporate officer of L'Oréal Group from the last day of the subscription period pursuant to the 2026 L'Oréal Employee Share Plan until the 20th calendar day preceding the Delivery Date ("**Continued Employment Condition**"), unless one of the Exceptions to the Continued Employment Condition occurs (see below).

The period between the last day of the subscription period pursuant to the 2026 L'Oréal Employee Share Plan and the 20th calendar day preceding the Delivery Date shall be referred to as the "**Acquisition Period**".

Nevertheless, you will be deemed to have satisfied the above Continued Employment Condition if, at any time during the Acquisition Period, you lose the status of an employee or corporate officer of L'Oréal Group for one of the following reasons ("**Exceptions to the Continued Employment Condition**"):

- A. **Death:** In the event of death, your heir(s) may request the free Bonus Shares delivery within six months of the death. In such a case, any Bonus Share granted shall be delivered to the assignee shortly after submitting their request, and the Acquisition Period shall not apply. Without such a request, the free Bonus Shares granted to the deceased beneficiary shall be delivered to the heirs on the Delivery Date.
- B. **Disability:** In the event of disability, as defined in Article L. 225-197-1 of the French Commercial Code, during the Acquisition Period, the free Bonus Shares granted shall be delivered shortly after the occurrence of the relevant disability event.
- C. **Retirement:** In the event of retirement at the minimum retirement age stipulated by the relevant laws of India or in the event of retirement pursuant to any retirement scheme, the free Bonus Shares shall be delivered to the beneficiary on the Delivery Date.
- D. **Dismissal for a reason other than gross misconduct or serious misconduct:** In the event of dismissal for a reason other than gross misconduct or serious misconduct, the free Bonus Shares granted shall be delivered to the Beneficiary on the Delivery Date. For the purposes of the plan, dismissal for gross or serious misconduct, entailing forfeiture of the beneficiary's right to receive the free Bonus Shares, shall be assessed in accordance with the Indian regulations applicable to the dismissal of the beneficiary.
- E. **Termination of employment contract pursuant to mutual agreement of the employee and Employer:** In the event of termination of the beneficiary's employment contract pursuant to a mutual agreement, free Bonus Shares shall be delivered to the beneficiary on the Delivery Date. Resignation by an employee, which the Employer later accepts, would not be considered termination pursuant to mutual agreement.

- F. **Change of control of your company/employer:** In the event of a change of control over your company/Employer, those beneficiaries who are employees or corporate officers of the relevant company shall receive their free Bonus Shares on the Delivery Date.

Ownership of the free Bonus Shares: At the Date of Delivery, any free Bonus Shares delivered will become your full property. Your free Bonus Shares will be delivered and held through the FCPE «L'ORÉAL EMPLOYEE SHARE PLAN», and you shall receive units of the FCPE representing those shares. If a L'Oréal company is required to pay taxes, social charges or any other governmental charges on behalf of any beneficiary of the free Bonus Shares as a result of the grant or delivery of the free Bonus Shares, in that event, L'Oréal reserves the right to delay the transfer of the free Bonus Shares to such person until such person has paid all such amounts, or made payment arrangements that are satisfactory to L'Oréal, or to cause the sale of the Bonus Shares and withhold from the proceeds the relevant amounts, as provided for in the article 10 of the Free Share Plan Rules.

Labour Law Disclaimer

Please note that the 2026 L'Oréal Employee Share Plan is provided by the French company, L'Oréal S.A., not by your local Employer. L'Oréal S.A. will decide to include a beneficiary in this or any future offering, at its sole discretion. The 2026 L'Oréal Employee Share Plan does not form part of your employment agreement and does not amend or supplement such agreement. Participation in the 2026 L'Oréal Employee Share Plan does not entitle you to future benefits or payments of a similar nature or value. It does not entitle you to any compensation if you lose your rights under the 2026 L'Oréal Employee Share Plan due to the termination of your employment. Benefits or payments that you may receive or be eligible for under the 2026 L'Oréal Employee Share Plan will not be considered in determining the amount of any future benefits, payments or other entitlements that may be due to you (including in cases of termination of employment).

Change of Date or Cancellation

Please note that the dates provided in the documentation relative to the 2026 L'Oréal Employee Share Plan are indicative and may be changed by L'Oréal S.A. L'Oréal S.A. may also, at its discretion, choose to cancel the 2026 L'Oréal Employee Share Plan.

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PART B

TAX INFORMATION FOR EMPLOYEES RESIDENT IN INDIA

Tax summary for Employees Resident, Ordinarily Resident & Domiciled in India

This document aims to answer some of your questions about income tax and social charges arising from your participation in the 2026 L'Oréal Employee Share Plan.

This summary sets forth general principles that are expected to apply to employees who (i) are residents of India for the purposes of the Indian tax laws and the Convention between India and the French Republic for the avoidance of double taxation dated September 29, 1992, which came into force from August 01, 1994, as amended (the "Treaty"), and (ii) are entitled to the benefits of the Treaty; and who would continue to remain tax residents of India until their rights concerning the units/shares in the L'Oréal Employee Share Ownership Plan will have ended. The tax consequences listed below are described in accordance with Indian and French tax laws and practices, and the Treaty, all of which are applicable as of the date.

Please note that this Country Supplement is based on the laws in force as of April 1, 2026. These laws, practices and the Treaty are subject to change over time and may affect your tax position. For more specific and definitive personal advice and to take care of any possible changes in individual tax legislation, it is recommended that you consult your tax advisors.

*This summary is given for informational purposes only and should not be considered complete or conclusive. Your Employing company ("**Employer**") does not take responsibility for the accuracy.*

This tax note should be read in conjunction with other materials distributed to you and made available on the dedicated website at <https://invest.loreal.com>. Please note that the TCS (tax collected at source) provisions described below apply to persons who have made outward remittances from India exceeding INR 1,000,000 during the tax year 2026-27.

UPON SUBSCRIPTION

I. Will I be required to pay any tax or social security charges at the time of subscription?

A. Taxation in France

You will not be subject to taxation in France upon the subscription of L'Oréal shares held through the FCPE «L'ORÉAL EMPLOYEE SHARE PLAN». No tax will be levied in France on the dividends received by the FCPE. Any gains realised upon investment are not subject to taxation or social charges in France.

B. Taxation in India

I(1) Taxation on the difference between the subscription price and the market value of the L'Oréal share at the time of subscription

In the hands of the Employee:

The share price discount available at the time of subscription will be subject to taxation as a perquisite in your hands. Therefore, for the tax year 2026-27, at the time of allotment, you would be liable to pay tax on the amount of difference between the fair market value of L'Oréal shares (which will be determined by a Merchant Banker) and the subscription price paid. Accordingly, such amount shall be treated as "**perquisite**" income and taxable in your hands under section 17(1) of the Income-tax Act, 2025.

The valuation of perquisite is calculated on the **difference** between:

- (i) **the “fair market value” of L'Oréal shares (as determined by a “Category I Merchant Banker” registered with the SEBI) on the date of issue/allotment, and**
- (ii) **the subscription amount paid by you.**

Consequently, a share valuation certificate issued by a Category I Merchant Banker will be required to determine the “fair market value” (“**FMV**”) of the L'Oréal shares on the date of issue/allotment of shares, and the difference between the subscription price paid by you and such FMV will be treated as perquisite income taxed at the applicable tax rate. While determining the FMV, the Merchant Banker will consider the listed price of L'Oréal shares on the Euronext Paris exchange on the specified date (i.e., the date of issue/allotment or any date within one hundred eighty (180) days earlier to such date) as one of the considerations. Your Employer will procure such a share valuation certificate.

Since L'Oréal shares are offered at a 20% discount, the discount on the FMV of L'Oréal shares would be treated as a perquisite under section 17 of the Income-tax Act, 2025, and, as a result, would form part of your compensation and be liable to be taxed in your hands as income under the head “**Salaries**”. Accordingly, the tax will be incurred at the time of allotment. Accordingly, the tax will be incurred at the time of allotment. The tax rate would depend on your total income and be taxed slab-wise as applicable to you (for applicable tax rates, please refer to the table under the Section “**Upon Redemption**”).

Illustration:	
Fair Market value of 1 L'Oréal Share	Rs. 100.00
Subscription price paid by you @ 20% discount	Rs. 80.00
Discount	Rs. 20.00
<i>The discount of Rs. 20 will be treated as “perquisite” income and added to your taxable salary.</i>	

Your Employer will not incur any tax liability in connection with your purchase of L'Oréal shares. However, your Employer will withhold tax as per the applicable slab rates (and applicable tax regime) from you and remit such taxes withheld to the tax authorities. In addition, wherever applicable, your Employer may be required to collect the Tax Collected at Source (“**TCS**”) from you on remittances made under the Liberalised Remittance Scheme³ (“**LRS**”) and deposit the tax with the tax authorities⁴.

Please note that TCS on LRS applies to all outward remittances under LRS exceeding INR 1,000,000 (one million) per person per tax year (see footnote 4 below). Effective April 1, 2026, the applicable TCS rate is 20% on the portion of remittances above INR 1,000,000 (one million). If your total remittances under the LRS in the tax year 2026-27 (together with the remittance under the 2026 L'Oréal Employee Share Plan) do not exceed INR 1,000,000 (one million), you will not be subjected to the TCS. However, if your remittances exceed INR 1,000,000 (one million) and TCS applies, TCS will be collected/recovered by your Employer from your May 2026 payroll (in a single instalment) and deposited with the tax authorities (through the Authorised Dealer/banker (AD)), appearing as a credit in your Form 168 (formerly Form 26AS).

The TCS collected can be applied to your actual overall tax liability, payable at the end of the year⁵. If

³ Under the LRS scheme, a resident person can remit funds outside India up to US\$ 250,000 without prior permission from RBI for the tax year from 1st April to 31st March. This scheme is available only to individuals.

⁴ From April 1, 2026, the Tax Collection at Source (TCS) for outward foreign remittance under LRS (for purposes other than education or medical treatment) is 20% (beyond the threshold of Rs. 1,000,000). Employers must seek guidance from the bank on the implementation and recovery mechanism.

⁵ Under the Income-tax Act, the provisions dealing with the deduction of TDS on salary income are now amended to factor in any TDS or TCS credit available to employees when computing the amount of tax to be deducted from their salary income.

you have no such tax liability, you can claim a refund at the end of the year. Please consult your tax advisor. The Employer will not bear these taxes.

If you participate in the 2026 L'Oréal Employee Share Plan, you must submit a declaration concerning your remittances made during tax year 2026-27 (until the date of subscription/such declaration). If you fail to provide the declaration, the TCS (in applicable cases) will be collected as per the advice of the AD bankers, and it will be deemed that you unconditionally accept the contents of the declaration. Additional regulatory guidance on TCS's scope, application, and recovery is awaited and could impact its application as described above.

When subscribing through the FCPE, you would not incur any social tax consequences.

If your Employer finances the subscription price beyond Rs. 200,000, the notional interest will be treated as a perquisite and taxable in your hands. Therefore, the perquisite value arising from an interest-free/concessional loan would be taxable, and your Employer would be required to withhold tax thereon at the applicable rate.

In the hands of the Employer:

There will be no liability on the Employer to pay tax.

I(2) Will the interest-free loan be taxable?

Under section 17(1)(d) of the Income-tax Act, 2025, read with the provisions of the Income-tax Rules, 2026, a perquisite includes the value of any benefit or amenity granted or provided free of cost or at a concessional rate. Under the Income-tax Rules, an interest-free loan or a loan provided at a concessional rate qualifies as a perquisite. Therefore, the benefit, concession or amenity extended by the Employer to you (*if you so opt*) would take the form of a perquisite and be liable to tax in your hands.

Valuation of Perquisite (in the form of an interest-free loan)

Since financing by the Employer would be free of interest, the Indian tax law requires a charge of a notional rate of interest on the loan amount, which would be treated as a perquisite granted to you and subject to tax. However, no perquisite value will be charged if the loan amount is less than INR 200,000 in the aggregate.

Under the Income-tax Rules, 2026, the value of the benefit to the employee resulting from the interest-free or concessional loan (above INR 200,000) for any purpose by the Employer shall be determined as the sum equal to the interest computed at the rate charged per annum by the State Bank of India as on the first day of the relevant tax year⁶ in respect of loans for the same purpose advanced by it, on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid with respect to the amount above INR 200,000.

The rate charged by the State Bank of India for this type of loan is 15%⁷ per annum (subject to change occasionally). As the value of perquisite in the hands of the employee would be the difference between the interest rate charged by the State Bank of India and the rate offered by the Employer (in the present case, since the Employer will not charge interest), the value of perquisite will be 15% on the maximum outstanding monthly balance. Since the perquisite value on account of an interest-free/concessional loan would be taxable in your hands, the Employer would be required to withhold tax at the appropriate rate.

You would have no Social Security tax consequences if you received financing from your Employer.

⁶ 1st April 2026 / 1st April 2027

⁷ Provisional Rate. The interest rate undergoes a change periodically. Rate to be reconfirmed by Employer.

Illustration:

1. Sameer takes a loan of Rs. 180,000 from his Employer on August 1, 2026, to subscribe to L'Oréal shares. Here, no amount is taxable as the loan amount is less than Rs. 20,000 (provided this loan (or other outstanding interest-free loans taken by Sameer) does not exceed, in the aggregate, Rs. 200,000).
2. Sameer takes a loan of Rs. 300,000 from his Employer on August 1, 2026, to subscribe to L'Oréal shares. The loan is repayable through monthly payroll deductions over 10 months. The perquisite is taxable because the loan amount exceeds Rs. 200,000.

Perquisite calculation: The perquisite value for the tax year 2026-27 is calculated as follows:

On August 01, 2026, Sameer received an interest-free personal loan of Rs. 300,000, repayable to his Employer in ten (10) instalments. The repayment is made by payroll deduction on the last day of each month, with the first loan instalment due on August 31, 2026. The SBI interest rate as of 01-Apr-2026 is presumed to be 15% per annum.

Interest-Free/concessional Loan to Sameer – Valuation of Perquisite		
Tax years 2026-27 / 2027-28		
SBI Interest applicable as of 01.04.2026		15% ⁸
Actual Interest charged by Employer		0
Loan Outstanding on 01.08.2026 (Rs.)		300,000
Monthly Repayment Instalment (Rs.)		30,000
Month	Maximum amount outstanding on the last day of the month (Rs.)	Perquisite Value ⁹ (Interest as per the SBI rate) (Rs.)
Aug-26	2,70,000	3,375
Sep-26	2,40,000	3,000
Oct-26	2,10,000	2,625
Nov-26	1,80,000	2,250
Dec-26	1,50,000	1,875
Jan-27	1,20,000	1,500
Feb-27	90,000	1,125
Mar-27	60,000	750
Apr-27	30,000	375
May-27	-	-
Total Interest (Rs.)		16,875
Less: Recovered (Rs.)		0
Valuation of Perquisite (Rs.)		16,875

As of March 31, 2027, the perquisite value will be added to Sameer's income for tax year 2026-27 and taxed for tax purposes. From April 2027 to May 2027, Sameer will be subject to taxation in the relevant tax year.

⁸ SBI rate of interest (provisional) as of 1st April 2026 (for Personal Loan). To be reconfirmed by the Employer with the bank. The employer must also confirm the SBI rate of interest as of 1st April 2027 for the 2027-28 tax year.

⁹ Perquisite value = Maximum Outstanding Monthly Balance (Closing Balance) x 15% / 12.

DURING THE LIFE OF THE PLAN

II. *Will I be required to pay any tax or social security charges on dividends?*

(i) **Taxation in France**

No withholding tax will be levied in France in the absence of the distribution of dividends in cash by L'Oréal to employees.

(ii) **Taxation in India**

Yes. Any dividend declared or distributed (including reinvestment) by L'Oréal would be taxable in your hands under the head "**Income from other sources**"¹⁰. A dividend received from a foreign company is not exempt under the Income-tax Act of 2025.

Dividends will be reinvested/capitalised in the FCPE. Dividends, despite reinvestment, will be added to your income for the year in which such a dividend is declared (and reinvested). Such reinvestment will result in the issuance of additional units or fractions of units. However, the same would be taxable in your hands as you would be deemed to have received the dividends upon their distribution. The FCPE «L'ORÉAL EMPLOYEE SHARE PLAN» will use the dividends to purchase (on the stock exchange) new L'Oréal shares (in a way, these *shares* will represent the dividends). The amount so reinvested will become the cost of acquisition of the reinvested units, and the same shall be deducted from the sale consideration as and when the units are sold in the future. In other words, out of the sale proceeds of the reinvested units, the amount of dividends originally invested shall be treated as the cost of acquisition, and the differential will be taxed as capital gains. Therefore, there will be no double taxation. There is no monetary threshold for dividends on which no tax is payable.

(a) **Nature of the tax (e.g. income, capital gains, etc.)**

You will be liable to pay income tax under the head "**Income from Other Sources**".

(b) **Method by which the taxable amount is to be calculated**

Since the incidence of tax is on the dividend distribution, any dividend declared or distributed by L'Oréal would be taxable in your hands. This income will be added to your other income, and the total income, including the dividend, will be taxed accordingly. Liability to pay tax on dividends vests with you, and your Employer will not be liable to withhold tax or pay the same. While filing your income-tax return (ITR), you must report the dividend earned from the units/shares. Such reporting is necessary (irrespective of the value) on the tax return using the appropriate ITR form (ITR-2). For further details, please refer to Section "**Reporting Obligations**".

Since the dividend is declared (and reinvested) in €, you must convert the value of dividends into INR by multiplying the dividend amount in € by the SBI TT Buying Rate of € to INR as of the last day of the month preceding the month in which the dividend is declared, distributed or paid.

(c) **Rate of taxation**

The tax rate would depend on your total income, including dividend income. It would be taxed at progressive slab-wise rates (as per the applicable tax regime) up to 30%, plus applicable surcharge & health & education cess. Please note that the maximum surcharge on dividend income for individuals is capped at 15% (*this cap applies specifically under the new tax regime*). Please refer to the table under

¹⁰ Under Indian tax laws, an employee would be deemed to have received the dividend upon distribution.

the Section “**Upon Redemption**” for tax rates. For instance, if you fall in the 30% tax slab, such a dividend will also be taxed at 30%, along with applicable surcharge & health & education cess, as appropriate.

WEALTH TAX

III. *Will I be required to pay any wealth tax on the units I own?*

No. Assets such as shares and securities, referred to as ‘productive assets’, are exempt from wealth tax in India.

UPON REDEMPTION

IV. *Will I be required to pay any tax or social security charges when, at the end of the lock-up period (or in the event of an authorised early exit event), I ask the FCPE to redeem my units for cash?*

i) Taxation in France

You will not be subject to income tax in France on the gain realised when you redeem your units.

ii) Taxation in India

Any gain or loss you accrue upon the redemption will be treated as capital gain or loss. In other words, capital gains tax would be attracted only to profit or gain made at the time of redemption/sale of shares.

(a) *Nature of the tax (e.g. income, capital gain or another form of tax)*

Any gain or loss you accrue upon the redemption/sale of shares will be treated as capital gain or loss. Under the Income-tax Act, 2025, any profits or gains from transferring a capital asset (herein redemption or sale of units) are chargeable to income tax under the head “**Capital Gains**”. Accordingly, you will be responsible for declaring any capital gains (or losses) you realise upon selling the shares and paying applicable taxes due to such gains. Your Employer will not have any withholding tax obligation at the time of redemption/sale of shares.

(b) *Method by which the taxable amount is to be calculated*

Capital Gain is calculated as the difference between the sale consideration at redemption/sale/transfer and the FMV of L'Oréal shares at subscription, and any expenditure incurred wholly and exclusively in connection with the transfer of the shares. Thus, if the selling price is higher than the FMV at the time of allotment, it results in a capital gain; if the selling price is lower than the FMV at the time of allotment, it results in a capital loss. In other words, capital gains tax would be attracted only to the profit or gain made when the shares are redeemed/sold (actual amount recovered plus the amount of perquisite mentioned in Form 123 (formerly Form 12BA) in the year of subscription). Therefore, capital gains will be computed using the FMV of the shares at the time of allotment (regardless of the 20% discount) as the cost of acquisition.

Since the redemption will be in €, you must convert the redemption value into INR by multiplying the redemption amount in € by the SBI TT Buying Rate of € to INR as of the last day of the month preceding the month in which the redemption takes place.

Example: In case you are a tax resident in India at the time of redemption of shares, the capital gains will be calculated in the following manner:

	Amount
Sale consideration from the redemption/transfer of all units/shares	X
Cost of acquisition of subscribed L'Oréal shares, i.e., Fair Market Value of L'Oréal shares at allotment	Y
Reinvested value of dividends	Y1
Fair market value of free bonus L'Oréal units/shares upon vesting in July 2031 (if vested/allotted)	Y2
Capital Gain (Z) =	X – (Y+Y1+Y2)

Since L'Oréal shares are not listed on a stock exchange in India, their tax treatment would be similar to that of unlisted shares. The nature of capital gain, i.e., **short-term** or **long-term**, would depend on the holding period of units/shares. If units/shares are held for a period **exceeding twenty-four (24) months**, the capital gain will be treated as long-term; otherwise (i.e., **held for less than twenty-four (24) months**), the capital gain will be treated as short-term and taxed accordingly. The holding period is calculated from the date of allotment of shares up to the date of sale.

Long-term and short-term capital gains are taxed differently. Further details on the tax rate payable on the long-term and short-term capital gain are provided in the Section below.

Illustration:

1. Sameer is a salaried employee of L'Oréal India. In August 2026, he subscribed to L'Oréal shares under the 2026 L'Oréal Employee Share Plan. Sameer redeemed/sold all his shares in July 2031 at the end of the lock-up period. Hence, since the holding period of L'Oréal shares exceeds 24 months, the shares would be treated as long-term capital assets, and any capital gain, if any, would be taxed as long-term capital gains.
2. Sameer is a salaried employee of L'Oréal India. In August 2026, he subscribed to L'Oréal shares. Due to an early exit event, Sameer sold his shares in February 2028, i.e. after holding them for less than 24 months. Hence, L'Oréal shares would be treated as short-term capital assets, and any capital gain would be taxed as short-term capital gains.

(c) Rate of taxation and whether any social charges or other charges are applicable

Long-term and short-term capital gains are taxed differently.

- **Long-term capital gains:** The current applicable tax rate for long-term capital gains is 12.5% (without indexation benefit), plus the applicable surcharge and the health and education cess.
- **Short-term capital gains:** Short-term capital gains are included in the income of the employee and are taxed as per the slab-wise income tax rates specified below:

Let us take an example to make it clear:

A. Long-Term Capital Gains

Sameer subscribed to L'Oréal units/shares in August 2026, at which time the FMV of the shares was Rs. 140,000 (representing the FMV of L'Oréal shares subscribed through his own contribution). He received shares worth Rs. 10,000 by reinvesting dividends in July 2028. Sameer redeemed/sold all the units/shares in July 2031 for Rs. 330,000. Since L'Oréal shares relate to an unlisted (Indian) company, the resulting gain qualifies as long-term capital gains (LTCG), taxable at 12.5%.

Calculation of Capital Gains:

- Purchase Price (August 2026) = **Rs. 140,000**
- Purchase Price/Reinvested value of dividends (July 2028) = **Rs. 10,000**
- Sale price of units/shares (July 2031) = **Rs. 330,000**

Capital gains earned by Sameer will be **Rs. 180,000**, as per the following calculation:

Sale Value – (FMV of shares at allotment as cost of acquisition + value of reinvested dividends as cost of acquisition) = 330,000 – (140,000 + 10,000) = Rs. 180,000.

Therefore, the Long-term Capital Gains tax at 12.5% would be Rs. 180,000 x 12.5%= Rs. 22,500, plus the applicable surcharge, health, and education cess.

B. Short-Term Capital Gains

Sameer is a salaried employee of L'Oréal India. In August 2026, he subscribed to L'Oréal shares. Due to an early exit event, Sameer sold the shares in February 2028, i.e., after holding for less than 24 months. Hence, L'Oréal shares would be treated as short-term capital assets, and any capital gain would be taxed as short-term capital gains.

In this case, the income from the sale of the shares will be added to Sameer's regular income and taxed according to the applicable slab rates, plus the surcharge and health and education cess, as appropriate.

(d) Income-tax Slab Rates

Income tax is levied on the income earned by all individuals under the Income-tax Act of 2025. If an individual's income exceeds the minimum threshold (the basic exemption limit), the tax is assessed under the slab system.

INCOME TAX SLABS & RATES FOR THE TAX YEAR 2026-27

(Individuals less than 60 years)

Effective from the 2020-21 tax year, the government announced an alternative method of levying taxes, allowing individual taxpayers to choose between the **old** and **new concessional** tax regimes. The old tax regime allowed taxpayers to continue to claim existing tax exemptions, such as the house rent allowance, leave travel allowance, and deductions under various sections of the Income-tax Act¹¹. While those opting for the new tax regime would pay taxes at lower rates, they would have to forego most tax exemptions and deductions under the Income-tax Act¹². The law proposes that the new tax regime is the default, with the option for assesseees to choose the old regime. The new tax regime introduces more tax slabs and raises the tax exemption limit. The comparison of the **Old Tax Regime** (taxpayers aged less than 60 years) vs **New Tax Regime** slab rates for tax year 2026-27 is as follows:

¹¹ *The tax rates and slabs under the optional old regime remain unchanged in the tax year 2026-27. Likewise, income tax slabs, rates, surcharges, cess, rebates, and standard deductions remain unchanged under the optional old tax regime. Also, the new and old tax regimes continue to co-exist. The choice between the two would depend on the difference your tax deductions and exemptions make to your taxable income. The choice between two regimes may vary from person to person. It is advisable to conduct a comparative evaluation and analysis under both regimes, then choose the one that meets the requirements.*

¹² *Illustrative list of exemptions/deductions that a taxpayer may have to give up while choosing the new tax regime:- Leave travel allowance, house rent allowance, conveyance, daily expenses in the course of employment, relocation allowance, helper allowance, children's education allowance, other special allowances, standard deduction, professional tax, interest on housing loan and other deductions.*

Income Tax Slab	New Tax Regime (in Rs.)	Old Tax Regime
NIL	0 - 400,000	0 - 250,000
5%	400,001 to 800,000	250,001 to 500,000
10%	800,001 to 1,200,000	
15%	1,200,001 to 1,600,000	
20%	1,600,001 to 2,000,000	500,001 to 1,000,000
25%	2,000,001 to 2,400,000	
30%	Above 2,400,000	Above 1,000,000

Notes:

- The basic exemption limit is Rs. 250,000 (old regime)/Rs. 400,000 (new regime) for every individual below 60; the new tax regime slab rates are not differentiated based on age group. However, under the old tax regime, the basic income threshold exempt from tax for senior citizens (aged 60 to 80) and super senior citizens (aged 80 and above) is Rs. 300,000 and Rs. 500,000, respectively.
- Surcharge of 10% of such income tax if a person has a total income exceeding Rs. 5 million but not exceeding Rs. 10 million.
- Surcharge of 15% of such income tax if a person has a total income exceeding Rs. 10 million but not exceeding Rs. 20 million.
- Surcharge of 25% of such income tax if a person has a total income exceeding Rs. 20 million
- The Health and Education Cess is 4% of the income tax and surcharge.
- The surcharge rate is capped at 15% for long-term capital gains, short-term capital gains under section 196 and dividend income.
- The following are the thresholds, the rates of surcharge, and the Maximum marginal tax rate (MMR) applicable in the case of Individuals having income:

Total Income	Old Tax Regime	New Tax Regime
	Rate of Surcharge / MMR	
Up to Rs. 5 million	Nil	Nil
Between Rs. 5 and 10 million	10% / 34.32% (MMR)	10% / 34.32% (MMR)
Between Rs. 10 and 20 million	15% / 35.88% (MMR)	15% / 35.88% (MMR)
Between Rs. 20 and 50 million	25% / 39% (MMR)	25% / 39% (MMR)
Above Rs. 50 million	37% / 42.74% (MMR)	25% / 39% (MMR)

Note: Under the new tax regime, the maximum surcharge levied on an individual's tax liability has been limited to 25%.

- Under the new tax regime, the standard deduction is Rs. 75,000, whereas it is Rs. 50,000 under the old regime.
- The new tax regime has been set as the default personal tax structure, though taxpayers can still opt for the old regime. The new tax regime is optional and will coexist with the old one, featuring three tax slabs and various exemptions and deductions available to taxpayers. Individuals opting to be taxed under the new tax regime must give up certain exemptions and deductions. On the other hand, individuals opting for the old tax regime will continue to pay tax on their income in 2026-27, just as they did in the preceding financial years.
- From April 1, 2026, in case the taxable income of a resident individual is equal to or below Rs. 1,200,000, the tax payable shall be zero on account of tax relief under section 156 of the Income-tax Act, 2025, if opting for the new tax regime. In other words, a resident individual (whose net income does not exceed Rs. 1,200,000) can avail themselves of a rebate under section 156 of the Act. The same is deductible from income tax before the education cess is calculated. Effectively, this would mean that individual taxpayers with a net taxable income of up to Rs. 1,200,000 (excluding special income, such as capital gains) will continue to pay no tax under the new regime. In other words, no tax slab will apply for an annual income of up to Rs. 1,200,000 (Rs. 1,275,000 for salaried taxpayers with a standard deduction of Rs. 75,000) under the new tax regime. Hence, the tax liability under the new tax regime for salaried individuals with income up to Rs. 1,275,000 is zero.

Please note that the above tax rates are subject to change, as they are determined by the Finance Act of the tax year in which the disposal or sale occurs.

(e) Time and method of payment of tax

Any share price discount available at the time of purchase will be treated as a taxable perquisite in your hands. Your Employer will withhold tax at the rate applicable to you and remit the tax to the authorities in accordance with the law.

You are personally responsible for paying tax on dividend income and capital gains, as your Employer is not required to withhold or deposit tax on these amounts. Such taxes must be paid by you when filing your income-tax return for each tax year, within the timelines prescribed under the Income-tax Act, 2025.

Advance tax is payable in instalments. For the 2026–27 tax year, the due dates are June 15, September 15, December 15, and March 15. Advance tax rules require that your estimated annual tax liability be paid progressively during the year. While your Employer will deduct tax at source on the perquisite at purchase, you may still be required to pay advance tax if you earn dividends or realise capital gains.

By March 15, 100% of your total tax liability for the year must be discharged. Non-payment or delayed payment of advance tax may attract penal interest. However, where capital gains arise later in the year, it may not be feasible to estimate them in earlier instalments. In such cases, no penal interest is levied for shortfall in the earlier instalments, provided the advance tax payable on capital gains is included in the subsequent instalment(s) after the sale of shares.

You should consult your tax advisor to understand the specific tax implications applicable to your situation.

Tax or social security charges may apply if I do not immediately redeem my investment upon the expiration of the lock-up period.

Long-term capital gains tax will be applied to any profit or gain arising from the sale/redemption. If you choose not to immediately redeem your investment upon the expiry of the lock-up period, i.e., if you continue to hold the FCPE units 'as is', no profit or gain is likely to arise; consequently, no tax would be payable. Capital gains tax may occur only when you choose to sell the units/shares.

BONUS SHARES

Participants in the 2026 L'Oréal Employee Share Plan will be eligible to receive a matching contribution in the form of additional shares of L'Oréal S.A. for free ("**Bonus Shares**"). These shares will be awarded in accordance with the ratio determined by L'Oréal and set out in the Information Brochure. The Bonus Shares will be delivered to you at the end of the vesting period in July 2031, subject to the terms and conditions of the Free Share Plan Rules.

V. Will I be required to pay any tax or social security charges on the Grant Date for free Bonus Shares?

No tax will be payable at the Grant Date of the free Bonus Shares.

Will I be required to pay any taxes or social security charges on the Delivery Date for the free Bonus Shares?

Yes. You would be liable to pay tax for the free Bonus Shares on the Delivery Date (at vesting).

Your Employer will offer the Employer matching contribution in the form of Bonus Shares awarded for free after the vesting period of five (5) years, subject to satisfying the Continued Employment Conditions. The free Bonus Shares will be limited to 3 L'Oréal shares, awarded free of cost by your Employer.

(a) Nature of Tax

The amount of Employer matching contribution in the form of Bonus Shares awarded for free at vesting after five (5) years will be treated as a “**perquisite**” income and taxable in your hands¹³. In other words, taxation will occur at vesting upon receipt or delivery of free Bonus Shares from your Employer.

(b) Method to calculate the taxable amount

The difference between the subscription price paid by you (zero) and the fair market value of free Bonus Shares on the specified date at vesting will be treated as a “perquisite” income and is liable to tax in your hands at the time of delivery of free Bonus Shares. Your Employer will withhold tax on the perquisite income at the rate applicable and remit the withheld tax to the tax authorities¹⁴. The perquisite amount will be shown on your Form 130 (formerly Form 16)/Form 123 (formerly Form 12BA) and included in the tax return as part of the total salary income.

(d) Rate of Taxation

The rate of taxation would depend on your total income in the tax year 2031-2032 and would be taxed at the applicable tax rates. Your Employer will withhold tax at the relevant tax rate and remit the withheld tax to the tax authorities.

Valuation of Perquisite Income

The valuation of perquisite is calculated on the **difference** between:

- (i) **“fair market value” of shares on the specified date of issue of bonus shares (as determined by a “category I merchant banker” registered with SEBI); and**
- (ii) **subscription amount paid by or recovered from you.**

Consequently, a share valuation certificate issued by a category I merchant banker would be required to determine the “fair market value” and the difference between the subscription price paid by you (zero) and such “fair market value” will be treated as perquisite income taxed at the applicable tax rate. Therefore, the entire fair market value of L'Oréal shares would be treated as perquisite under Section 17 of the Income-tax Act, 2025, and, as a result, would form part of your compensation and be liable to be taxed in your hands as income under the head “**Salaries**”. Accordingly, the tax will be incurred on the Delivery Date.

Your Employer will withhold tax at the rate applicable and remit the withheld tax to tax authorities.

In the hands of the Employer

There will be no liability on your Employer to pay tax.

VI. Will I be required to pay any tax or social security charges on the date of sale of shares/ redemption of the units representing the free Bonus Shares?**(i) Taxation in France**

You will not be subject to income taxes in France on the gain realised on redeeming your units representing the free Bonus Shares.

¹³ Subject to extant laws at the Delivery Date. Please consult your tax advisor.

¹⁴ Please consult your tax advisor at the time of delivery of the free Bonus Shares.

(ii) **Taxation in India**

You may be subject to capital gains tax in India on the profit or gain realised on redeeming your units/shares representing free Bonus Shares. For further details, please refer to Section "**Upon Redemption**".

REPORTING OBLIGATIONS**VII. What are my reporting obligations concerning the subscription, holding and redemption of the FCPE units, as well as the payment of dividends, as applicable?**

If you are a resident and ordinarily resident as per the provisions of the Income-tax Act, 2025, you will be subject to taxation on your global income in India, subject to any benefits available under the Treaty between India and France. Therefore, you must disclose your investment under the Plan in L'Oréal S.A. during the holding period (starting from the year of purchase), receipt of dividends (if any) and the capital gains earned at the time of redemption in your income tax return (**Form ITR-2**) in the relevant tax year.

Tax Reporting in your Income Tax Return ("ITR")

Under Indian tax law, resident taxpayers are required to disclose all foreign assets held at any time during the relevant tax year in their income-tax return. Accordingly, when filing your return in Form ITR-2¹⁵, you must report the L'Oréal S.A. shares/units you hold, along with any foreign-sourced income earned from them. This reporting obligation applies irrespective of the value of the assets or income received from them.

In addition to disclosing the value or cost of the L'Oréal shares, you are required to report the income earned (in INR) from such shares, the nature of the income, and the head of income under which it is offered to tax.

You must provide details of these foreign assets in **Schedule FA** (Details of Foreign Assets and Income from any source outside India) of the ITR form. You are also required to complete **Schedule Foreign Source Income (FSI)**, **Schedule AL**¹⁶, and **Schedule Tax Relief (TR)**, as applicable. These schedules require disclosures such as:

- Taxpayer identification number in the foreign jurisdiction (if applicable)
- Type and amount of foreign income earned
- Foreign taxes paid, if any
- Indian tax payable on such income

When reporting foreign investments and securities for tax purposes in India, specific disclosure requirements apply. Such investments are classified as "any other capital asset held" and must be reported in Table D of Schedule FA in Form ITR-2. The value of these assets must be disclosed in Indian Rupees, converted from the foreign currency using the prescribed exchange rate.

Dividends received from foreign shares are taxable in India as "*Income from Other Sources*" in the year

¹⁵ Under the (draft) Income-tax Rules, 2026, employees must use **Form ITR-2**. An individual must file ITR-2 if they have: (1) dividend income from ESOP/RSU or shares of foreign companies, (2) income from any foreign asset, which includes foreign bank accounts, foreign stocks, RSUs, ESOPs or any other asset requiring disclosure in Schedule FA, and (3) does not have any Business Income. The new Form ITR-2 has not yet been notified; hence, references to schedules in ITR-2 are based on the Form for the tax year 2025-26.

¹⁶ Schedule AL - Assets and Liabilities at the end of the year (applicable in a case where the total income exceeds Rs. 10 million)

in which they are paid. This taxability applies regardless of whether the dividend is remitted to India or reinvested abroad.

Form ITR-2 requires resident taxpayers to disclose all foreign assets held at any time during the relevant calendar year. For this purpose, the accounting period followed by the foreign jurisdiction (typically the calendar year) is treated as the reporting period. For example, when filing the ITR for tax year 2026–27, you must report all foreign assets held between January 1, 2026 and December 31, 2026, since most foreign jurisdictions follow the calendar year rather than India's April 1–March 31 tax year. Accordingly, if you acquired foreign shares in December 2026, they must still be reported in Schedule FA for the 2026–27 tax year. Conversely, foreign shares or other assets acquired between January 2027 and March 2027 will not be reported in the current year's return but must be disclosed in the tax year 2027–28.

Given the detailed nature of foreign asset reporting, you should consult your tax advisor to ensure full compliance with the applicable disclosure requirements.

Who Is Required to Complete the Foreign Asset (FA) Schedule in the Income-Tax Return?

Any individual who qualifies as a tax resident of India during the relevant tax year and holds foreign assets, maintains foreign bank accounts, or earns foreign-sourced income at any time during that year is required to complete Schedule FA in the income-tax return. This obligation applies irrespective of the individual's income level or tax slab. Even if your total income is below the basic exemption limit, you must file an ITR if you hold any foreign assets during the tax year.

Employees resident of India must therefore report all foreign assets held as on December 31 2026, even in the following situations:

- You have no taxable income, or your income falls within the basic exemption limit (even if similar information is disclosed in other schedules such as Schedule AL).
- The foreign asset was acquired using fully disclosed foreign or domestic income sources.

Failure to disclose foreign assets in Schedule FA may result in penalties under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015¹⁷. Similarly, failure to report taxable foreign income may also attract penalties.

¹⁷ *The income-tax Act, 2025, has introduced a new scheme, named the Foreign Assets of Small Taxpayers – Disclosure Scheme 2026, which provides a one-time opportunity to taxpayers to disclose specified foreign income and assets either not taxed or not reported in the ITR (including ESOPs or employee benefit schemes), on payment of a tax or fee, with immunity from further tax, penalty and prosecution under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. Failure to disclose foreign assets in the ITR would attract penalties.*

Format of declaration in Form ITR-2 when you invest in shares in L'Oréal S.A.¹⁸:

Details of any other capital asset held (Including any beneficial interest) at any time during the calendar year ending as on December 31, 2026											
SN	Country Name and Code	Zip Code	Nature of Asset	Ownership-Direct/Beneficial Owner/Beneficiary	Date of Acquisition ¹⁹	Total investment (at cost) (in Rs) ²⁰	Income Derived from the asset ²¹	Nature of Income	Income Taxable and Offered in this return		
									Amount	Schedule where offered	Item number of schedule
(1)	(2)	2b	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
If you earn Capital Gains Income from the early sale or redemption of units											
	France FR		Units of the FCPE under an ESOP plan of L'Oréal S.A.	Beneficial owner	30/07/2026 (If you hold units under other ESOP plans, please insert the relevant details separately. Please consult a tax advisor.	(See Footnote 20). In addition, add (+) dividend value reinvested in earlier years (if any).	NIL (if there is no sale from the date of allotment to Dec 2026). Whenever sold in the following years, please state the sale price multiplied by the SBI TT buying rate of the last day of the month immediately preceding the month in which the sale takes place, minus (-) the investment cost in CI 6 in proportion to the shares sold. Please consult a tax advisor.	NIL. Please complete only if the units are sold and select long-term or short-term capital gains based on the holding period. Please consult a tax advisor.	NIL (if there is no sale of units from the date of allotment to Dec 2026). Please fill in the capital gains income (taxable) only in case of the sale of units ²² . Please consult a tax advisor.	NIL. Please write Schedule CG - only in case of the sale of units	NIL. Please write B(9) – From the sale of assets where B1 to B8 above are not applicable-only in the case of the sale of units and a long-term capital gain (in the case of short-term, please fill the A5 schedule in the Capital Gains section.
If you earn dividend Income (including reinvestment of dividends) from the units											
	France FR		Units of the FCPE under an ESOP plan of L'Oréal S.A.	Beneficial owner		Value of the dividend reinvested in INR (if applicable). See Footnote 21. Please consult a tax advisor.	NIL (if no dividend has accrued or is reinvested from the date of allotment to Dec 2026). If you earn dividend income (accrued or reinvested) in the following years, please see Footnote 21 below and consult a tax advisor.	Dividends – "Income from other sources".	Amount of Dividend accrued and reinvested, if any. Please see footnote 21 below.	Schedule F.A.	NIL.

* Disclosure in this schedule is mandatory until you earn income/redeem the units.

¹⁸ Format of declaration is illustrative only. Please bear in mind that you may have to make additional disclosures if you hold units under other ESOP Plans. **Please consult your tax advisor before filing your tax return.**

¹⁹ Insert the date of issue/allotment of units.

²⁰ Please insert your (INR) purchase cost of units (i.e., FMV of shares). [= Multiply FMV of shares in € at subscription (reference price) * number of units allotted to you (refer to the Amundi Portal) * the foreign exchange rate between the Euro and INR fixed by L'Oréal].

²¹ Under the law, in respect of income by way of dividends, please multiply the dividend amount (accrued to you and reinvested) in € (refer to the Amundi portal) by the SBI TT Buying Rate of € to INR as of the last day of the month preceding the month in which the dividend is declared, distributed or paid.

²² Please insert the capital gains (long-term or short-term) earned, i.e., column 7 minus (-) column 6.

You are also required to complete Schedule AL in Form ITR-2, which mandates disclosure of all assets and liabilities held by a taxpayer as of the end of the relevant tax year. Filing Schedule AL is compulsory for individuals whose total income exceeds INR 10 million (after all deductions) and who have not engaged in any business or profession during the year. Individuals with total income below INR 10 million are not required to complete this schedule.

Repatriation of Sale Proceeds to India upon Redemption

Subject to the terms of the 2026 L'Oréal Employee Share Plan, you may request redemption of the units acquired under the plan. However, all proceeds from such redemption must be repatriated to India by resident employees within 180 days of the redemption date.

Under Indian foreign exchange regulations, a person resident in India to whom any foreign exchange becomes due or receivable must take all reasonable steps to realise and repatriate such foreign exchange to India. Upon realisation, the proceeds must be brought into India either by:

- transferring or receiving the funds in India, or
- selling the foreign exchange to an authorised dealer in India in exchange for Indian Rupees.

A person is considered to have repatriated foreign exchange when they receive payment in Indian Rupees in India from the account of a foreign bank or exchange house maintained with an authorised dealer in India.

The income arising from the redemption of shares must be reported in your income-tax return and will be taxable at the applicable slab rates, along with surcharge and health and education cess.

VIII. What are the reporting obligations of the Employer?

Your Employer is not subject to any additional reporting obligations under the Income-tax Act, 2025, other than depositing the tax withheld at source within seven days from the end of the month in which the tax is deducted. The Employer is also required to file quarterly withholding tax statements reflecting the tax deducted at source. The perquisite value and the corresponding tax withheld will be reported in Forms 130 and 123 (formerly Form 16 and Form 12BA, respectively), which are issued annually after the close of the tax year.

Separately, your Employer is required to file a report in Form OPI within 60 days from the end of each half-year (i.e., by the end of September or March) during which shares or interests under the 2026 L'Oréal Employee Share Plan are acquired or transferred. This filing must be made through the Employer's authorised dealer (AD) bank and must include details such as remittances, share repurchases, beneficiaries, and other relevant information. Indian participating entities are required to continue filing such reports for the entire duration of the 2026 L'Oréal Employee Share Plan.

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This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. For definitive advice, employees should consult their own tax advisors regarding the tax consequences of participating in the 2026 L'Oréal Employee Share Plan.