Annual Report 2020

GrandVision

EYE CARE, WE CARE MORE

GrandVision: 2020 by the numbers

GrandVision is a leading global optical retailer with more than 7,200 stores worldwide and a growing online presence. We offer our customers expert eyecare services along with a large selection of unique and stylish prescription eyeglasses, sunglasses, contact lenses and eyecare products.

Please note: FY = Full-year; YE = Year-end

OUR OPERATIONS

Stores
7,260 YE

Daily store visits
434K+ FY

Eyeglasses and sunglasses sold
15.1M FY

OUR PEOPLE

Employees (headcount)
39K+ YE

Training hours per FTE
23.0 FY

Total female FTEs
68% YE

OUR FINANCIAL RESULTS

Revenue
€3.5B FY

Adjusted EBITA
€266M FY

Comparable decrease
14.1% FY

PROJECTED MARKET GROWTH BY CATEGORY*
(FULL YEAR, 3-YEAR CAGR)

Optical
2.8%

Sunglasses
3.3%

Contact lens
2.0%

* Source: Euromonitor for 2020-2024

Vision, mission, strategy

Our vision

Secure undisputed global category leadership as the destination of choice for eyecare solutions, leveraging our best-in-class customer value proposition.

Our mission

Provide unique high-quality and affordable eyecare solutions to more and more customers worldwide and turn them into fans.

Our strategy

Further expand our global presence and develop and deploy state-of-the-art global capabilities in eyecare and optical retail.

Our five strategic priorities

01 Drive comparable revenue growth

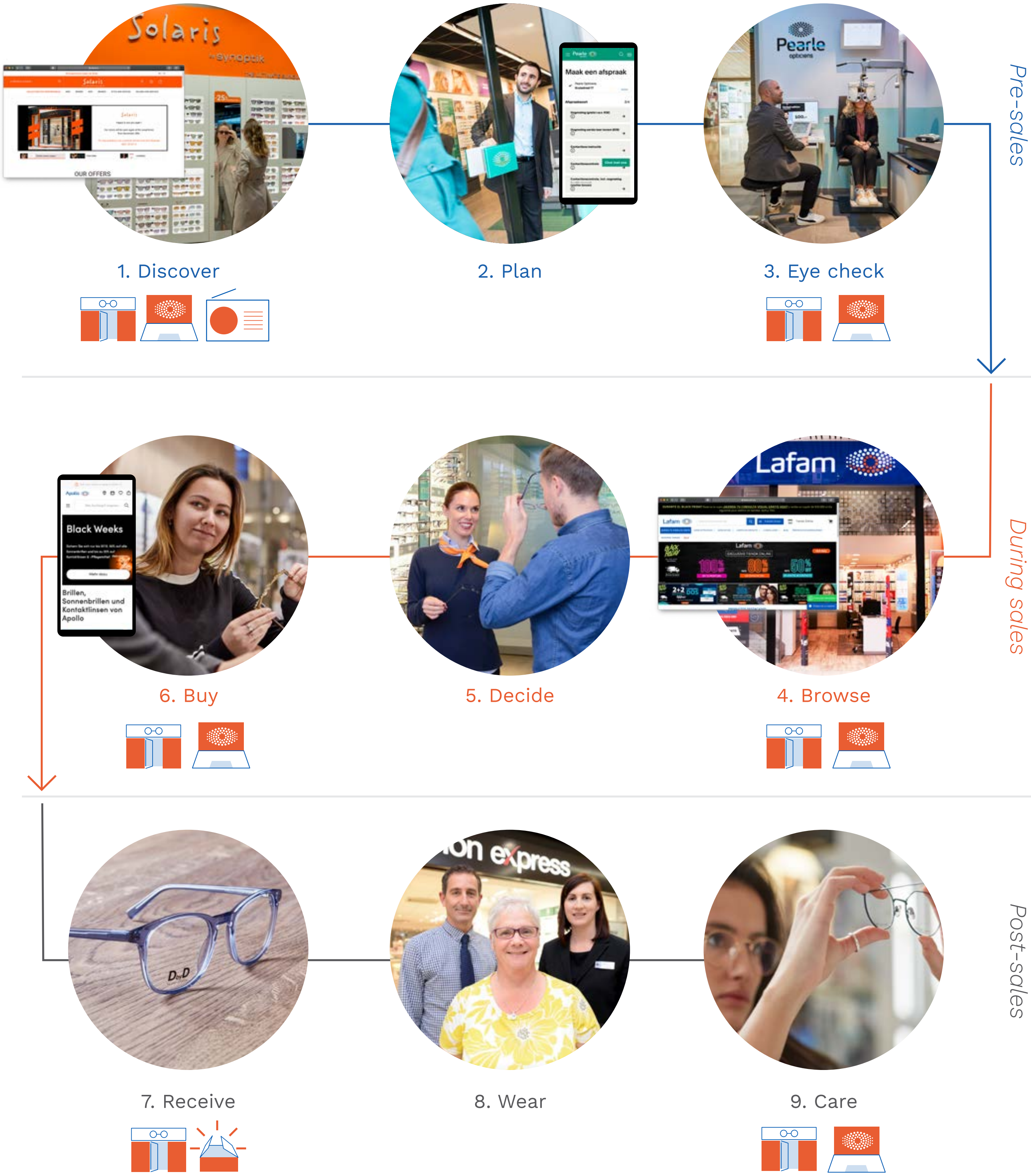
02 Optimize our existing store network

03 Accelerate growth through our digital capabilities

04 Leverage global economies of scale and skill

05 Achieve lead position in all markets where we operate

Our customer journey



GrandVision at-a-glance

	2020	2019	2018	2017	2016
Results					
Revenue (€ million)	**3,481**	4,039	3,721	3,450	3,316
Organic growth (%)	**-13.7%**	5.2%	3.9%	3.5%	3.5%
Comparable growth (%)	**-14.1%**	4.1%	3.4%	1.8%	2.2%
Adjusted EBITA (€ million)	**266**	475	426	415	410
Adjusted EBITA margin (%)	**7.7%**	11.8%	11.5%	12.0%	12.4%
Operating result (€ million)	**60**	324	337	327	358
Net result (€ million, reported)	**-45**	195	237	249	252
Earnings per share, basic (in €)	**-0.26**	0.70	0.85	0.9	0.92
Adjusted EPS, basic (in €)	**-0.07**	0.91	0.91	0.97	0.96
Operational Information					
System-wide sales (€ million)	**3,818**	4,407	4,079	3,784	3,657
Number of stores	**7,260**	7,406	7,095	7,001	6,516
Number of own stores	**6,119**	6,226	5,897	5,817	5,402
Number of franchise stores	**1,141**	1,180	1,198	1,184	1,114
Number of employees (average FTE)	**33,542**	34,143	32,400	31,802	28,766
Liquidity and Debt					
Free cash flow (€ million)	**258**	296	238	143	255
Capital expenditure (€ million)	**152**	198	210	197	176
Store capital expenditure (€ million)	**98**	127	162	140	124
Non store capital expenditure (€ million)	**55**	70	48	57	52
Net debt (€ million)	**539**	753	743	832	750
Net debt leverage (times)	**1.3**	1.2	1.3	1.5	1.4

Definitions

Comparable growth (%) The like-for-like sales growth of those stores that were open also for the entire previous year.

Organic growth (%) The change in revenue as compared to the prior period, excluding changes in revenue attributable to acquisitions and excluding the effect of fluctuations in foreign exchange rates.

Adjusted EBITA and EPS EBITA and EPS before non-recurring items.

System-wide sales All revenue generated by GrandVision's stores to customers, including franchise stores, but excluding associates' stores.

Free cash flow* Cash flow from operating activities after capital expenditure and net repayment of lease liabilities and receivables.

Net debt Net debt consists of the Group's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities.

Net debt leverage* Net debt expressed as a multiple of EBITDA-covenants, which is defined as adjusted EBITDA less depreciation of right-of-use assets and net financial result on lease liabilities and receivables.

**New definitions as of January 2019 as a result of IFRS 16 implementation*

Shareholder information

Financial statements

Other information

A message from our CEO

Staying the course amidst a global pandemic

Dear Stakeholders,

The past year has been the most challenging time in recent memory for our business, employees and in the communities which we serve. The COVID-19 pandemic's impact accelerated through the first half of 2020, culminating in a significant number of temporary store closures across many of our markets worldwide. Our business continuity plans and our operational excellence enabled us to limit the effects of the pandemic and continue to meet the critical needs of our customers. While addressing the severe challenges of the pandemic, we were able to continue the execution of our long-term strategy.

As soon as the potential impact of the COVID-19 pandemic became apparent in our territories, we focused on our people, customers, stakeholders and the Company's financial health. Based on this approach, we operated under three priorities: Care, Cash, and Continuity. Concretely, this means:

- **Care:** We gave our highest priority to ensure the safety and welfare of our staff and customers. Everywhere that we were able to continue store operations, we rapidly implemented hygiene and safety protocols and equipped stores with distance separations and protective equipment, such as face masks and hygiene gels. In addition, we accelerated necessary investments in customer-facing tools such as optical e-commerce functionality to enable our customers to interact even better with our local online and offline retail brands.
- **Cash:** We focused on preserving liquidity by setting up a central Task Force to monitor our rolling liquidity forecast including scenario planning. We also successfully renegotiated existing and new credit facilities with our relationship banks.
- **Continuity:** We focused on balancing continued cost discipline and cash preservation, investments in important strategic initiatives and close collaboration with our business partners; all within a framework of constantly changing scenarios and market developments.

Despite significant disruptions, our employees have demonstrated extraordinary determination to adjust and adapt to the evolving landscape. I am proud of their resilience, engagement and relentless focus in the face of personal and professional challenges. I am also grateful to our business partners, for their efforts in enabling us to keep the operations running where possible, and to serve our customers in a safe and sustainable manner during these difficult times.

Business performance

In the financial year 2020, we faced significant challenges due to the COVID-19 pandemic.

Our performance varied significantly through the months after the outbreak in March, with a strong recovery in 3Q as restrictions were lifted. By rapidly adapting to the changed environment, we managed to partially mitigate the dramatic decline in customer traffic through higher conversion and intensified online activities. Unfortunately, towards the end of the year, the impact of the second wave of the COVID-19 resulted in a slowdown of our strong recovery in the second half of the year.

Our revenue at constant exchange rates declined by 13.8% for the full year with an organic and comparable decrease of 13.6% and 14.1%, respectively.

Adjusted EBITA was EUR 266 million for 2020, a significant reduction in profitability caused mainly due to the loss of revenue, negatively impacting operating leverage in the spring and summer. Our business continuity plans and ability to adapt quickly to the changed market conditions caused by the COVID-19 pandemic enabled us to limit the impact of these disruptions and continue to pursue key strategic objectives.

Critically, the resilience of our business, paired with continued financial discipline in all our Operating Companies resulted in our strong financial position at year end. Scenario planning and a central Task Force allowed for clarity of communication and effective execution across the Group.

GrandVision – a global leader in its field with significant future upside potential

In 2020, once again we were able to turn more customers into loyal fans. I am proud that we recorded another increase in our group-wide net promoter score from 65 in 2019, to 70 this year. And I do not want to miss the opportunity to thank all our customers worldwide for their ongoing loyalty and trust in our eyecare products and services.

This strongly confirms that our relentless efforts to improve our value proposition have been positively received by our customers. The ongoing operational excellence of our staff in each of our 7,260 stores worldwide as well as in all support offices was a core driver. In addition, we made good progress implementing our strategic agenda, which we shared during the Capital Market Day at the end of 2018. Next to continuous improvement on how to excite and retain customers, the further pursuance of the following strategic initiatives poses a strong prospect to GrandVision's future.

Digital transformation

In 2020, we have clearly seen the initial significant benefits of our 2018 digital transformation strategy come to fruition.

In addition to a full deployment of our global omnichannel technology platform in more than 10 retail brands in Europe, we also connected all Latin American Operating Companies to an integrated e-commerce and CRM platform, which are already delivering promising results.

More than 30 retail brands across GrandVision now successfully use our proprietary online appointment booking platform, which was a main driver for the strong increase in our digitally-influenced store sales and conversion gains.

We also significantly increased our revenue from digital channels, either retail brand related e-commerce sites such as Apollo.de or pure play ones like Lenstore.com. We expanded the e-commerce capabilities of our retail brand websites by rolling out the important prescription glasses e-commerce functionality across 15 retail brands in 11 countries. We also made good progress in subscription-based sales in both the optical and contact lens categories.

Furthermore, our Customer 360 platform, which provides holistic marketing and CRM solutions and enables personalized digital advertising activities, has been expanded to 10 markets, including Denmark, Sweden, and the U.S.

All of this has not only supported an evident acceleration of a shift in customer behavior in 2020, but also led to an 85% increase in retail brand related e-commerce sales and a significant increase of digitally-influenced store sales.

In 2021 we continue, and accelerate, to provide all Operating Companies with relevant omnichannel technology and capabilities to offer our customers the most convenient 360 degree access to our eyecare products and services.

Product Value Chain transformation

The second pillar of our strategic plan is the end-to-end Product Value Chain transformation. This initiative, launched in 2018, has two main objectives. It enables a full and effective omnichannel business and it also drives further business efficiency through standardization, automation and global economies of scale.

I am glad to report that we made very good progress in this field. We streamlined our product assortment to a globally unified offer, completed a global product master data repository and started our first eco-friendly product line with DbyD. In addition, our first real Regional Fulfilment Hub (RFH) in Porto, Portugal, now serves five countries in northern and southern Europe, with fully integrated processes from customer store orders to lens cutting and full mounting. In 2020, this RFH began to process online customer orders to deliver a full omnichannel customer experience.

The Porto RFH set-up serves as a blueprint for all other RFHs, which we will transform in the upcoming years. We expect this standardized and centralized network structure to yield significant benefits. These include improved customer experience, better lead times and product availability, and significant efficiency gains in operating costs and working capital.

New store concept

In 2020 we piloted an updated store concept in several markets with a strong focus on improving the customer experience and further integrating our omnichannel-focused customer journey. The results were promising and we have started to roll the concept out in The Netherlands, U.K., France, Switzerland, and Germany with a plan to begin the global roll-out in 2021.

Sustainability focus

We remain highly-committed to establishing Corporate Responsibility and Sustainability (CSR) as a shared

mindset across GrandVision. It is our ambition to integrate it further into our business model to continue to improve the quality of life of more people through affordable or free eyecare and sustainable business practices. To achieve this, we align our global CSR approach with GrandVision's culture and values, as well as with global sustainability trends and agendas. Notably, this includes the UN Global Sustainable Development Goals.

In 2020, our main focus was to further onboard all GrandVision Operating Companies to our CSR roadmap and environmental, social and governance (ESG) priorities, thus increasing our global contribution to major societal issues. These include gender equality, fairness and transparency in supply chains, climate change, contributions to local communities, and support for underprivileged populations by increasing awareness and education about eye health, as well as donating eyewear and eyecare.

I am proud to share that our ESG rankings, most notably from Sustainalytics and the Carbon Disclosure Project, reflect the strong progress we have made. We achieved an improvement of five points in our Sustainalytics ranking, which led to financial savings from our Sustainability Linked Loan and Revolving Credit Facility. We maintained our Carbon Disclosure Project score of 'B,' on a scale of 'A' to 'F,' which is higher than the Europe regional average of 'C.' And we improved our position in the Tax Transparency Benchmark to the top 10% of participating companies in The Netherlands and we are recognized as a 'Top Scorer.'

To conclude, I am proud of the determination and togetherness that our employees demonstrated across the organization during this very exceptional year and I feel truly privileged to work with such committed colleagues. Employee welfare and safety remain our main priority in the coming months, and we will continue to provide all the necessary support to effectively offer our critical services to customers and communities around the world.

EssilorLuxottica/HAL transaction
We continue to support the transaction between EssilorLuxottica and HAL regarding the proposed acquisition by EssilorLuxottica of HAL's 76.72% stake in GrandVision, which was announced on 31 July, 2019. To date, the transaction has been unconditionally cleared in Brazil, Colombia, Mexico, Russia, and the U.S., and is still under review in Chile, the EU and Turkey.

We believe the rationale for the transaction remains valid and remain committed to supporting EssilorLuxottica to obtain regulatory approvals in the regions where the merger clearance process is ongoing.

2021 priorities
Throughout 2020 we were able to strengthen our existing strategic framework despite the restrictions of the pandemic. Looking ahead, we are prepared to handle the lingering impact of the COVID-19 pandemic.

The developments over the last year have undoubtedly caused structural disruption across the industry. At GrandVision we regard this as an opportunity. Our strategic approach remains valid and we will continue to execute on our operational excellence and our key initiatives to further expand our position as a leading global optical retailer, and thus create shareholder value.

Finally, I want to thank all stakeholders for their continued trust and support.

Yours sincerely,

Stephan Borchert
CEO, GrandVision N.V.

▲ GrandVision's leadership team. From left to right: Andreas Jacobsen, VP Operations EUR 1; Andrea Hill, VP HR; Frederic Dauche, COO; Stephan Borchert, CEO; Willem Eelman, CFO; Kunal Chakraborty, VP CX&D; Attila Alm, VP Operations EUR 2; Alvaro Vieira, VP Operations LatAm.

Apollo

Atasun Optik

brilleland

Charlie Temple

corner optique

Econolentes by GrandVision

eye wish opticiens

For Eyes by GrandVision

Generale d'Optique

GrandOptical

GrandVision by Fototica

GrandVision Avanzi | Optissimo

instrumentarium

interoptik

KEOPS OPTIIKKA

KOCH OPTIK

Lafam

Линзмастер салоны оптики

LENSTORE.co.uk VISION CARE EXPERTS

LINSEN MAX

+Vision

+Visiōn by GrandVision

McOptic

MultiOpticas

NISSEN

Ofotért

OPTICAS LUX

optica XPRESS

OPTICA2000

Pearle opticiens

Robin Look DER UNVERSCHÄMT GÜNSTIGE OPTIKER.

Rotter & Krauss

(sightful)

Solaris

Synoptik

TRENDY OPTICIANS

VISILAB

VISIONCENTER

vision express

ZONNEBRILLEN.COM

IN FOCUS

How we protect our customers, employees and business during COVID-19

In 2020, the novel COVID-19 virus became a backdrop for nearly the entire year. Unfortunately, it affected our business in many ways. Stay-at-home orders protected peoples' health to the best of governments' abilities but created a complicated situation for store retailers. This is why we all had to quickly adapt to a 'new normal.'

Creating a responsive Task Force

Since the pandemic hit Europe, GrandVision strengthened its financial discipline to keep our business running while focusing on customer and employee safety. We created a cross-functional, in-house expert Task Force to develop a cohesive plan to continue safely running our global optical retail business with great success during a challenging time. This team operated under the following priorities:

- Care: Protection of our staff and customers
- Cash: Preservation of the liquidity situation for the Company
- Continuity: Continued balance between cost discipline and cash preservation with investments in important strategic initiatives

Guided by these priorities, we focused on our people, customers, stakeholders and the Company's financial health. Our thorough scenario-planning and establishment of a central Task Force to ensure clarity of communication and fast response time were vital drivers of this success.

Adapting to new consumer behaviors

The COVID-19 pandemic impacted consumer behavior for the optical retail industry and other industries, too.

And thanks to continued investment in our established omnichannel strategy, including a focus on e-commerce and innovations like our advanced appointment booking tool, we offered our customers the possibility to still engage with us, online and instore. They were able to purchase the same products they know and love from our websites instead of in our stores. They have also been able to conveniently access information about eyecare, see which local stores were open for eye exams and make appointments to safely visit stores.

To illustrate our performance, in 2020, we saw an 85% increase in retail brand related e-commerce sales. We also realized higher customer conversion in our stores and more evenly-distributed traffic flow throughout the week, which was partly driven by increased online appointment bookings. In turn, these led to an increase in store productivity.

Opened for essential and emergency care

Although government regulations across Europe, South America and North America led to many temporary store closures from March to June 2020, opticians and optical retailers in some markets were considered essential healthcare providers.

Where we were able to operate our stores safely, we outfitted them with COVID-19-specific safety measures to reduce person-to-person contact as well as personal protective equipment (PPE) to protect store employees and customers. Customers could only visit these stores by appointment, which they booked using our omnichannel platform. In total, we were able to keep about 40% of our stores partially open during peak lockdown status.

By late autumn, the first signs of European markets affected by the second wave of COVID-19 appeared as governments re-introduced stricter measures to contain the spread of the virus. We had gained valuable experience during the first wave and used the developed best practices to safely keep our stores open and maintain a strong 2020 performance during the second wave.

Ensured our employees and customers safety and well-being during a global pandemic

Throughout 2020, our store employees felt safe thanks to the careful measures we put in place to protect them. We established clear safety measures, delivered PPEs to our stores for employees and customers, and adjusted the instore eye exam process for employees and customers with a smooth and safe experience.

We are proud to report that our latest GrandVision employee NPS survey scores have increased, which validates the positive employee satisfaction in the face of such challenging factors.

In 2020, despite the global pandemic, we not only kept our GrandVision employees and customers safe, we also won many employer and retailer awards within GrandVision, including 'Retailer of the Year,' 'Great Place to Work,' and 'Best Customer Service.' (See Section 3.1 'Our many customer touchpoints' for more information about our awards.)

CHAPTER

Business and strategy

The environment in which we operate

GrandVision is a global optical retail leader active in more than 40 countries across multiple continents. That's why we understand the importance of aligning our business model and strategy with global market and megatrends, as well as with major social and environmental agendas.

In 2020, at least 2.2 billion people worldwide experienced a vision impairment or blindness. This makes up nearly one-third of the global population. And approximately one billion of these vision impairments could have been prevented or have yet to be addressed, reports the WHO.

Meanwhile, the global eyewear market has grown steadily by 4% per year since 2010. However, due to significant macroeconomic events in 2020, growth expectations for the next five years have slowed to 1.5% annually, according to Euromonitor. This growth is underpinned by changing global market trends, such as developing consumer megatrends, evolving market structure, and technology and category growth.

- *Changing customer retail expectations:* We must adapt to changing consumer habits and their retail experience expectations. This means keeping up with global competition trends and new shopping experience formats, as well as fashion trends and technological developments as consumers also look for personalized, inclusive products that are an extension of their unique self expression.
- *Growing digital maturity and digitalization:* Across all age groups, we see an increasing demand for, and comfort with, digital channels. This leads to an openness to seek eyecare and eyewear solutions on these digital channels.
- *Expecting more convenience:* We see the appeal of Internet retail and subscription formats at the expense of traditional retail channels. We also note consumer demand for flexible delivery and self-service options.
- *Accelerating concerns for personal safety:* Due to the COVID-19 pandemic, we see a growing shift away from physical store visits. Social distancing has become commonplace and footfall has temporarily been decreasing. Consumers expect safer shopping environments now more than ever.
- *Increasing value for money sensitivity:* Consumers look for the best value for price of their prescription glasses and all eyecare products and services.
- *Searching for authenticity:* Consumers prefer to purchase products from companies with clear and consistently-applied values and commitment through their network and supply chains.

Additionally, our Eye Care Council, a source of expertise for GrandVision, has translated these consumer megatrends into five consumer focus points to guide our optical retail excellence. Learn more about these in the related case study 'GrandVision's Eye Care Council reinforces our industry leadership.'

See below to learn how we tailor our business to respond to these global trends. In the section, 'How we create long-term value for our stakeholders,' we take our analysis further to show how we align our business model and strategy with the UN Sustainable Development Goals' agenda.

Market trends	Related consumer megatrends
• Strong macro demographics • Potential economic downturn • Continued deregulation risk • Technology advances in digital and remote eye tests	• Changing consumer retail expectations • Growing digital maturity and digitalization • Expecting more convenience • Accelerating concerns for personal safety • Increasing value for money sensitivity • Searching for authenticity

How we respond to these trends

Our portfolio is positioned in some of the world's most active structural markets, and our growth across each eyewear category is primarily driven by consolidating our positions in our core markets. By strengthening our market positions, we also increase access to affordable high-quality eyecare, and contribute to underprivileged communities through our charitable activities.

We focus on key capabilities and operational excellence to drive economies of scale in category management, procurement, production, omnichannel and digital capabilities. We promote safe and sustainable production and operations, and support a diverse and inclusive global workforce with fair and equal working conditions for all.

We are enhancing our operating model and digitally-influenced business to create a leading omnichannel customer journey experience. This allows consumers to easily purchase our products and seek eyecare services online and instore. While our e-commerce offerings are expanding, we maintain a retail model where physical stores remain as activation points for our core value activities. These include accurate eye tests and complex product advice supported by our extension selection of products and services.

We also educate our customers about responsible consumption patterns and offer opportunities to recycle or extend the lifecycle of the products they purchase from us.

Our business model

We distinguish ourselves from other optical retailers by offering consumers a best-in-class omnichannel customer journey, which includes providing affordable, high-quality products and expert eyecare services. GrandVision also responds to stakeholder expectations and society's evolving needs by shifting our focus on integration of strong environmental, social and governance (ESG) practices into our business model and strategy.

Our core activities

At GrandVision, we run global eyecare retail operations that are highly adaptive to local consumer needs and numerous regulatory environments. Our local customer-facing activities are enabled by an effective and progressively centralized Product Value Chain.

We pride ourselves on taking high-quality and affordable eyeglasses, sunglasses and contact lenses from the design stage to our retail brand stores across the globe. Our core activities include designing our Exclusive Brand eyewear, sourcing third-party branded products, operating a retail omnichannel network across 40+ countries, and employing a workforce of 39K+ professionals who provide award-winning eyecare services for customers.

We work hard to turn customers into loyal fans

Our customers are at the core of everything we do. Therefore, our eyecare experts are the heartbeat of our company. They ensure that customer experience and products always meet our high, award-winning standards. They are supported by our best-in-class omnichannel customer journey, which includes eye exams, contact lens fittings, eyewear style advice, eyewear and contact lens subscriptions, as well as after-care services.

And in 2020, thanks to our ongoing customer service and experience improvements, we again succeeded in achieving an increase in customer satisfaction. We measure this through our NPS score, an index on a scale from one to 100 that shows the willingness of our customers to recommend our products or services to others.

Our NPS score increased from 65 in 2019 to 70 in 2020. This score means that we increased our service quality to the 'Excellent' range.

The strength of our omnichannel retail network

GrandVision operates more than 30 major optical retail brands across 40+ countries that mainly target mid-to-low market segments. In Belgium, Denmark, Finland, France, The Netherlands, Norway, Mexico, Spain, Sweden and Switzerland, we operate a second retail brand that serves the mid-to-high market segment. We operate a sunglasses business under the name Solaris with a variety of own stores and presence in our local retail brand shops. We also operate several e-commerce shops under individual brand names, such as Charlie Temple.

GrandVision's store base decreased in 2020 to 7,260. Despite COVID-19, store openings continued at a significant pace as we opened 187 stores across the network. As in previous years, we continued to assess our store network’s quality, resulting in a closure of structurally underperforming stores mainly in the Americas and Asia segment. The network was also impacted by closures in India and Italy and the exit of operations in China, in addition to the absence of any significant network-contributing acquisitions in the period.

At the same time, our global digital efforts accelerated our omnichannel offerings, and we grew our e-commerce sales by 85%, year-on-year. We also achieved a significant increase in digitally-influenced store sales driven by omnichannel tools such as our proprietary online appointment booking, mobile-first websites, store locators, an advanced Customer 360 CRM and an omnichannel customer service desk platform.

In addition, the strength of our retail brands in each of their markets contributed to their strong performance. In 2020, we were honored with numerous industry awards in the following sectors:

- Employer awards: Read Section1.2 'How we attract, retain and develop talent' for more details.
- Service awards: Read Section 3.1 'Our many customer touchpoints' for more details.
- Retailer awards: Read Section 3.1 'Our many customer touchpoints' for more details.

Our Product Value Chain

The backbone of all customer-facing activities is our Product Value Chain. It oversees our full spectrum of operations, including:

- Designing, developing and activating our Exclusive Brand products
- Curating our global product catalog assortment
- Overseeing supplier selection and relationship management
- Ensuring the 'right' product assortment is delivered on time and adapted to each market
- Edging, mounting and applying the 'finishing touches' to prescription glasses and sunglasses
- Setting up best-in-class distribution processes
- Maintaining operational efficiencies to enhance our customers' experience
- Evaluating and integrating changing customer behaviors into our customer buyer journey, online and instore

In 2020, our Exclusive Brand collection made up 61.5% of our total optical volume. Our Exclusive Brand sunglasses accounted for 37.6% of our total sunglasses volume, while our Exclusive Brand contact lenses made up 46.8% of total contact lens volume.

Our business strategy

In 2020, we continued to develop and deploy our strategic accelerators to achieve key medium-term objectives for top-line growth and profitability. We made very good progress on our agenda, despite COVID-19-related disruptions to our business.

At the same time, we accelerated our omnichannel strategy, which helped us better adapt to and fulfil our customers' needs.

We are proud of the strategic key milestones we achieved in 2020, including the acceleration of our omnichannel journey. These were supported by our global product catalog, a strong contact lens category performance, the launch of an enhanced POS system and the evolution of our first real Regional Fulfillment Hub in Porto that now serves five countries in Northern and Southern Europe. They were supported by the strong growth we saw in our e-commerce business, as well as our optimized operations to offer the best products at the 'right' time and with a best-in-class customer experience. This has helped turn our customers into loyal fans in markets where we have a presence.

Our strategic priorities

Our strategic priorities allow us to compete locally with global capabilities designed to enhance our customers' benefits.

They enable us to enhance profitability through operating leverage and efficiency initiatives, while driving strong cash generation and resilient growth. Our proposition differentiates us from competitors in the eyecare market, thanks to our state-of-the-art retail network, unique product catalog, digital capabilities and global economies of scale.

We maintain our global leadership and enhance our proposition to meet our customers' needs. To do this, we have based our strategy on five fundamental priorities.

1. Drive comparable revenue growth

We want to achieve comparable growth by providing unique, high-quality and affordable eyecare solutions to customers worldwide, as well as through e-commerce sales. We put a strong focus on offering a best-in-class customer value proposition, including our omnichannel customer journey, attractive product assortment, and pricing and expert customer service. Our strategy is to position ourselves as the global eyecare leader and continue to boost customer trust and loyalty.

2. Optimize the existing store network

We want to establish and retain destination shopping status for our entire GrandVision store fleet. This is why we have created a stronger platform for customer engagement and comparable growth, and launched a new contemporary store concept.

In addition, a main area of focus is to achieve a stronger market position and add new stores to our network to further increase the proximity to our customers.

Strategic priorities

01 Drive comparable revenue growth

02 Optimize our existing store network

03 Accelerate growth through our digital capabilities

04 Leverage global economies of scale and skill

05 Achieve leading market position in all markets where we operate

Strategic accelerators 2020 - 2023

Turn customers into loyal fans and increase their lifetime value	Create leading digital value proposition and boost digitally-influenced business	Boost end-to-end Product Value Chain and leverage economies of scale
Transform to lean operating model	Expand in high-potential markets with proven operating model and bolt-on acquisitions	Increase eyecare expertise and technology

We also consistently evaluate GrandVision stores using a set of parameters that range from location attractiveness to financial performance, the 'store profit contribution.' This globally-standardized KPI set is the basis for our targeted store openings, relocations, refurbishments and closure decisions.

3. Accelerate growth through our digital capabilities
We aim to become an omnichannel eyecare leader by achieving more than 10% of our sales from e-commerce by 2025. Our enhanced omnichannel tools include advanced online appointment bookings, store locators, mobile-first websites, an advanced Customer 360 CRM and an omnichannel customer service desk platform. These allow us to better connect with customers at different points in their customer journeys, online and in stores.

We also focus our attention on driving the growth of digitally-influenced store sales. This ensures we have the right online presence and services to engage consumers in the digital world and attract them into our stores.

4. Leverage global economies of scale and skill
We optimize our operations to ensure the most efficient worldwide optical retail operating model. To do this, we believe in the symbiosis of local market management supported by strong, global economies of scale.

Throughout GrandVision's history, we have added many new businesses and markets through acquisitions, which has led to strong growth and an even larger international footprint. All individual retail brands have strong operational capabilities. However, in light of accelerated industry consolidation and new strategic challenges from digital and vertical mono-brand concepts, we have been deploying increased global capabilities to create necessary economies of scale.

The focus of our central activities is to install overarching digital systems and knowledge, and to create and operate a global end-to-end value chain. These include a harmonized product catalog and procurement, as well as globally standardized processes and systems deployment.

5. Achieve lead position in all markets where we operate
We want to accelerate profitable growth and outperform our competition. To do this, we are consolidating our positions in every market where we have a presence worldwide.

▲ A rendering of the standardized store concept

Our six strategic accelerators

Our people play a central part in our transformation journey. We invest in our omnichannel and end-to-end Product Value Chain capabilities that are embedded in GrandVision's six strategic accelerators:

1. **Turn customers into loyal fans and increase their lifetime value:** Our goal is to provide unique, high-quality and affordable eyecare solutions to customers worldwide. We leverage our best-in-class customer value proposition with a strong focus on employee training, store and product renewal and incremental conversion through our omnichannel platform. We also ensure flawless strategic enabler execution in stores, through digital channels or our Customer Relationship Management (CRM) platform.

2. **Create leading digital value proposition and boost digitally-influenced business:** Our goal is to develop one central omnichannel e-commerce platform that integrates our online channels seamlessly with physical stores' operations. We will supplement this with our innovative online appointment booking system, Customer 360 CRM and a data-driven marketing personalization platform, combined with e-fulfillment capabilities. We not only provide sophisticated digital platforms for our retail brands, but also offer hands-on digital performance marketing (SEA, SEO, display ads, paid social media), a digital content factory, conversion rate optimization, e-merchandizing and a variety of related digital services and training for local retail brand teams to help them achieve best-in-class omnichannel business results.

3. **Boost end-to-end Product Value Chain and leverage economies of scale:** Our goal is to operate the most efficient optical retail global Product Value Chain. The transformation process ranges from consolidating suppliers and manufacturing sites to creating globally standardized assortments, as well as establishing showroom models in every store to create better data transparency and management processes worldwide. We increase margins, improve buying conditions and develop effective international go-to-market processes. Our standardized IT infrastructure helps to provide agility and efficiency. We also focus on installing global digital systems and knowledge, creating and operating a global end-to-end value chain, including our Exclusive Brand products and procurement, as well as deploying standardized processes and systems in all relevant areas.

4. **Transform to lean operating model:** Our goal is to further deploy the transformation of our operating model throughout GrandVision, which is enabled by points two and three, mentioned above. To achieve this, we accelerate the standardization and simplification of processes across GrandVision in all areas. We also deploy standardized IT system support to reduce operating costs and eliminate process and procedure duplication and complexity.

5. **Expand in high-potential markets with proven operating model and bolt-on acquisitions:** We want to continue growing organically through bolt-on acquisitions in markets that are proven to embrace our operating model. We will also selectively consider new market growth.

6. **Increase eyecare expertise and technology:** We invest in technology such as remote optometry, advanced eye health scans and online eye tests. We prioritize these services to reinforce our eyecare expertise in the industry through our Eye Care Council, which will further enhance our reputation as a global eye health leader.

How we create long-term value for our stakeholders

Grow responsibly

At GrandVision, we take a holistic approach to Corporate Responsibility and Sustainability (CSR) and understand the value it brings to our company and stakeholders, including investors, customers and employees. We established an integrated CSR strategy under the umbrella GrandVision Cares to support our ambition to grow responsibly as an employer, an eyecare provider and a caring corporate citizen.

GrandVision Cares' three pillars – People, Product Value Chain and Presence – align with our business strategy and contribute to our overall strategic agenda by integrating Environmental, Social and Governance (ESG) priorities into our strategic accelerators. The model incorporates global and local initiatives and supports the establishment of CSR as a shared mindset and responsibility across the GrandVision group.

Our ultimate goal is to heighten awareness of our businesses' power to bring positive change to people and the planet by creating a balance between our business activities and their societal and environmental impacts. Each pillar includes a list of priorities that we will continue to tackle in the coming years. These priorities match our culture and beliefs as a company, and also relate to a major societal agenda that includes topics like gender equality, fairness and transparency in supply chains, climate change, charitable contributions to local communities by increasing awareness and education about eye health, as well as donating eyewear and eyecare.

In 2020, our main focus was to onboard and align all GrandVision retail brands with our CSR strategic outlook and environmental, social and governance (ESG) priorities, thus increasing our global contribution to major societal issues.

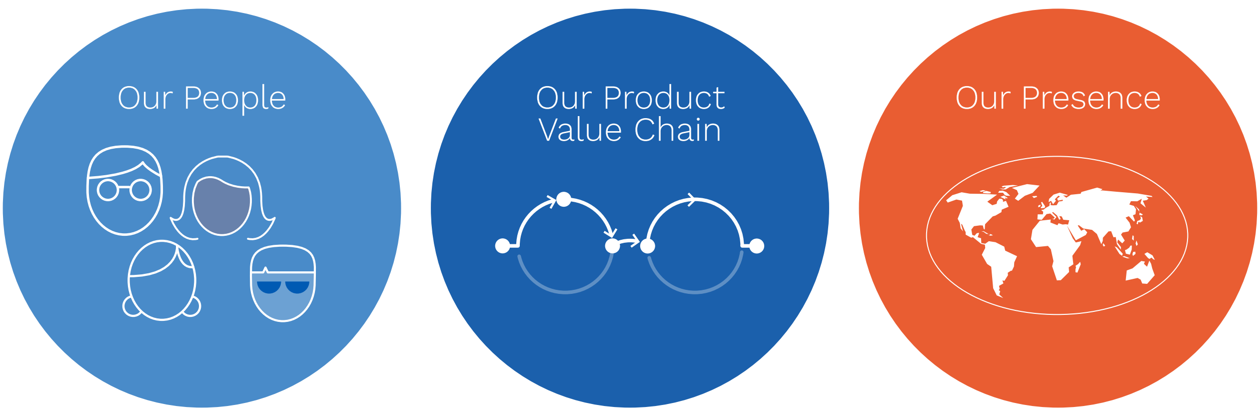
Benchmark for continuous improvements

Each year, we externally benchmark and evaluate our CSR strategy and ESG performance. This is an important part of our efforts to continuously evolve and improve our sustainable growth.

Sustainalytics, the leading independent global provider of ESG and corporate governance research and ratings, has rated our overall related strategy and performance and defined GrandVision as low risk to experience material financial impacts from ESG factors. This can be credited to our low exposure and strong management of related material issues. We are positioned as an overall ESG leader in our industry and sub-industry, and rank very high as number 331 of 13,026 companies in the participating global network.

GRANDVISION CARES

Integrating Environmental, Social, and Governance (ESG) priorities into our strategic accelerators



OUR ESG PRIORITIES

- Foster a culture of inclusion and improve diversity in senior management
- Improve employee engagement and well-being
- Attract, retain and develop talent

- Protect human rights in our supply chain
- Reduce environmental impact from production, manufacturing and logistics
- Launch DbyD as our first sustainable brand

- Give access to high-quality, affordable and/or free eyecare
- Reduce environmental impact of stores

Our strong ESG performance has also been beneficial for GrandVision's financial position, as it facilitated our sustainability linked credit facility, which brought us financial savings. Our Sustainalytics score is tied to our Sustainability Linked Loan. This is a financing feature used to incentivize borrowers' commitments to sustainability and support environmentally and socially sustainable economic activity and growth.

Additionally, our environmental performance and response to climate change-related issues are evaluated by the Carbon Disclosure Project (CDP). It is a not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP organizes an annual benchmark for companies, governments and cities and more, based on their environmental performance and reporting. In 2020, there were more than 9,500 participants.

Our current CDP score is 'B' on a scale of 'A' to 'F,' which places us in the 'Management' rating. Our high rating highlights that GrandVision is recognized for taking coordinated action on climate issues. Our 'B' score is higher than the 'Europe regional' and the 'Discretionary' retail sector, which both averaged a 'C' rating.

GrandVision is also featured in the FTSE4Good Index Series, which measures the performance of companies that demonstrate strong ESG practices. Transparent management and clearly-defined criteria make FTSE4Good indexes suitable tools that are used by a wide variety of market participants to create or assess sustainable investment products.

Align our impact with UN Sustainable Development Goals

Building a sustainable future is a common goal that needs to be embraced by individuals, governments and corporations alike to be successful. As an industry leader, at GrandVision, our role and responsibilities are to contribute and adopt a common language and ESG metrics to actively participate in the discussion, compare progress and define important shared goals.

This also means we align our strategies and vision with the UN Sustainable Development Goals (SDGs) and targets. We analyzed all 17 SDGs and relevant 169 sub-targets and KPIs that relate to our business model and core activities. These include strategic sourcing and procurement, manufacturing and global retail operations.

In accordance with our long-term value creation ambitions and our core optical retail activities, we identified the greatest potential to make a positive impact through UN goals SDG 3 (good health and well-being); and SDG 8 (decent work and economic growth). As a retailer and a manufacturer, we recognize the greatest potential for mitigating negative impact at scale in SDG 7 (clean and affordable energy); and SDG 12 (responsible consumption and production).

Additionally in 2021, we will enhance our contribution to SDG 5 (achieve gender equality and empower all women and girls) and SDG 10 (reduce inequalities). You can read more about these goals in section 1.3 'Our inclusive, diverse and ethical work environment' in this report.

The UN SDGs table and details in this section explain how we contribute to each of the four SDG goals. You can also find a connectivity table in our Transparency Appendix that links these goals to our business, and CSR integration targets and KPIs. We highlight our sustainability performance and progress to promote transparency for internal and external stakeholders.

SDG 3: Ensure healthy lives and promote well-being for all ages (sub-targets 3.8, 3C and 3.6)

We directly improve access to high-quality and affordable eyecare by operating a physical optical store network of 7,200+ stores, supported by a strong omnichannel and e-commerce presence, and 39K+ employees, including highly-qualified eyecare specialists. In addition, our apprenticeship programs attract and train young eyecare professionals worldwide such as in developing countries. And we also raise awareness for good vision on the road through driver safety programs and donate free eyecare and eyewear to those who cannot afford it.

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (sub-targets 8.2, 8.6 and 8.8)

Following our People & Culture strategy, we create high-quality, permanent and fairly-paid employment opportunities within GrandVision and throughout our supply chain, which contribute to the sustainable growth of local economies and labor markets. Read section 1.3 'Our inclusive, diverse and ethical work environment' for more information. We strongly support our diverse workforce and believe in equal opportunities for all. This includes all people-related operations and is supported by our Anti-Discrimination and Equality, Human Rights and Diversity Policies for our Supervisory and Management Boards.

We reduce potential negative effects by integrating international anti-corruption, social and environmental business standards into our own, as well as our suppliers' purchasing processes, which is reflected in our GrandVision Code of Conduct.

We also pursue a transparent and responsible tax strategy and pay all applicable taxes, which contributes to the economic growth of the countries in which we operate.

SDG 7: Provide access to affordable, reliable, sustainable and modern energy for all (sub-targets 7.2 and 7.3)

As a retailer with a global footprint, we consume energy on a large scale. This is why we aim to reduce our energy consumption and set targets to improve our operational energy efficiency.

SDG 12: Ensure sustainable consumption and production patterns (sub-target 12.5)

As an optical product manufacturer, we strive to reduce the carbon footprint of our manufacturing and transportation processes, as well as our manufacturing sites and store network. In addition, we reduce waste streams by making more efficient use of energy, packaging and materials and better manage products' 'end-of-life,' through recycling and second life programs, for example.

Create value

At GrandVision, we make a positive impact on our customers' health and the well-being of our employees and local communities by delivering high-quality, affordable and free eyecare. We also prioritize the need to mitigate negative environmental impacts we create.

We also contribute to the communities where we are present through our tax payments. GrandVision's total tax contributions, including corporate income tax and taxes that are paid or borne on behalf of customers and employees such as VAT and wage-taxes, exceeded about EUR 627 million in 2020. We believe it is important to be open about taxes and that our stakeholders understand how, where and why taxes are paid.

Our Value Creation Model illustrates how our integrated CSR strategy complements our business model and strategy and results in long-term societal value creation. The model also highlights the resources we use to create short-term outcomes and how we contribute to long-term impacts on the environment and society, and our link to the UN SDGs. You can find more information about this in our connectivity table in the 'Materiality and stakeholder communication' section of this report.

How we create long term value

OUR MAIN ASSETS

- Dedicated workforce of experts in eyecare and optical retail operations
- Solid financial base / shareholder investments
- Careful selection of suppliers that meet our quality and safety product and production standards.
- Careful selection of raw materials for eyewear collections
- Highly efficient, fully automated manufacturing facilities
- Large omnichannel network of stores and e-commerce channels around the world

OUR BUSINESS MODEL

Our vision
Secure undisputed global category leadership as the destination of choice for eyecare solutions, leveraging our best-in-class customer value proposition.

Our mission
Provide unique high-quality and affordable eyecare solutions to more customers worldwide and turn them into loyal fans.

OUR CORE ACTIVITIES

EYECARE SERVICES
- Building a strong base of eyecare experts

PRODUCT VALUE CHAIN
- Centralized sourcing, procurement and production of high-quality eyewear and eyecare products

OMNICHANNEL RETAIL
- Establishing a global omnichannel eyecare platform
- Operating a global store network of leading optical retail brands

EYECARE

Our strategy
Further expand our global presence and develop and deploy state-of-the-art global capabilities in eyecare and optical retail.

WE CARE MORE

Ambition
Improve the quality of life of even more people in the world through high-quality affordable eyecare solutions and sustainable business practices.

OUR RESULTS

Our People
High-quality, permanent and fairly-paid employment opportunities for our diverse, skilled workforce, offering best-in-class eyecare service globally.

Our Product Value Chain
Well-maintained balance between social and environmental performance and operational excellence.

Our Presence
Improved the quality of life of a growing number of people around the world through our eyecare platform and services, as well as charitable activities.

Our Business Performance
Enhancing value for shareholders by establishing ourselves as a leading global optical retailer, with strong and healthy financial positioning and further growth ambitions.

OUR OUTCOMES

- Sustainable employment opportunities and well-being
- Environmental and social impact along value chain
- Increased awareness of and access to eyecare
- Improvement of customers' quality of life
- Shareholder value enhancement

OUR LONG-TERM IMPACT ON SOCIETY

3 GOOD HEALTH AND WELL-BEING
We contribute to improved safety and quality of life, as well as socio-economic developments.

8 DECENT WORK AND ECONOMIC GROWTH
We help to alleviate poverty, as well as empower personal growth and professional development.

7 AFFORDABLE AND CLEAN ENERGY
We have the ambition to reduce our energy consumption and have set targets to improve our operational energy efficiency.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
We help to sustain a healthier environment for future generations.

IN FOCUS

GrandVision's Eye Care Council reinforces our industry leadership

As a global leader in optical retail, GrandVision aims to provide the best eyecare services for our customers so we can convert them into loyal fans. In order to position GrandVision and our retail brands as eyecare experts, we established the GrandVision Eye Care Council (GVEC) in 2019. This cross-functional network brings an array of eyecare-related expertise from across the business, ensures we secure a broad scope of information and takes a diverse approach to leading in a global eyecare agenda. The GVEC also serves as a scout for innovation and a first point of contact for relevant eyecare-related external parties.

The GVEC works with the following six strategic pillars:

- **People:** Establish GrandVision as the preferred employer in the optical retail market.
- **Communication:** Empower our retail brands to become local leaders in eyecare communication.
- **Products:** Provide innovative and customer-relevant product offers.
- **Technology and innovation:** Explore and be on the forefront of eyecare developments.
- **External relations:** Expand our presence and visibility in relevant eyecare markets.
- **Eyecare services and development:** Ensure quality service and continuous improvements in collaboration with suppliers.

Building on the widely-recognized Euromonitor consumer megatrend survey, the GVEC has identified five consumer megatrends that we believe will influence how our customers think and act in the years to come. Next to the six strategic pillars above, these megatrends closely guide our Council's work. The identified consumer megatrends are to:

1. **Save time**: Seek convenience that enhances the customer experience.
2. **Save money**: Smart customer behavior is on the rise. Save where you can and spend more money where you prioritize it.
3. **Save me**: Customers are increasingly aware of their own health.
4. **Save the planet**: Sustainability is a key focus area and will impact future consumer behavior even more.
5. **Let me be me**: Personalization and individualization are on the rise.

Exploring pilots and projects

In 2020, the GVEC supported several innovative pilots and projects. In the U.S., we established teleoptometry as a service in 13 stores, and this has also been piloted in our Polish and Swedish stores. We are exploring artificial intelligence opportunities related to fundus imagery in Poland and Spain, and we have introduced an online eye test pilot through our Finnish and Polish retail brands' e-commerce platforms.

We believe that both consumer demand, as described in the five megatrends we shared above, as well as technological developments and innovation will drive the need for change in the eyecare field in the future. The GVEC plays an instrumental role in prioritizing and creating momentum for this to happen.

Serving as a knowledge resource

The GVEC has established a centralized repository of eyecare-related information and content for all our retail brands to use. This includes a variety of content formats like text, original photography and videos for all of our communication channels.

To keep its eyecare expertise sharp, the GVEC meets regularly to share the latest eyecare updates and news, and also to share updates on pilots and projects. Best practice initiatives are shared globally through the GrandVision-wide eyecare community, either in regular global webinars or on the global community platform. These include eyecare-related topics like diagnosing eye conditions and eye condition management, new eyecare technology and successful retail brand campaigns.

One of our success stories comes from Vision Express Poland. The retail brand conducted research that revealed 50% of Polish children have never had an eye examination, and 79% of parents claim that vision problems are rarely diagnosed at schools. Due to these significant numbers, Vision Express decided to launch a specific children's program, which comprises all elements of the customer journey for young customers. This includes eye tests, product assortments and even related commercial policies. The new approach was so successful that it helped position Vision Express to become an outstanding optical retailer of choice for parents to select the best eye correction solutions for their children.

CHAPTER

Our progress in 2020

Due to the nature and size of our business, we play an important role in the lives of our employees, suppliers and customers, as well as in the economies and communities where we have a presence. In this section, you can read about the results we have achieved as a global employer, our efforts to establish an efficient, fair and transparent Product Value Chain, our contributions to customers and local economies and also our financial performance.

1. Our people

Our people are the heart of our company. We employ more than 39,000 people from all over the world who are experts in their fields, whether providing instore service or working behind the scenes to ensure customer experiences and products always meet our award-winning standards. They also ensure GrandVision delivers best-in-class eyecare services to our customers, and we recognize the responsibility we carry towards their career growth, satisfaction and well-being.

Our People & Culture (P&C) team focuses on three main objectives to attract and retain top talent:

- Align our organization and employee skill sets with our strategic roadmap
- Attract, develop and nurture top talent in eyecare and customer service
- Be a responsible, equal-opportunity employer and provide a great place to work

To achieve these goals, we focus on talent management and succession planning, organizational effectiveness, employee retention and creating a high-performance, engaging and inclusive company culture.

1.1. Creating and managing a global workforce

As a global employer, we contribute to the sustainable growth of local economies and labor markets by developing high-quality, permanent and fairly-paid employment opportunities in our organization and supply chain. In the last few years, we accelerated our digital transformation with digital talent roles in e-commerce and marketing, employed both globally and locally. In addition, we continue to aspire to be the preferred employer of eyecare specialists by offering attractive, locally-relevant employee benefits.

FTE count by segment (year-end)

Company segment	2020	2019	2018	2017	2016
G4	14,591	14,696	14,359	13,996	12,625
Other Europe	10,279	10,372	9,317	9,120	7,942
Americas & Asia	8,283	8,803	8,476	8,453	8,009
Other & Corporate	389	272	248	233	189
Total	**33,542**	**34,143**	**32,400**	**31,802**	**28,765**

Headcount by segment (year-end)

Company segment	2020	2019	2018	2017	2016
G4	17,958	17,677	17,560	17,117	14,319
Other Europe	12,533	12,826	11,180	10,382	9,550
Americas & Asia	8,409	9,184	8,490	8,734	7,056
Other & Corporate	412	294	227	285	188
Total	**39,312**	**39,981**	**37,457**	**36,518**	**31,113**

Despite our desire to continue expanding our international presence, the average number of full-time equivalent employees (FTEs) decreased by about 2% compared to 2019. Our FTEs accounted for 33,542 employees in 2020, which is about 85% of our workforce. In total, we employ more than 39,000 people, of which about 80% are in Europe (G4 and Other Europe segments).

In our G4 segment, we increased our headcount compared to 2019 in order to implement new safety protocols in our retail brands. In Other Europe, the reduction in headcount was due to natural staff attrition. In Americas & Asia, the reduction in headcount was due to our decision to exit China, closing operations towards the end of 2019.

Our reported employee base grew in the Other & Corporate segment compared to 2019 as a result of a headcount reallocation of our Porto RFH employees from the Other Europe segment in 2020. Of all our total headcount of employees, approximately 90% have permanent contracts, while approximately 10% have temporary contracts.

During 2020, we strove to minimize the impact of COVID-19 on our workforce. Our priority was to create safe working conditions for our employees and customers in stores. We also increased our local and global communications to ensure employees were well-informed and highly engaged.

1.2. How we attract, develop and retain talent

GrandVision is a purpose-driven company and our aim is to continue delivering superior quality and affordable eyecare services to more consumers around the world. Our people are inspired to share this same purpose. In turn, this enables us to attract, develop and retain employee talent, enhance career growth and offer employees opportunities to gain global leadership experience in eyecare and customer service. This is why our P&C team established several key initiatives to support these needs.

Attracting and recruiting talent

We attract people who share a passion for eyecare, and then help them grow and develop their expertise and careers. There is strong competition for this type of specialized talent, as the demand for trained opticians around the world is high. However, there is an ongoing decrease in the number of professionals moving into this field.

To counter this trend and establish a pipeline of talented opticians, we have been working with universities and other higher education institutions worldwide to train and develop future eyecare experts. These partnerships help us recruit top talent and contribute to the UN's global agenda to increase access to healthcare. And it aligns with the UN SDG 3 to promote good health and well-being.

As of 2020, more than 20 of our retail brands, or about 70%, partner with universities and vocational programs to prepare students to become some of the field's leading professional eyecare providers. Programs range from 15 days to three-and-a-half years and provide students with instore work experience, soft skills and technical training. These practical experience programs also lead to permanent job opportunities.

We strongly believe that young talent is the future of optical retail and our training programs were recognized in 2020 with the following industry acknowledgements:

- U.K. Vision Express was ranked in the top six programs for all large employers in The Commonwealth.
- Germany's Apollo Optik was awarded 'Best Apprentice Training Company' by CAPITAL for its training and apprenticeship programs.

When we recruit talent at the retail and corporate levels, we prioritize internal promotion to fill open roles before sharing them externally. In 2020, GrandVision launched an internal job board to increase development opportunities for our employees. This way, internal candidates enjoy earlier access to GrandVision job openings and can establish direct dialog about open roles with the P&C team and the hiring managers.

Professional training and growth opportunities
We offer equal access training opportunities for all GrandVision employees through GV Academy, our global community of expertise for continuous learning and development. It features a blended learning approach, such as e-learning, classroom lessons and on-the-job training. And our integrated Learning Management System facilitates sharing best practices and adapts content to meet local needs and circumstances.

GV Academy programs cover three topics:

1. Enabling our strategy, e.g. sales and marketing
2. Local business needs, e.g. new product launches in specific markets
3. Global business needs, e.g. leadership development and EU MDR compliance

The training content is localized to specific requirements and targets all commercial and retail employees and includes: retail training, optical, sunglasses and contact lens expertise, our customer journey and store management. Each topic has specific KPIs and targets and our global P&C team is responsible for following up on each of them.

In 2020, we refreshed our GV Academy training platform to improve training structure, increase digital support for users and further share best practices. We also implemented our global-local operating model, which established standardized processes and procedures for trainings held across retail brands at local levels. The model's framework is part of the ISO 13485-GrandVision certification and is globally recognized and approved.

And in 2020, GV Academy also launched several new digital modules in our extensive learning curriculum that cover topics like store and people management, sales and customer service techniques, optical health and eyecare and our products. These sessions can be adapted in three ways to meet specific training needs:

1. Sharing fundamentals
2. Converting theory to practice
3. Continuing education for a deeper dive into a topic

In 2019, we launched the GV Academy mobile app to ensure that the right knowledge is at the fingertips of our instore employees. In 2020, we continued roll-out of the app to the U.S., Argentina, Colombia, Peru, Brazil, Spain, Chile, Uruguay, Russia, Greece, Cyprus, Italy, Switzerland, Sweden, Portugal and the U.K. In 2021, we will migrate the GV Mobile Academy app to our retail brands in 13 additional countries.

In 2021, GV Academy will also further increase cooperation with suppliers to better support our stores. We will focus on global and local training harmonization, and implement measures to better understand the training impact on our business results.

Consistent training for exceptional professionalism
Our global store employee training program ensures excellent customer service at our stores around the world by fostering a high standard of professionalism. It is segmented in three levels: Bronze, Silver and Gold.

Within six months of joining GrandVision, 100% of our store employees pass the mandatory Bronze level program. Employees can continue to develop their skills and professional ambitions, based on specific business needs by taking Silver and Gold level training.

Our store employee training program also focuses on our omnichannel customer journey. We are also developing our digital capabilities to improve the customer experience and to implement our strategy.

Total and average training hours (estimated)

	2020	2019	2018	2017
Total training hours	766,611	590,024	546,000	507,200
Average training hours/FTE	23.0	17.3	16.9	15.9

The total training hours dedicated to our employees and their specific functions reflect our strategic, local and global business needs. In 2020, our employees took more than 766,000 hours of training, an increase of nearly 30% compared to 2019. The significant increase in average training hours per FTE can be attributed to the important role that training played in our response to COVID-19, the appetite of employees to acquire new skills while working remotely, and the launch of large number of global training modules to support the further roll out of our strategy. We also introduced live webinars, which were attended by approximately 2,000 employees.

Additionally, the role of training was critical in our COVID-19 response. We rapidly developed training materials for store employees about our safety protocols and new ways of working to ensure their own safety, as well as our customers' safety.

We also needed to quickly move our office-based employees into a 'work-from-home' mode. Training was necessary to ensure leaders could successfully manage their teams remotely and that employees could collaborate using digital tools and technology.

On a global level, we provided an average of 23.0 training hours per FTE. Store managers and their employees generally received more training hours than non-store employees due to their daily contact with customers.

Talent development with functional and geographical global mobility

At GrandVision, our internal mobility practices and global mobility policies support the development of our talent pool and enable global careers. They encourage the exchange of best practices among operating units, enhance GrandVision's culture and prepare our future eyecare industry leaders for success.

GrandVision continues to benchmark our mobility policy against international best practices, which consist of three employment types:

1. Long-term assignments: last from three to five years, ideal for career development, green field operations or to backfill key positions.
2. Short-term assignments: last three to 12 months and are project-based.
3. Transfer assignments: roles for talent who transfer permanently from one country to another.

In 2020, COVID-19 impacted global mobility programs across all industries, as there was an unprecedented restriction of movement worldwide. Despite this, we continued our focus on our international talent mobility strategy, which resulted in several international transfers.

Encouraging talent with our Leadership Lens Profile

GrandVision leaders share several attributes. They put the customer at the heart of all of their decisions. They create a shared direction which energizes our people and brings out the best in them. They are entrepreneurs at heart with a focus on delivering excellence in execution and results today, while preparing our organization for tomorrow. They lead with integrity and self-awareness, championing diversity in our workforce and an inclusive workplace.

These attributes in the GrandVision Leadership Lens Profile are embedded in our recruitment and selection process and in our talent management processes. They are also at the heart of our suite of leadership development tools, which create more self-awareness and cultivate these attributes in our leadership teams.

Further strengthening talent management at GrandVision

GrandVision's talent management program has created a culture of dialog and development with our employees. This helps us match our company's current and future capability requirements with employees' individual aspirations. Our program is a bottom-up process with regular talent reviews for every level of professional experience. It includes team discussions, succession planning, goal-setting and formal performance feedback sessions.

During a challenging 2020, our employees' safety and engagement remained our top priorities. We focused on our people by strengthening succession planning, internal recruitment and desired leadership culture. We also focused on embedding our GrandVision Leadership Lens Profile in all P&C practices, continuous performance feedback and talent development.

In 2020, GrandVision strengthened the quality of our talent pipeline by focusing on our succession planning and retention management. This included a stronger focus on gender, age, nationality, diversity as well as the mobility of our top talent. And we introduced a global performance appraisal and a mid-year development discussion for managerial levels of our organization.

In 2021, we will continue to strengthen our talent and leadership development efforts to:

- Enhance gender diversity balance in senior leadership positions by implementing a global recruitment process for senior leadership roles, which ensures both a diverse slate of interviewers on the selection panel and short list of candidates for roles
- Invest in a global leadership development program
- Embed the GrandVision Leadership Lens profile in our organization
- Strengthen our high performance culture

1.3. Our inclusive, diverse and ethical work environment

As a responsible global employer and a supporter of UN SDGs 3 and 8, GrandVision is active in a variety of communities. And we strongly believe in equal opportunity, an inclusive workplace and diversity among our employees.

Our inclusion and diversity principles are reflected in our Anti-discrimination and Equality Policy, which you can find at GrandVision.com. By fostering a culture of respect and openness, we aim to create and maintain a safe environment for employees to communicate openly and respect each others' perspectives while preserving a flexible work-life balance. We strive to make our workplaces free of discrimination, harassment and victimization on the basis of (among others):

- Gender, sexual orientation, gender reassignment
- Marital or civil partnership status
- Race, color, nationality, ethnic or national origin
- Hours of work
- Religious or political beliefs
- Disability
- Age

These principles are overseen by our global Vice President of Human Resources and are key for all of our people-related operations such as recruitment, talent management, compensation, training and development, and employee retention.

Our Global Human Rights Policy

We are committed to business practices that do not infringe on human rights. They align with international standards of responsible business conduct. These include the *Universal Declaration of Human Rights*, and the International Labor Organization's *Declaration on the Fundamental Principles and Rights at Work*.

Our Global Human Rights Policy sets standards, expectations and commitments for our responsibility to respect human rights across our operations, and to not knowingly contribute to human rights violations by other parties.

You can find our Global Human Rights Policy at GrandVision.com.

How we foster, cultivate and preserve our diverse and inclusive culture

Diversity is an integral part of how we do business and is crucial to our commercial success. Our employee diversity is a reflection of our global presence and diverse customer base. That's why we are committed to:

- A fair recruitment process based on objective criteria
- A remuneration system based on specific position requirements and skills
- Equal access to professional training and skill development opportunities
- Improved work/life balance through flexible work schedules
- Enhanced gender balance in our Supervisory and Management Boards

We also support the rights of all our employees to form and join trade unions and other organizations of their choice, as well as bargain collectively to support their mutual interests. Currently, 44% of our employees (headcount) are covered by local collective bargaining agreements.

Advancing gender diversity and female leadership at GrandVision

GrandVision has continued working on gender diversity. In 2020, approximately 61% of all store managers were female. In 2021, GrandVision will continue to prioritize gender diversity and female leadership in senior management positions by ensuring fair access to leadership roles through our P&C processes and practices, as well as through our talent development and succession planning efforts.

Gender diversity (total and per segment, FTEs) (year-end)

	2020 (% of total)		2019 (% of total)		2018 (% of total)		2017 (% of total)	
	Male	Female	Male	Female	Male	Female	Male	Female
G4	33%	67%	32%	68%	32%	68%	30%	70%
Other Europe	24%	76%	24%	76%	23%	77%	23%	77%
Americas & Asia	38%	62%	41%	59%	38%	62%	42%	58%
Total	32%	68%	32%	68%	31%	69%	31%	69%

As the trend in the above table shows, for the past four years, our ratio of female employees is higher than their male counterparts. In 2020, 68% of all GrandVision full-time employees were female. And the percentage of female employees across our segments ranged from 62% to 76%, with the highest number seen in Other Europe. In the Americas & Asia, it was more balanced and women represented 62% of the workforce.

In 2020, we looked further into gender representation in different functions and levels across the entire organization. We also saw a significant presence of female employees in our stores; they made up about 73% of total store employees and 61% of store managers. However, in Sales & Operations senior management roles, the picture changes, with women only representing 38% of employees at this level.

In corporate offices we have a balanced male/female representation with about 50% each on an extended senior leadership level (Management Teams and direct reports). Yet, at the Management Team level, the male/female ratio is more imbalanced, with only 13% female representatives.

In 2020, we fell behind on our targeted recruitment campaign progress. However, in 2021 we will continue to prioritize gender diversity and the increase of female leaders in senior management positions across GrandVision. We will ensure fair access to leadership roles by enhancing our P&C processes and practices and through our talent development and succession planning efforts.

Additionally, we also participated in the 2020-2021 SDG Challenge, a program that pairs Dutch universities with Netherlands-based companies to solve a business problem related to the UN SDGs. We teamed up with a group of students from Rotterdam School of Management-Erasmus University that helped us gain a fresh perspective of why there are fewer women moving up the ranks at higher sales and operations management levels and how we can change this for the better. By doing this, we also aim to advance our contribution to SDG 5 (achieve gender equality and empower all women and girls) and SDG 10 (reduce inequalities). Their initial findings to be implemented include forming our Diversity and Inclusion Council, a company-wide campaign to instill diversity and inclusion as a core value across GrandVision, and creating an internal network for female leaders to inspire others and share their experiences.

Supervisory and Management Board Diversity

We recognize the importance of diversity within the Supervisory and Management Boards and believe our business activities benefit from a wide variety of skills and perspectives. Diverse Supervisory Board and Management Boards contribute to a well-balanced decision-making process and their proper functioning. You can learn more about our Diversity Policy for the Supervisory and Management Boards on GrandVision.com.

At the Board level, gender diversity is a statutory objective for a balanced governance with a minimum of 30% female representatives. Although this objective has not currently been met by GrandVision, we made the first step by appointing a female Supervisory Board member in 2019.

In the long term, the Supervisory Board will ensure its composition and that of the Management Board to represent a fair and balanced makeup of our employee and customer base.

Pending the completion of the transaction between EssilorLuxottica and HAL regarding the proposed acquisition by EssilorLuxottica of HAL's 76.72% stake in GrandVision, the composition of the newly-formed Supervisory Board will be made up of six members, four of which are female.

Wages paid compared to capital expenditures (full-year)

Economic contribution (x €1000)	2020	2019	2018	2017	2016	2015
Total capital expenditure investments	152,194	197,728	210,194	197,497	175,913	161,807
Total wages and salaries paid	967,851	1,010,934	919,713	830,338	782,743	745,703

Fair wages for employees

By paying fair wages to all employees, we can improve the livelihoods of our workforce and indirectly make a positive impact on economic development. The specialized level of qualifications for store and other employees, and the high demand for qualified opticians and vision experts in many markets, is reflected in the level of contribution we pay. In 2020, we paid approximately EUR one billion in wages and salaries to our employees. This is a decrease of 4% compared to 2019, and can be accounted for by the decrease in headcount and FTEs during 2020 through natural attrition. It can also be attributed to the support drawn from governments during the period that stores were closed or partially closed in response to COVID-19 limitations. For more details, please refer to Note 7: Government Grants.

Additionally, as an employer of a global workforce made up of almost 70% females, GrandVision pays attention to maintaining a transparent employee remuneration policy and structure to avoid a gender pay gap. We prioritize cultivating and preserving our diversity and inclusivity and factors that may cause such a discrepancy. GrandVision is committed to equal pay for equal work and plans to objectively assess and address these where needed.

1.4. Increasing employee satisfaction

At GrandVision, providing employee satisfaction is as important to us as customer satisfaction. We measure and improve these goals to contribute to higher employee engagement and lower attrition rates.

A strong indicator of this is our employee Net Promoter Score (eNPS), which our local businesses measure and use to track employee satisfaction. In 2020, we saw an overall increase in employee engagement across all of our Operating Companies. Our frequent employee surveys offered a critical initiative to understand employee sentiment and needs during the COVID-19 pandemic.

To match and compare country employee engagement and eNPS results, we applied a consistent employee survey approach by aligning methodologies across all countries. This approach helps us gain better insights into employee engagement levels, employee understanding of our strategic plans and objectives and management effectiveness.

Some specific actions we took in 2020 as a result of our employee surveys included to:

- Establish clearer and more frequent employee communications, including launching a new employee portal and social communication platform in the U.K. and The Netherlands.
- Introduce training programs for new instore hygiene protocols, remote leadership and handling instore aggression.
- Invest in employee well-being and social cohesion through locally relevant initiatives such as mindfulness training, yoga, stress management and healthy work-life balance habits.

IN FOCUS

The state-of-the-art retail platform of GrandVision

Our diverse retail market portfolio spans from Chile to Russia, and thanks to our highly consistent brand identity and store concept, our customers can easily find our products and services worldwide.

As a leading global optical retailer with more than 30 retail brands and a presence in more than 40 countries, at GrandVision, we draw on the strength of our store concept, unique and Exclusive Brand products, global catalog and showroom model to promote our expert eyecare to our customers anytime.

Customer experience is our store concept's main focus

Our strong brand consistency is key to keeping our customers satisfied. In 2020 we upgraded our standardized store concept, which enhances the customer experience and adds to our seamless, omnichannel-focused customer journey, whether customers are shopping with us in retail stores or online.

The optimized store layout is designed to keep customers as the main focus of everything we do, from the moment they step into a store. It also better leverages GrandVision's eyecare expertise and emphasizes the latest optical technology to reinforce our position as the industry's leading eyecare expert.

Additionally, stores can adapt to local markets and cater to specific customer needs and eyewear trends. We successfully piloted our improved store concept in the Dutch, U.K., French, Swiss and German markets in 2020 and have started a global concept roll out in 2021.

In Switzerland, we will remodel the more than 60 recently acquired McOptic stores to the new concept by April 2021.

Leveraging the scale of our global catalog

We are replicating our simplified global product catalog as we continue to launch our new and unique brands across our store network. This updated product assortment features premium eyeglasses, sunglasses, contact lenses and accessories that are available exclusively on our e-commerce platforms and in our retail stores. This simplified strategy helps reduce inventory and offers a more straightforward, differentiated product assortment to our customers while we deliver on their expectations of price and style.

GrandVision also carries Non-Exclusive Brand products and has the scale to transform small independent brands into familiar, household names. We regularly showcase independent brands in our stores and highlight the expansion of smaller labels. For example, in 2021 we will launch Karun, an independently-owned, sustainable eyewear brand from Chile to most of our European stores.

Our showroom model empowers employees to be eyewear experts

In recent years, we transitioned many stores away from fulfilling customer orders by edging and mounting frames to focus primarily on eyecare, product selection and customer service. We moved these services to our manufacturing sites to transform our stores into showrooms where customers could easily find the exact products they want, from eyeglasses and sunglasses to contact lenses.

In 2020, we successfully launched the showroom model in our retail brands in France, Finland, Denmark, Sweden, Germany and the U.K. And in 2021, we will continue to implement it in even more countries.

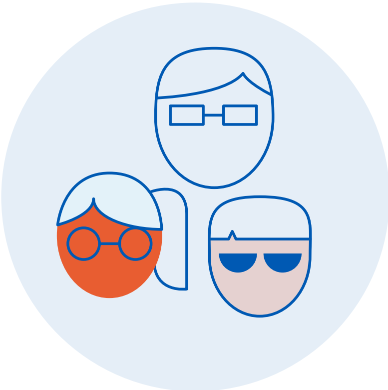
We decided to streamline our edging, mounting and other manufacturing processes in our manufacturing sites, which were previously done at the stores. This contributes to our goal of transforming to a lean operating model. It allows us to carry less inventory in our stores, centralize our stock at our manufacturing sites, and ensure final fittings are done efficiently, consistently and in a highly-controlled environment.

Our showroom model also supports our customer journey by empowering our team members to focus on customer service more than ever. And our global manufacturing site network helps us save on natural resources and reduce the environmental impact of final fitting activities. This leverages our omnichannel development journey and supports online activities by fulfilling customer needs anytime and anywhere.

Thanks to the consistent look and feel of our stores, GrandVision's refreshed product catalog and focus on customer service, along with our global supply chain, we ensure our customers can always find the products and services they need.

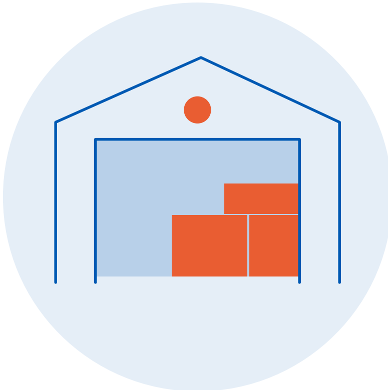
Our end-to-end Product Value Chain

Our seven-step Product Journey begins with a customer-focused concept and ends with a high-quality finished product in our customers' hands.



1. Customer-centric product design

Our assortment of eyeglass frames, sunglasses, contact lenses and eyecare products from our Exclusive Brands and third-party suppliers reflect our customers' needs and expectations.

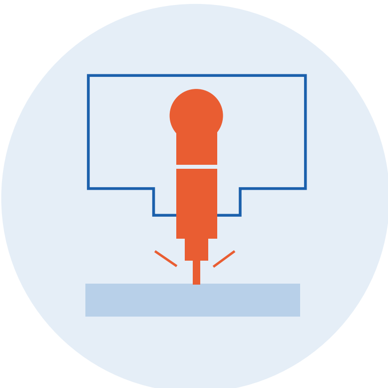


2. Strategic sourcing and procurement

We produce our Exclusive Brand frames in and source our third-party Non-Exclusive Brand frames from strictly-regulated supplier factories. These suppliers align with our expectations to ensure the quality and safety of our products, as well as the health and well-being of their employees.

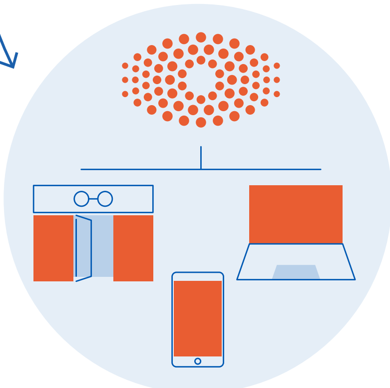
3. Transportation

We ship our products from our suppliers to our manufacturing sites and ultimately to our stores. We optimize our transportation options for delivery speed and a reduction in our environmental impact to the best of our abilities.



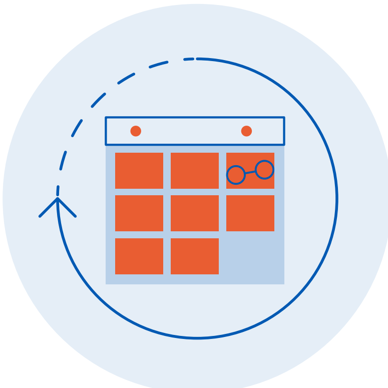
4. Final production activities

We put finishing touches on millions of pairs of eyeglasses at our strategically located, automated manufacturing sites. Edging and mounting lenses in frames take place here.



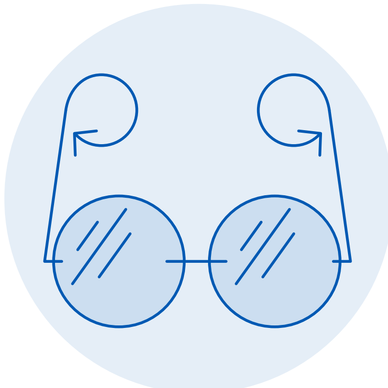
5. Purchase experience

Our finished products are delivered to the more than 7,200 stores and featured on our e-commerce platforms in our omnichannel network spanning Europe, North America, South America, the Middle East and Asia, where our expert opticians ensure high-quality customer service.



6. Customer use and care

We provide ongoing care and adjustments as needed once customers wear our products. We also regularly supply our customers with relevant eyecare content and related advice, thanks to the GrandVision Eye Care Council.



7. End-of-product lifecycle

We find ways to extend the lifecycle of eyeglasses and sunglasses by donating new and second-hand products to charitable organizations. We also find opportunities to create more purpose and less waste by recycling used contact lenses and their packaging with third-party partnership recycling in our stores.

2. Our Product Value Chain

Our Product Value Chain is the backbone of our business model and is overseen by our Chief Operations Officer. Its operational spectrum ranges from global product demand to global order fulfillment, combining the upstream and downstream components of our value chain. This integrated strategy enables efficient, fair and transparent processes that include supplier collaboration on product innovation and design, production and assortment planning, centralizing processes in our manufacturing sites and evaluating product transportation impact. Our Product Value Chain is also aligned with our strategic objective to maintain a high-level of operational excellence while reducing negative social and environmental impact.

2.1. Product selection and development

Our updated product value proposition aims to make it easy for customers to choose from a selection of our affordable, high-quality and distinctive Exclusive Brand products, in-house brands and well-known international brands, which are known as third-party or Non-Exclusive brands.

Our leaner Exclusive Brands portfolio and eyewear performance
Our selection of Exclusive Brands features a range of styles and price points for eyeglasses and sunglasses to suit all tastes, ages and lifestyles. These premium products are a main feature of our commercial strategy that differentiates us from competitors in the marketplace.

In 2020, we concluded a review of our Exclusive Brand eyewear portfolio, consolidating 21 brands down to seven. This review helped us better align with current trends, meet consumers' changing expectations and optimize our supply chain by decreasing assortment complexity. We repositioned each brand in a distinct way with improved brand equity elements and now offer a curated, desirable product assortment that we regularly refresh.

The following eyewear and contact lens brands represent our Exclusive Brand portfolio that we sell in our global store network:

Eyewear	Contact lens
DbyD	Eyexpert
Fuzion	iWear
Heritage	
Miki Ninn	
Seen	
Sensaya	
Unofficial	

This portfolio review helped us further simplify our global catalog of Exclusive Brand and Non-Exclusive brand products that we continue to roll out across our global store network. Customers can find these updated products on our e-commerce platforms and in our retail stores. This strategy harmonizes and optimizes our superior product offerings to strengthen our value proposition with faster replenishment cycles and more reliable deliveries.

In addition to our Exclusive Brand eyewear portfolio refinement, we review and improve our Exclusive Brand and third-party collections several times a year to stay updated and meet our customer needs.

The selection and design of our products is based on in-depth consumer research. In 2020, Exclusive Brand frames remained the majority of our optical volumes. This supports our goal to clearly position our Exclusive Brand products and showcase them with more exposure in our stores and on our e-commerce sites.

Consistent global brand promotions across channels
We aligned our Exclusive Brand marketing campaigns in 2020 to ensure a globally consistent omnichannel buyer experience. To do this, we created campaign assets and marketing tools for the first four brands to be reintroduced in 2021: Sensaya, Heritage, Unofficial and DbyD. These omnichannel marketing campaigns and tools are designed to establish these brands' identities, promote the related product assortments and increase customer brand awareness. These campaigns will be rolled out in more than 20 countries by the second half of 2021. Combined, they will create a consistent brand experiences for customers across all communication channels, whether they connect with our brands in our stores or online, through e-newsletters or traditional and digital media campaigns.

Our sustainable eyewear evolution

Our Exclusive Brand team creates increased value for customers by developing more sustainable production practices and sourcing eco-friendly materials.

As part of our integrated CSR strategy, we chose to develop DbyD, one of our most popular Exclusive Brands among customers, into our main eco-friendly in-house brand. It also sets the foundation for further sustainable initiatives in our Exclusive Brand portfolio.

As of January 2021, 64% of our optical collection and 100% of our DbyD sunglass collection are made of sustainable materials. Our DbyD team developed related initiatives, including:

- The launch of two DbyD product lines made from recycled waste across 15 markets. They were created in collaboration with Envision plastic and use ocean-bound plastics.
- A partnership with Mazzucchelli to introduce optical and sunglass collections made with a 100% biodegradable and recyclable material. Products were available across 20 GrandVision markets.

Our goal is to transform DbyD into a 100% sustainability-driven brand by 2025.

Our contact lens brand performance

In 2020, our Exclusive Brand contact lens share in our in-store business increased by 1%. This was mainly driven by ongoing training of store employees and launching new products under our iWear and Eyexpert brands. These helped to provide our customers with lenses that suited their needs and style preferences at affordable prices.

Many customers are unaware of the significant benefits that contact lenses can provide in their daily lives, including freedom of movement when exercising and a wider field of vision without eyeglass frames. This is why we leveraged our stores as category entry points to provide an improved first fit experience that supports customer conversion and focuses on selling contact lens subscriptions.

In 2020, we increased the number of contact lens subscriptions, which helped customers fulfil their eyecare needs, especially when their mobility was limited during the COVID-19 pandemic. This gave us an opportunity to attract new customers to our subscription model and reinforce its convenience and benefits. And by year-end, we held 750,000 subscriptions, a slight increase compared to 2019.

We also used 2020 to expand the roll out of our contact lens subscription model to more retail brands. It is now live in 21 of our retail brands. Currently, the G4 and Northern Europe segments are our most developed markets that use this model. We also continued to launch iWear-centric marketing campaigns that expanded awareness of our contact lens category and generated more appointments and higher conversion of contact lens fitting appointments.

Our Exclusive Brand contact lens team has been developing more sustainable choices for our customers. Some of their achievements in 2020 include the launch of our first contact lens recycling program in Denmark, which you can learn about in the 'End-of-product-lifecycles' section in this report. Additionally, they partnered with our strategic suppliers to create iWear Slim, a more sustainable product line. They use less plastic and aluminum, and take up less volume. And the iWear Slim box is made using recycled molds from our contact lens production process. Customers in 10 GrandVision markets could purchase this product in 2020.

2.2. Strategic sourcing and product procurement

One of our strategic priorities is to enhance our end-to-end Product Value Chain, as well as to establish fair, transparent and efficient relationships with our suppliers. We also align our strategy with global social and environmental goals, such as creating inclusive and sustainable economic growth, decent work for all and sustainable production patterns.

That's why we only work with suppliers that align with our Supplier Code of Conduct and international standards, including the *Universal Declaration of Human Rights*, and the International Labor Organization's *Declaration on the Fundamental Principles and Rights at Work*.

All suppliers receive and acknowledge a copy of our Supplier Code of Conduct, and we verify their alignment through regular third-party audits. Our employees who are engaged in procurement take responsibility and accountability for policy compliance.

Centralized suppliers for better business

Partnering with strategic suppliers enables us to centrally manage procuring services and products while using standardized GrandVision Supply Chain contracts, including our Supplier Code of Conduct, which is automatically included in new or renewed contracts. In October 2020, we updated our Supplier Code of Conduct, which will be included in new supplier agreements and shared with current suppliers during contract renewals. We partnered with 43 strategic suppliers, of which 30 are from OECD countries and 13 from non-OECD countries. In 2020, we concluded our non-OECD supplier assessments and the reduction of our non-OECD country suppliers from 19 to 13 was a result of this work.

For similar reasons mentioned above, the number of GrandVision's local suppliers decreased by 10% in 2020. With fewer partners to negotiate with, we can improve conditions for conducting business and provide even more affordable eyecare to the communities in which we operate, as well as offer customized solutions to suit our customers' needs.

In 2020, our spend was concentrated on strategic suppliers, retaining a concentrated spend index of 95%. We harmonized all local supplier contracts and replaced them with standardized GrandVision Supply Chain contracts, including our Supplier Code of Conduct. We also concluded three new contracts using the standardized contract.

During 2020, we faced one of the most challenging years for our business due to the COVID-19 pandemic. However, our long-lasting relationships with our suppliers remained strong.

Safeguarding human rights and safe labor practices

The majority of our Exclusive Brand frames are produced in non-OECD countries where potential labor conditions, human rights and other risks are considered to be higher than for suppliers from OECD countries. We expect our suppliers to comply with the regulatory requirements of the territories where our Exclusive Brand products are sold. We control this through our supplier audit program, which focuses on product quality, labor conditions and human rights.

Supplier audit program

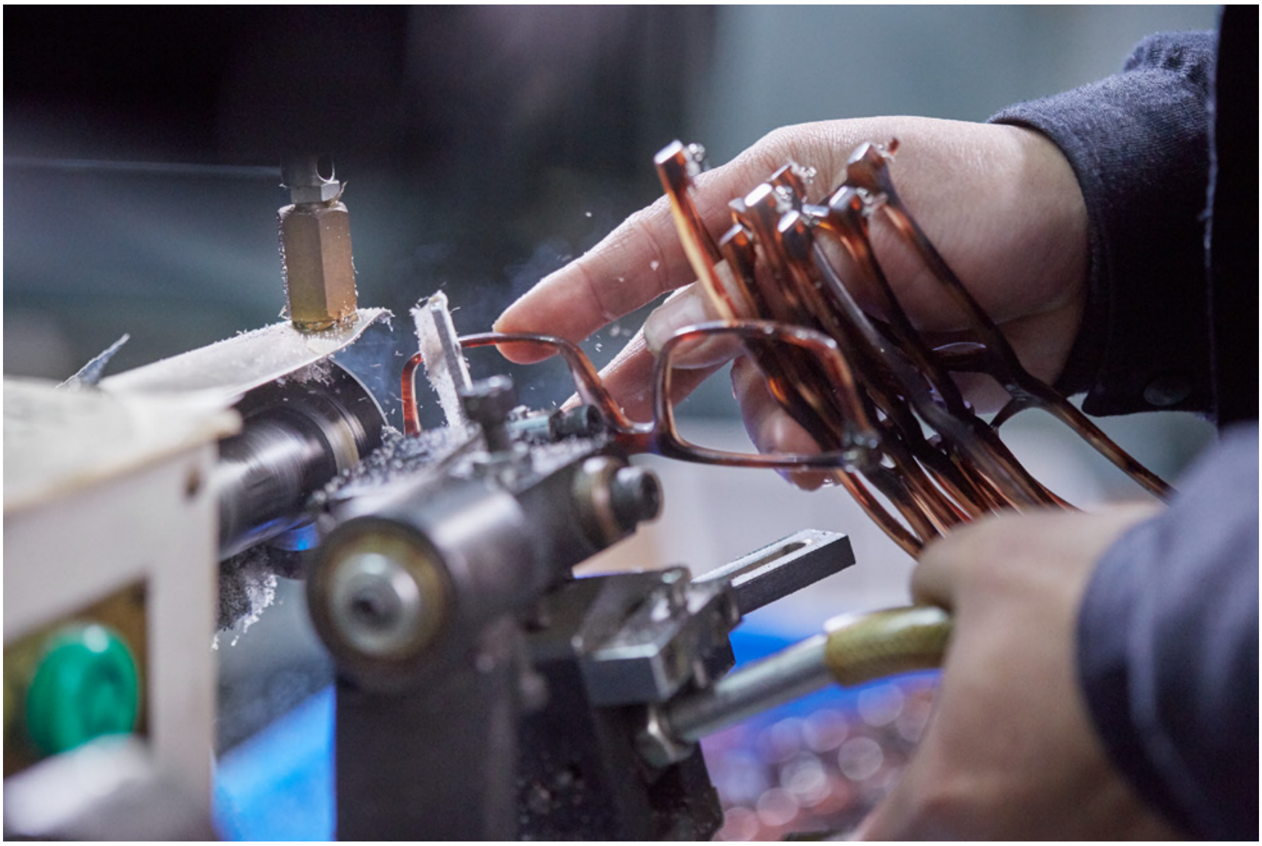
We use third-party audits and an SGS-certified supplier audit rating system, the world's leading inspection, verification, testing and certification company, to ensure responsible operations from our suppliers.

These SGS audits follow the SA8000 Standards of social certification. SA8000 is based on human rights norms as described in International Labor Organization conventions, the UN Convention on the Rights of the Child and the Universal Declaration of Human Rights.

Major brands and industry leaders rely on the SA8000's rigorous approach to meet the highest level of social compliance in their supply chains while maintaining business interests. It measures several important areas to maintain social accountability in workplaces:

- Child labor
- Forced labor
- Health and safety
- Acceptable living conditions
- Free association and collective bargaining
- Discrimination
- Disciplinary practices
- Working hours
- Compensation and minimum living wages

In addition, SGS audits assess the environmental preparedness of our suppliers' factories by assessing their environmental management systems. They also review suppliers' business integrity policies on topics of bribery, corruption, etc.



We engage in SGS audits for the following benefits:

- Proves our commitment to social accountability as we treat employees ethically and comply with global standards
- Improves supply chain management and performance
- Ensures our compliance with global standards and reduces risk of negligence, public exposure or possible litigation
- Supports our corporate vision as we build and reinforce our employees,' customers' and other stakeholders' loyalty
- Lets us demonstrate proper social accountability

Human rights due diligence
In 2020, we conducted a human rights due diligence exercise to identify and reassess salient human rights issues in our supply chain, particularly among our strategic suppliers. We analyzed our current policies, actions and commitments, and we planned further steps and actions based on this outcome to tackle human rights risks and opportunities.

The human rights due diligence exercise we conducted consisted of two parts:

1. Risk assessment on tier one suppliers to identify the possible risks, and grade and prioritize them by their relative importance (most salient risks such as forced labor, child labor, labor conditions, discrimination, freedom of association, wage and remuneration, and health and safety)
2. Gap analysis on the human rights risk management approach to assess the risk management approach GrandVision is taking to reduce the likelihood that these hypothetical human rights problems, particularly the most serious ones, will actually occur

The outcome of our due diligence exercise showed that GrandVision has a sufficient approach when it comes to the management of human rights risks. Based on these findings, we will take steps to form a cross-departmental human rights task force and strengthen our risk management approach. We will also establish more frequent supplier communication and introduce training to cover human and labor rights and other potential issues.

How we manage audit results
SGS applies a 'traffic light' color-coded scoring system to track measures we need to undertake if suppliers are not completely compliant with SA8000.

- Green: Supplier fulfils all requirements (no critical or major negative findings) and will be audited again in two years.
- Yellow: Supplier fulfils most standards (no critical findings, and high scores in most sections), but must improve in certain areas. In these cases, we proactively work with our audit partner to investigate the root cause. We also inform the supplier promptly so they can quickly set up a correction plan, and we re-audit these improvement areas in three months.
- Red: Supplier does not fulfil most criteria (has critical findings, and/or low scores in most sections), and will be fully re-audited in three months.

In late 2020, we implemented a new round of initial Code of Conduct audits with our 13 non-OECD Exclusive Brand frames and sunglasses suppliers across 28 factories.

We performed audits in all 28 factories and they received 'green' results except for one factory that received a 'yellow' result. When the factory received yellow results, we worked with our audit partner to investigate the root cause, so the supplier could set up a correction plan and undergo another audit.

The majority of non-OECD suppliers fulfilled all of our Code of Conduct and Social Compliance standard requirements.

Procurement and COVID-19
Our procurement team played an instrumental role in keeping our customers and employees safe during the COVID-19 pandemic. The team was a key contributor to our COVID-19 Task Force, which you can learn more about in our case study 'How we protect our customers, employees and business during COVID-19.' The team ensured swift and accurate sourcing of necessary personal protective gear for our employees and UV-C disinfection devices to disinfect our products in stores. This also contributed to our waste reduction efforts in our stores and offices. Learn more about our UV-C boxes and these efforts in our case study 'Joining forces for a more sustainable future: The achievements of our global CSR community.'

Strategic supplier audits and 2020 results

		2015	2016	2017	2018	2019	2020	2025 target
Suppliers in non-OECD countries	Signed Code of Conduct or equivalent (% of total)	12.5%	68.8%	100%	83%	100%	100%	100%
	Audited (% of total)	18.8%	93.8%	100%	91%	84%	100%	100%
	Fulfils all requirements (green)	0%	47%	94%	67%	81%	92%	100%
	Fulfils most requirements (yellow)	100%	53%	6%	29%	13%	8%	0%
	Does not fulfil most requirements (red)	0%	0%	0%	5%	6%	0%	0%
Suppliers in OECD countries	Signed Code of Conduct (% of total)	6%	23%	80%	83%	100%	100%	100%

2.3. Ensuring safe and high-quality products

We offer our customers contemporary and functional product designs, made with high-quality material and safety features. Since eyeglass frames are medical devices, we make sure they meet strict safety regulations to fulfil all customer and market expectations. We collaborate with cross-departmental representatives at our local retail brands and manufacturing sites to assess relevant quality requirements and related risks.

We perform product tests for ISO standards 12870 (eyeglasses) and 12312-1 (sunglasses) in internationally-accredited laboratories. This is to confirm our eyewear and eyecare products are safe and effective, as required by applicable regulations. We also work closely with subcontractors to resolve potential issues at the start of the manufacturing process by performing in-house quality checks on product prototypes. Then we perform inspections on finished products to guarantee stringent control and increase operational flexibility.

2020 accomplishments and future goals
Our biggest project in 2020 was establishing a Quality Management System in accordance with ISO 13485, required by the Medical Device Regulation (MDR). This was implemented in all the countries where we operate. The MDR defines quality and regulatory matters in the medical device industry, and GrandVision is on track to meet these objectives and compliance regulations.

In 2021, our Quality & Regulatory (QARA) team will improve our quality and regulatory compliance, including achieving ISO 13485 certification, establishing updated product quality requirements and improving compliance processes.

Post-market surveillance
Our global complaint-handling system allows us to collect, review and address our customers' product-related complaints and feedback. It is being enhanced to help us sort necessary information and analyze all customer complaints as well as all relevant feedback. This way we can learn from the actual performance of our eyewear and eyecare products on the market and use this valuable information to improve our products and processes. The global complaint-handling system is available across GrandVision's entire network.

We also established our new post-market quality control department in 2020 to continue to build and expand capabilities to ensure best-in-class QARA performance.

Quality assurance and COVID-19
During the COVID-19 pandemic, our main priority has been to ensure the safety of GrandVision employees and customers worldwide, while providing them with high quality, affordable eyecare.

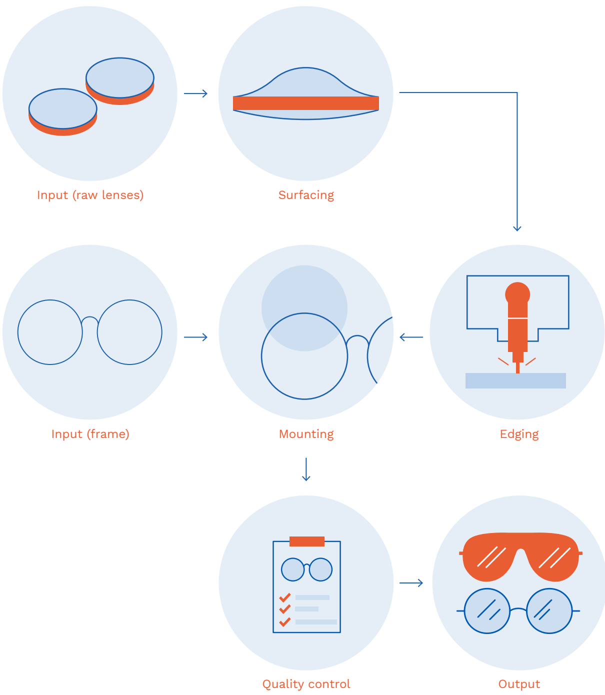
We sourced protective gear and enforced safety measures and processes to ensure the highest level of protection for everyone. The QARA team worked with the Procurement team to ensure the protective equipment GrandVision purchased for our employees and customers met performance requirements to provide the required level of protection.

We also developed specific safety protocols to make sure stores could protect employees and customers as well as our products. This was achieved by validating several product disinfection methods to prevent quality defects due to the stringent cleaning routines required in stores to sterilize products.

2.4. Manufacturing and dedicated production lines

Our efficient and safe Product Value Chain delivers quality products to our customers with low lead times, thanks to our 17 manufacturing sites, which are made up of one Regional Fulfillment Hub (RFH) and 16 TechCenters.

These manufacturing centers are strategically located across the countries where we are present and produce a high-quality end product.



Our RFH network strategy centralizes our manufacturing activities and consolidates them across our global network. This contributes to streamlined operations, increased operational control, stronger support for online and offline sales, a reduced carbon footprint and more benefits.

Our strategy to further centralize our production volume in our RFHs ensures our long-term value creation objectives. We also support global social and environmental goals by working at production sites that are overseen for optimal worker safety and environmental benefits.

Our planned RFH network aims to:

- Reduce our CO_2 emissions per processed eyeglass frame
- Increase water and energy efficiency with highly-sophisticated equipment
- Increase manufacturing precision and reduced material scrap, which lowers waste volumes per frame
- Increase activity control by experienced staff
- Reduce occupied space significantly to save supply and management resources
- Facilitate integrated e-fulfilment
- Support our instore showroom model

Our manufacturing sites produce more than 72% of the total spectacles we sell. The volume we processed in 2020 decreased by nearly 15% to almost 11 million. This decrease was the result of the adverse revenue impacts of the global COVID-19 pandemic.

During the COVID-19 pandemic, manufacturing sites also served as central platforms to deliver protective wear to our stores.

Manufacturing sites support our omnichannel customer journey and operational efficiencies

In 2020, we strengthened our manufacturing site network to enable the highest service level and quality of store fulfilment and customer orders. Our network operates and maximizes efficiencies by streamlining the edging, mounting and finishing processes for the majority of spectacles purchased in GrandVision stores.

This manufacturing site network includes the Porto RFH, which is a blueprint for all other RFHs that we will transform in the upcoming years. We expect this standardized and centralized network structure to yield significant benefits. This includes improved customer experience, better lead times, product availability, and significant efficiency gains in operating costs and working capital.

The Porto RFH serves our retail brands in Italy, Denmark, Sweden, Portugal and Spain and further optimizes our operations in these countries. In 1Q 2021 it will expand its services, and we will also upgrade our manufacturing site in the U.K. to an RFH modeled after our Porto blueprint to accommodate GrandVision's ongoing omnichannel ambitions regarding subscriptions and e-commerce.

This upgraded network will become essential to supporting our instore showroom model that allows our stores to only carry try-on inventory of optical frames. Frames in our stores' displays are considered samples, and customers can select the styles they like in this convenient setting. Once a customer places an order, both the frame and lenses are sent from our central inventory in the manufacturing sites. When the last pair of frames of a certain model is sold in the store, we finish it using remote edging services.

By the end of 2020, we successfully implemented our showroom model in France, Finland, Denmark, Sweden, Germany and the U.K. In 2021, we will roll out this model to The Netherlands, Belgium, Norway, Italy and Portugal.

By strengthening our manufacturing site network and establishing our store showroom model, we improve our supply chain and logistics, increase product quality and consistency, reduce lead time and environmental impact, and increase lean operations. This concept allows our store employees to focus more on customer service rather than manually finishing prescription glasses and sunglasses.

Continuous manufacturing site improvements

We strive to continuously improve our legal compliance with local Environment, Health and Safety (EHS) regulations. That's why we partner with Ramboll, a leading engineering company, to support our manufacturing site compliance journey. We employ dedicated environment management system personnel to keep track of our progress, and educate our site employees on EHS topics. We will carry out external manufacturing site audits for EHS compliance and additional topics in 2021. We expect the outcome of these audits to help us improve our working environment and further reduce our CO_2 impact.

We 'Reduce & Replace' plastic waste

Several of our retail brands implemented programs to minimize plastic packaging and ship reusable boxes between manufacturing sites and stores, which reduced their outbound CO_2 footprint. For example, in 2020, our German retail brand Apollo saved 117 tons of CO_2 by introducing additional initiatives to its 'Reduce & Replace' program by expanding its reach beyond logistics:

- Eliminate plastic bags from all stores
- Eliminate helium-filled promotional balloons
- Deliver eyeglass lenses to stores in FSC-certified paper instead of plastic
- Replace consignment lens plastic packaging to paper (about 70% implemented currently)

In 2021, the retail brand will further reduce suppliers' packaging waste and work to become carbon neutral.

Responsible resource use in our manufacturing sites

We track the environmental impact of our manufacturing processes and the materials we use — including those for eyeglass frames, lenses and packaging, as well as water usage, waste streams, gas and electricity.

We are aware of the environmental impact of the materials we use to make our eyeglasses. This includes acetate (a plastic blend of cotton), metals, plastic for lenses, and plastic and cardboard packaging. In 2021 we will complete a Life Cycle Assessment on the end-to-end Product Value Chain and impact of three of our products, including raw materials, packaging and lenses.

Through this study, we will gain a more granular and concrete overview of our carbon footprint and develop a plan to tackle its reduction. We aim do this more efficiently by concentrating on the largest areas of improvement across our value chain.

Furthermore, our manufacturing sites are also improving:

- Energy efficiency
- Efficient heating and cooling systems
- Electricity use reduction
- Water efficiency
- Waste reduction

We now also monitor CSR KPIs in manufacturing sites on a monthly basis, thanks to the development of centralized reporting dashboards.

Manufacturing site water efficiency
In 2020, our water efficiency in manufacturing sites decreased compared to 2019. These sites remained open and fully functional throughout 2020 despite the reduced volumes of spectacles processed during the year due to COVID-19. This resulted in an atypical water efficiency ratio compared to the trend we have seen during previous years.

However, we still have the ambition to continue improving our environmental performance and reducing our environmental impact. Our current 2025 reduction goal of 1.87 liters per spectacle processed remains unchanged.

Recycled waste streams in manufacturing sites (tons)

	2020	2019	2018
Plastic packaging	216	156	111
Paper and cardboard	299	368	216
Production waste	483	491	516
Total	**998**	**1,015**	**843**

Manufacturing site waste management
We strive to continuously improve our process efficiency while producing as little waste as possible. In general, our manufacturing site waste management systems are more efficient and sustainable than those of our local stores due to streamlined processes and procedures. We track waste streams in our manufacturing sites, including plastic packaging waste, paper and cardboard, residual waste from cutting and edging lenses and unused products.

Some of the good sustainable practices across our manufacturing site network include:

- Transporting products from production facilities to stores in reusable boxes
- Using edging machines to cut lenses without using water
- Converting heat from compressors into warehouse heating during winter
- Equipping machines that use water from water recycling systems
- Partnering with a recycling company to create construction materials from lens cutting waste

The overall amount of recycled waste in 2020 was about the same compared to 2019, despite the fact that we produced a reduced volume of spectacles in our manufacturing sites. We did see an increase in our plastic waste related to our enhanced hygiene, health and safety protocols related to the COVID-19 pandemic. The table above shows the split per waste stream for recycling in tons.

What to do with discarded demo lenses?
When they are shipped from manufacturers to manufacturing sites and stores, all eyeglasses use demo lenses made of plastics like acrylic to maintain their shape. However, demo lenses are not used after they are removed from frames and are discarded.

This is a dilemma for GrandVision, as we want to continue reducing waste and our environmental footprint. How can we safely receive and ship our products but reduce the weight of each shipment? And how can we replace and recycle these demo lenses?

Our Finnish team has already piloted a collaboration with a local provider to turn their demo lens waste into mugs. And now, our Demand Team is looking into more environmentally responsible alternatives to reduce the amount of demo lens waste produced each year. Two potential options being considered are to recycle or reuse the demo lenses for other purposes. In 2021, the team will investigate these options.

Total environmental pressure for GrandVision manufacturing site portfolio

	2015	2016	2017	2018	2019	2020
Total energy consumption (GJ)	41,169	43,728	42,393	45,151	49,731	50,928
Total CO_2 emissions (Ktons)	3.49	2.98	2.97	3.13	3.41	2.88
Total water consumption (1,000m^2)	20.0	23.2	22.8	22.9	23.3	24.36
Off-cuts offered for recycling (tons)	438	596	534	843	1,015	1,174

Total environmental pressure in manufacturing sites per spectacle

	2015	2016	2017	2018	2019	2020	2025 target
Energy efficiency (MJ per eyeglass processed)	4.6	4.2	4.0	3.9	3.9	4.7	-
CO_2 efficiency (grams of CO_2 per eyeglass processed)	391	284	282	266	267	265	205
Water efficiency (liters of water per eyeglass processed)	2.24	2.21	2.16	1.98	1.82	2.24	1.87

The above tables illustrate the environmental performance of our manufacturing site portfolio, as well as per spectacle processed. About 98% of all manufacturing site processes are included in the environmental tracker that we measure. Please note, we recalculated the 2018 data with updated conversion factors.

2.5. Efficient transportation process

One way we convert more customers into loyal fans is by exciting them with the most fast and flexible delivery lead times. To accomplish this, we rely on our transportation partners to deliver products from production facilities to our manufacturing sites and then to our retail stores by road, air and across oceans. We recognize the environmental impact this worldwide transportation process creates and work hard to reduce our negative environmental impact in line with the global climate change agenda.

The product journey from our suppliers to our customers is covered by multiple segments, which can be broadly described as:

- Inbound transportation: from production facilities to our cross-docks
- Outbound transportation: from our cross-docks to our manufacturing sites and retail brands

Inbound/outbound transportation / % of total shipments

Inbound transportation - production to manufacturing sites	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Ocean (% of total shipments)	47%	64%	75%	62%	73%	54%
Air (% of total shipments)	53%	36%	25%	38%	27%	46%
Outbound transportation - manufacturing sites to stores	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Road (% of total shipments)	91%	99.2%	95%	92%	98%	100%
Air (% of total shipments)	4%	0.8%	5%	8%	2%	0%
Ocean (% of total shipments)	5%	0%	0%	0%	0%	0%

Inbound transportation is done by ocean and air, while outbound transportation is mainly done by road travel. Our transportation policy and performance are tied to product demand. And as our customers want a wide variety of products delivered as quickly as possible, there has been an increase of inbound air shipments.

In 2020, we faced some logistics challenges, which were mainly driven by the effects of the COVID-19 pandemic. The full lockdown in China early in the year made a slight impact to our logistics flow in terms of timing, cost and efficiency, as well as overall CO_2 impact. Due to potential delays in our production process and to secure product availability for customers, we chose to ship our products by air instead of ocean freight. This resulted in an increase from 36% to 53% of shipped frames by air compared to 2019.

However, our strategy is to reduce our carbon emissions and this posed a challenge for us. Air transportation is faster than boat, but is more carbon-intensive. To mitigate our increased transportation-related environmental pressure, we focused on optimizing our product packaging. See 'Improved packaging reduces environmental impact' later in this section.

We also introduced outbound transportation by ocean to our retail brands in Denmark and Sweden in 2020 to reduce costs, lead-times and reduce our carbon footprint as much as possible in these countries.

Transportation / % of total transport movements

Transportation mode	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Ocean	26%	33%	34%	33%	40%	33%
Road	46%	49%	52%	44%	44%	39%
Air	28%	19%	14%	24%	16%	28%

Transportation carbon footprint

Emissions type	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Inbound (tons CO_2e)	3,538	2,711	3,156	5,116	3,431	3,590
Outbound (tons CO_2e)	1,766	165	691	920	303	92
Total (tons CO_2e)	**5,304**	**2,876**	**3,847**	**6,036**	**3,734**	**3,682**

In 2020, we saw an increase in both inbound and outbound CO_2 emissions. This increase in both categories is partially due to the COVID-19 pandemic and the subsequent lockdown in China. In order to deliver products to our customers on time, we had to ship products by air transport instead of ocean transport. We can also attribute about 5% of these inbound CO_2 emissions to retail brand emergency PPE shipments.

New for 2020 is the inclusion of direct deliveries from Latin America in our outbound CO_2 calculations. This additional data accounts for about 52% of our 2020 outbound CO_2 emissions.

Our goal is to keep balancing customer demand while reducing the environmental impact of our transportation modes. In 2021, we will establish and implement more environmentally-focused KPIs to lay the foundation for a green transportation program. We will also explore the potential of reverse logistics, which is possible thanks to manufacturing site centralization and further streamlined processes.

Reducing CO_2 emissions by rail transport

As we work to reduce our negative environmental impact in line with the global climate change agenda, we are exploring more ways to ship products to our manufacturing sites and stores. We are aware of the intense environmental impact that shipping products by plane has and are reviewing if there are opportunities to use a different method of product transportation.

Specifically, we are considering shipping eyeglass and sunglass cases by train as they are more durable and less time-sensitive products for our customers, compared to custom glasses, sunglasses and contact lens orders.

In addition to shipping cases, we are assessing more frequent railway shipping methods for all inbound and outbound deliveries to and from our cross-docks. However, we are waiting to make this decision until railway shipping is less affected by the COVID-19 pandemic to deliver products to our retail brands as quickly as possible and avoid additional transportation costs.

Improved packaging reduces environmental impact

While air transportation is CO_2-intensive, it is an essential element of our transportation logistics that guarantees speedy delivery to our customers. That's why we implemented emissions-reducing practices since 2019 into our logistics with the following projects that have:

- Reduced packaging material by optimizing box sizes
  - *Result:* Used fewer cartons and reduced empty space/volume during transportation.
  - *Example:* Optimizing box sizes reduced an estimated 20% of packaging material used (carton). This reduced an estimated 5% to 20% in transported weight on inbound ocean and air, as well as outbound truck transport.
- Consolidated volume to optimize transport
  - *Result:* Fuller container loads shipped using ocean transport and more efficient truck loads for road transport.
  - *Example:* We introduced consolidation points in Asia, which optimized inbound flow of products by air and ocean. This will lead to an estimated yearly savings of 6% on CO_2 emissions.

Although we planned to roll out more initiatives to lower our transportation-related carbon emissions in 2020, this was not possible due to a delay in our manufacturing activities related to COVID-19 limitations. And this meant we had to rely more heavily on transporting our products by air instead of ocean shipping. In 2021, we intend to get back on track with these initiatives.

2.6. End-of-product lifecycles

Although eyeglass frames and sunglasses have long lifecycles and are replaced every two to three years, we find ways to extend their usage to create more purpose and reduce environmental impact. We also contribute to shaping better consumption patterns and provide donations to help people in need.

Our GrandVision retail brands in seven countries currently offer second-life programs throughout their networks and collaborate with NGOs to collect and donate secondhand eyewear to communities in need. And an additional four countries are planning to introduce a second-life program in 2021 in their markets.

In cases where we can't sell all our inventory, we need to dispose of obsolete, high-quality products. We donate as many of these as possible to NGOs and research or educational institutions to help people who can't afford corrective eyewear, or to help students and researchers advance their studies.

You can read more about these collaborations and donations in Section 'Giving back to our communities and reducing environmental impact' in this report.

Contact lenses: A surprising source of pollution
Did you know that billions of contact lenses are not properly disposed of and add to the plastics pollution problem we currently face? According to research from Arizona State University, Americans alone flush nearly 2.9 billion contact lenses down the drain every year. This is why in 2020, we focused on the contact lens end-of-product lifecycle.

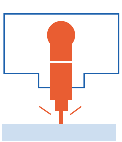
In September, we launched a contact lens recycling program in our Danish retail brand Synoptik, called GenSyn. It's a collaboration with lensmaker CooperVision and corporate recycling company TerraCycle. The program allows all contact lens wearers, even if they are not Synoptik customers, to dispose of their contact lenses and packaging at any of the 102 Synoptik store locations with dedicated recycling receptacles.

In the first three months of the program, we collected 46kg of waste. For every half-kilogram of contact lens waste Synoptik collects, it donates EUR 1.50 to Dansk Naturfredningsforening, the Danish Society for Nature Conservation.

Additionally, Synoptik in Denmark and Sweden have saved more than 54,000 unused packs of contact lenses from waste streams. When changing their prescription subscriptions, customers sometimes end up with unused, unpacked boxes of contact lenses. Now they can return these to our Synoptik stores and our colleagues check if the lenses and their packaging are intact. If they are unused and in perfect condition, Synoptik sends them to other Danish and Swedish contact lens subscribers with the same vision corrections.

In 2021, we will continue to measure the progress of these successful programs as well as continue to launch them in other markets.

Our main CO_2 emissions sources



Manufacturing sites

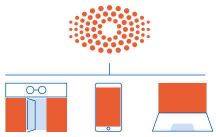
Heating / Cooling / Lighting / Use of machinery

2.88 kiloton CO_2 *(-15.3% vs. 2019)*

Transportation

Inbound / Outbound / Business travel / Employee commuting (HQ)

4.15 kiloton CO_2 *(-4.6% vs. 2019)**

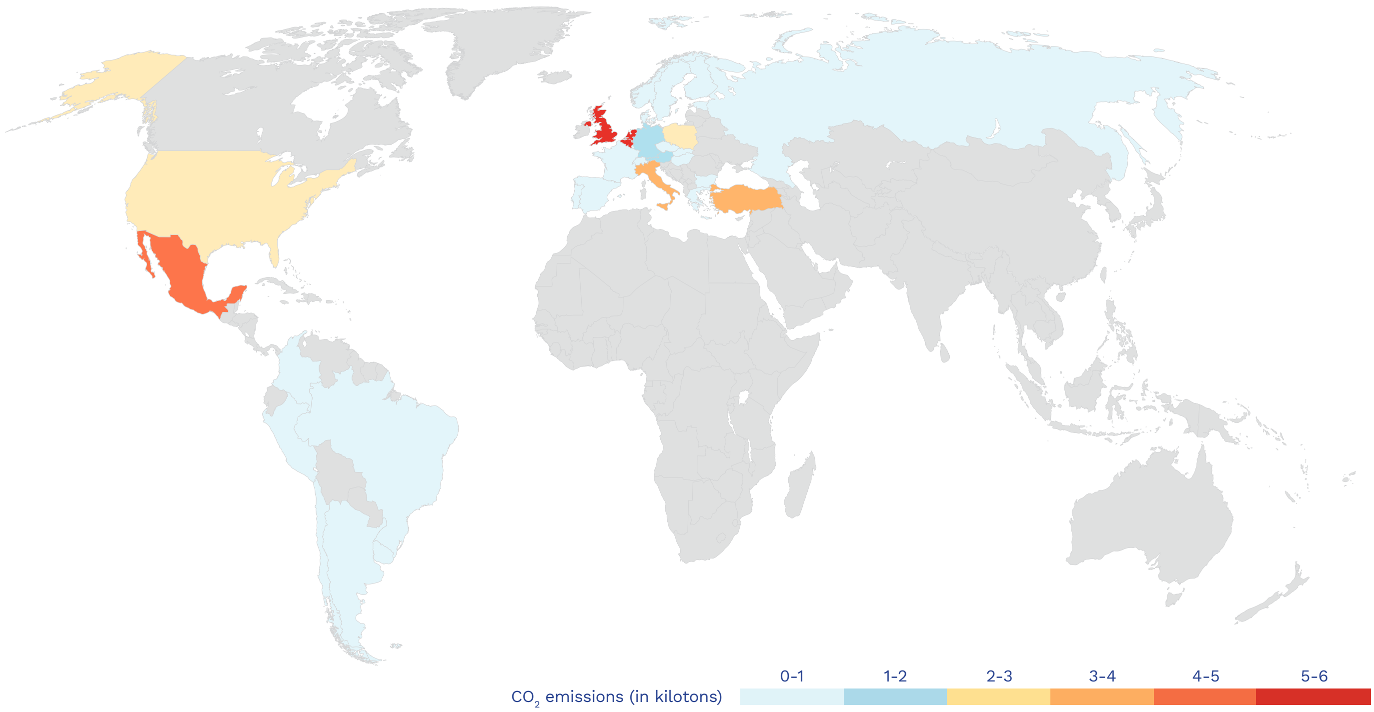


Our store network

Heating / Cooling / Lighting

33.87 kiloton CO_2 *(-38.4% vs. 2019)*

OUR CO_2 IMPACT MAP FROM STORES AND MANUFACTURING
BASED ON CURRENT DATA AVAILABILITY FROM OWNED STORES



INITIATIVES TO REDUCE OUR CLIMATE IMPACT

Sustainable products

- Introduce more sustainable in-house and third-party brands to the markets where we are present
- Turn the DbyD brand into a 100% sustainability-driven brand by 2025

Second life and recycling programs

- Eyeglasses and sunglasses: We run second-life programs to extend the duration of use of our products
- Contact lenses: Piloted contact lens recycling program in Denmark, to be extended to further markets; demo lens and cutting waste recycling have been tested in a number of markets, investigating opportunities to initiate in further locations
- (Plastic) packaging: Programs to to minimize plastic packaging and reduce waste in local operations (see 'Reduce & Replace' story in section 2.4)
- Office supplies: Cutting down on single-use plastic and paper in local offices and operations

Efficient resource use

- Following our RFH centralization strategy will lead to better opportunities for waste reduction and recycling
- Optimized packaging in inbound and outbound transportation
- Implementing LED lighting across store network and increasing the usage of renewable electricity
- Reducing waste in stores by using UV-C disinfection devices

TARGETS AND AMBITIONS *

- Reduce our overall energy consumption and Scope 1 and 2 emissions by 30% in 2025 compared to our 2018 consumption
- Reduce the CO_2 emissions per processed spectacle by 20% in 2025 compared to our 2016 consumption
- Reduce the CO_2 emissions per transported spectacle by 30% in 2025 compared to our 2016 consumption
- Equip all our stores with LED lighting by 2025
- Centralize 85% our final production activities, which include edging and mounting lenses, by 2025

** We are conducting a Life Cycle Assessment study to better understand the emissions of our entire supply chain*
** We plan to set new CO_2-related targets in 2021*

3. Our presence

By following our growth strategy and continuing to expand our presence, we improve our customers' access to high-quality, affordable eyecare products and services through our retail network of 7,260 stores. We support this strategy with our robust omnichannel platform and more than 39,000 employees; nearly 45% who are professional eyecare specialists.

We use our dedicated omnichannel platform to serve customers in their local communities where we are based and contribute to global social and environmental causes, too. This includes the UN's Sustainable Development Goals (SDGs) 3, 8, 7 and 12, which support responsible consumption patterns, the importance of good eye health and vision and road safety.

3.1. Our many customer touchpoints

At GrandVision, we serve our customers across more than 40 countries with more than 30 retail brands, some of which were recognized with multiple retailer awards in 2020. We also expanded our omnichannel customer journey to increase accessibility of GrandVision products and services. This way, our customers can shop for eyewear products on our brand websites and access professional eyecare expertise in stores.

We feel honored to be recognized with more than 40 awards worldwide and celebrated the following industry accolades in 2020:

- 'Best Optical Retail Chain' awarded to Pearle in Belgium, Eye Wish in The Netherlands, Interoptik in Norway and MultiOpticas in Portugal
- 'Trusted Brand Award' for the eighth consecutive year for MultiOpticas in Portugal
- 'Best Optician Chain 2020' awarded to Synoptik in Sweden
- 'Best in Service 2020 - Optical Industry' awarded to GrandVision Italy for a second year in a row
- Webshop excellence awards in the Optics category won by Pearle in The Netherlands and Belgium, as well as Apollo in Germany
- 'Consumer's Choice Award' for seventh year in a row; and 'Senior Consumer's Brand Award' for sixth year in a row by MultiOpticas in Portugal
- 'America's Best in State Customer Service' awarded to For Eyes in Florida, Maryland and Massachusetts
- 'Consumidor Moderno 2020' awarded to GrandVision Brazil for customer service excellence

Bringing eyecare to São Paulo

They say necessity is the mother of invention, or innovation, in this case. During 2020, when some of our customers in São Paulo could not make it to their local optician, we delivered a solution.

Our GrandVision colleagues in Brazil identified this eyecare gap during the first wave of the COVID-19 pandemic. The retail brand noticed that demand for glasses, sunglasses and contact lenses remained high, in spite of limits to store visits. To solve this challenge, our Brazilian teams launched 'GV Móvel,' a mobile store that drove near their customers and was a convenient, safe option for them to buy prescription glasses, sunglasses and contact lenses in their own neighborhoods.

Unlike individual retail stores, GV Móvel was a convenient way to bring our products and services directly to customers, as well as schedule visits to companies, other organizations and large apartment complexes that are traditional to the city landscape.

The retail brand ensured GV Móvel staff followed the World Health Organization (WHO) and Centers for Disease Control (CDC) and Prevention guidelines to keep the van clean and protect our employees and customers in line with COVID-19 regulations.

GV Móvel offered customers the best products and eyecare services available in a convenient and safe mobile setting, and provided advantages for partner companies, including:

- Exclusive discounts
- Prompt delivery of reading glasses
- Specially-priced glasses and sunglasses

Investing in our customer experience

In 2020, our capital expenditure investments excluding acquisitions totaled EUR 152 million. The majority of invested capital was used to optimize our existing store network, including safety equipment in stores to ensure a secure environment for employees and customers during the COVID-19 pandemic. We continue to improve our employees' work environments, enhance our operations and maintain responsive customer service.

The capital invested in non-store assets mainly supports our digital strategy and omnichannel capabilities. As of 2020 year-end, our global store network totaled 7,260, compared to 7,406 stores in 2019, a decrease of 2%. Despite COVID-19, store openings continued at a significant pace as we opened 187 stores across the network. As in previous years, we continued to assess our store network's quality, resulting in a closure of structurally underperforming stores mainly in the Americas and Asia segment. The network was also impacted by closures in India and Italy and the exit of operations in China, in addition to the absence of any significant network-contributing acquisitions in the period.

3.2. Accelerate omnichannel and digitally empower customer experiences

While the COVID-19 pandemic affected all retail sectors, led to temporary store closures and shifted customer behavior, we also experienced extraordinarily positive results from all our digital and omnichannel acceleration efforts. This resulted in higher instore conversions as customers were well-prepared, informed and visited us with a clear intent to purchase.

We also noticed that customers chose their preferred brands and opticians during this time, and were open to adopting new service channels to receive the eyecare advice and products they trusted. Many of these behaviors were an acceleration of existing trends, which reinforced our decision to provide a personalized omnichannel experience for our customers and access to our extensive network of professional opticians and eyecare services.

Our total e-commerce sales grew by 85%, while e-commerce sales at our retail brands more than doubled compared to 2019. We also achieved a significant increase in digitally-influenced store sales driven by omnichannel tools such online appointment booking, our mobile-first website, a store locator and an advanced Customer Relationship Management (CRM) platform.

The three pillars of our omnichannel customer experience strategy were responsible for this level of success.

1. Global omnichannel e-commerce platform

Our in-house Global Customer Experience & Digital (CX&D) team designed and developed a scalable and modular global omnichannel e-commerce platform. It was built on a MACH architecture (M= Microservices, A= API-first, C= Cloud-native, H=Headless). Since the platform launched in 2019, it now covers eight countries and 10 retail brands, including:

- Vision Express in the U.K. and Ireland
- Pearle Netherlands and Eye Wish in The Netherlands
- GrandVision in Italy
- MultiOpticas in Portugal
- Synoptik in Sweden and Denmark
- Pearle and GrandOptical in Belgium

In 2020, we enhanced this platform by adding significant features such as prescription glasses e-commerce, rolling out product ratings and reviews, expanding our virtual try-on functionality, and enabling 'Click and Collect' in a variety of markets.

These e-commerce and Content Management System (CMS) platforms allowed our markets and their local marketing and digital teams flexibility to seamlessly run and operate e-commerce business on a daily basis.

We will further enhance our customer-facing platform in 2021 with additional customer features and innovations such as enhanced product images, additional new product categories, feature enhancements to our prescription glasses e-commerce proposition and more payment methods. We will also focus on developing omnichannel functionalities such as our online and instore contact lens subscription proposition, a new feature enhancement to our global appointment booking tool. In addition to new feature development, we will continue to roll out our global omnichannel e-commerce platform to more markets in 2021, including France and Spain.

Can telemedicine replace in-person eye exams?

Telemedicine and virtual consultations are not new concepts, but rapid advancements in digital technology are making them safer than ever.

In countries that allow telemedicine, the COVID-19 pandemic and associated risks with face-to-face eye tests have led to formalizing virtual at-home eye tests.

Virtual eyecare applications are diverse, from a basic telephone review to online refractions and even virtual anterior eye exams. These suit changing customer behaviors and consumer megatrends. They can also resolve consumers' struggle to save time and money while improving health and sustainability. For more information on these behaviors and trends, see section 'The environment in which we operate' in this report.

We are confident that telemedicine and virtual consultations will enhance, and not be replaced by, our instore offerings. This technology will help increase customer loyalty through more avenues to provide care, convenience and satisfaction. It is the future of eyecare and can provide an additional platform in our robust omnichannel customer experience.

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2. Global Customer 360 marketing personalization platform

We are adapting our marketing approach to meet consumer trends and behaviors as we develop data-driven, highly personalized digital performance marketing and CRM capabilities. Our CX&D team developed an advanced customer data platform to offer a holistic view of customers, within the allowed boundaries of privacy regulations like GDPR. This enhanced 360-degree customer data platform enables us to use personalization across three categories:

- Marketing: one-to-one CRM marketing and one-to-many digital advertising
- Sales: online and instore sales
- Customer service: omnichannel touchpoints like chat, phone, email and social media

This valuable data helps us to better serve customers' needs by providing them with more relevant and timely information. It includes more tailored eye test reminders, personalized online product recommendations to enhanced customer service channels with a full 360-degree view of the relevant customer information.

Our Customer 360 platform was successfully piloted in Latin America in 2019 and extended to Denmark, Sweden and the U.S. in 2020. We will continue to develop and roll it out across multiple countries in Europe in 2021, including Belgium, Finland, Italy and The Netherlands. It will be the foundation for us to use advanced technologies such as machine learning artificial intelligence on our customer data sets, and provide actionable insights for our digital marketing, store sales, e-commerce, CRM and customer service teams.

We also developed an advanced global analytics platform that connects all GrandVision websites. It tracks and monitors a range of KPIs, including website traffic, appointment bookings, page views and e-commerce transactions to help us understand and improve our customers' omnichannel experiences.

3. Our standardized retail store concept and store experience

We have a standardized store concept that we implemented in nearly 2,200 stores across 30 countries. It ensures GrandVision stores worldwide deliver the same excellent service and award-winning customer journey experience. Our stores are the heart of our business and showcase our premium products and expert eyecare services delivered by our GrandVision 'Visionistas' and 'Fashionistas.'

Visionistas include optometrists, opticians and other eyecare professionals who deliver services to customers such as eye tests, comprehensive eye exams, and selecting optical and eyecare products. Our Fashionistas advise customers about frame and sunglasses trends and offer personalized style advice.

In 2020, we upgraded our store concept to further bring together digital and physical environments. This refreshed store concept provides a more engaging instore shopping experience for our customers while delivering a seamlessly integrated omnichannel customer journey, as well as improving the workplace experience for our store employees.

The concept focuses on the transparency of our eyecare offerings, with modern glass-walled eye exam rooms that still provide privacy for customers and opticians. In addition, store displays put our products at the center with clear visual merchandising that showcases our broad range of brands, models and prices. Interaction with our customers is a priority and is facilitated by a communal table located in the center of the store for customer consultations.

▲ A rendering of the standardized retail store concept

The goal of our concept is to be replicable enough to achieve economies of scale, and flexible enough to adapt each store for local needs. It gives a real and differentiated expression of territory for our retail brands, our Exclusive Brand and Non-Exclusive Brand products, too. It also underscores our ambition to be the leading eyecare expert in the industry and offer the correct, fashionable eyewear products our customers expect to find.

During the implementation, we preferred to work with vendors that integrated third-party certifications for quality and environmental management and those also working to achieve a circular business model.

We piloted the improved store concept in The Netherlands, Belgium, U.K., Germany, France and Switzerland, and initial customer responses were very positive. In 2021 we will complete the fine-tuning of this concept and start the roll out in Europe to make shopping for eyeglasses, contact lenses and sunglasses even more enjoyable and engaging for our customers.

In addition, we are testing advanced eye test machines, the latest eyecare products and technologies in stores and online in several countries while meeting local laws and to also stay on pace with the latest trends and innovations. We piloted online eye testing in Finland and Poland in 2020. Depending on the outcome of these pilots, we may scale the technology to other countries and provide our customers an option to conduct eye exams from their own homes.

LED store lighting environmental benefits

LED lighting is a required GrandVision standardized store design specification that benefits our company and the environment. More than 3,600 stores (about 58% of our own stores) are equipped with LED lighting, and our target is to equip every store by 2025.

In 2020, we retrofitted 471 stores, which led to an estimated:

- 3.51 GWh less energy consumption
- 1,451 tons avoided CO_2 emissions

Since we started using them, our LED-equipped stores have helped us to annually:

- Consume 27.3 GWh less energy
- Avoid emitting 8,845 tons CO_2

If we achieve our target in 2025, we can avoid the annual consumption of 46.9 GWh and emission of 14,164 tons CO_2. This reduced electricity consumption can also lead to positive financial effects for GrandVision thanks to reduced electricity costs.

3.3. Giving back to our communities and reducing environmental impact

In 2020, we continued to integrate Corporate Responsibility & Sustainability (CSR) into GrandVision's group strategy and increase our environmental, social and corporate governance (ESG) commitments. We onboarded all GrandVision retail brands to the global CSR concept – GrandVision Cares and continue to work on our guiding ESG priorities, which include to:

- Foster an inclusive and diverse work environment
- Reduce environmental impact of supply chain and store operations
- Give access to high-quality, affordable eyecare to customers and donate to those in need

Having a strong CSR agenda is a great boost for employee engagement and motivation, and participation in GrandVision CSR activities has been increasing and become source of employee pride. Thanks to this, our local management teams and CSR ambassadors have assisted with the CSR strategy rollout and established local CSR governance teams. These teams include representatives from strategic functions such as Product Value Chain, finance, People & Culture, and marketing and communications.

Fostering a culture of inclusion and diversity

GrandVision's goal is to foster an inclusive culture that enables our ambition to grow and support a diverse workforce. One of the major topics on the agenda for 2020 and 2021 is gender diversity and equality. Gender equality is a fundamental human right and a necessary foundation for a peaceful, prosperous, and sustainable world. GrandVision's female employees are an integral part of our business and are vital to our commercial success. We want to make sure they get the same chances to grow, develop and thrive as their male counterparts.

However, we noticed a trend that fewer female employees reach higher positions in sales and operations roles at the management level. It was important for us to first learn why there is this trend at GrandVision and then plan how we could change it for the better.

One of our initiatives was to bring together our own diversity leaders from across the globe along with a group of students from Rotterdam School of Management-Erasmus University to get a fresh perspective on this social issue and find a solution to resolve it. This initiative is part of a program called the Student SDG Challenge. It pairs Dutch universities with Netherlands-based companies to solve a business problem related to the UN Sustainable Development Goals. Learn more about this in section 1.3 'Our inclusive, diverse and ethical work environment.'

Reducing environmental impact across operations

With our presence across more than 40 countries, our operations contribute to a large part of our carbon emissions. To meet our global alignment on this topic, all of GrandVision's retail brands have already launched, or are launching, various waste, paper, plastic and other resources reduction initiatives.

For example, GrandVision France implemented a successful paper reduction program and reduced their paper consumption in 2020 by an estimated 47 tons. In France, buying eyeglasses used to require several printed quotes, forms and signatures. Our French retail brands reduced their paper usage by updating the customer signature process from paper-based to digital signatures. And their customers can now opt in to receive quotes and receipts directly by email. They will keep reducing their paper usage in 2021 by incorporating software that will centralize and digitalize health insurance form checks, eye test results and more.

And GrandVision Portugal launched an internal environmental program 'GreenVision,' which started with the elimination of single use plastic across offices and stores. The Portuguese retail brands are planning multiple further initiatives. One of these includes planting a tree for every pair of prescription eyeglasses sold on World Tree Day on 21 March. They will partner with organization National Association of Forestry and Environment companies to plant these trees in deforested areas of Portugal in honor of Earth Day on 22 April.

Giving access to high-quality affordable as well as free eyecare

In 2020, our CSR Ambassador community continued our mission to give back to people in communities where we are based and raised more awareness about important eyecare causes. Through our global charitable outreach we were able to:

- Organize mission trips closer to home to donate:
  - Free eye tests
  - Eyecare equipment
  - Eyeglasses
  - Contact lenses
  - Protective gear to communities in need and COVID-19 pandemic first responders
  - Raise thousands of euros for communities in need and nonprofit organizations

We also joined forces to raise awareness on these important dates throughout the year:

- March 8-14: World Glaucoma Week
- March 23: World Optometry Day
- May 8-14: UN Global Driver Safety Week
- September 8: International Literacy Day
- October 8: World Sight Day

For more information about what our CSR Ambassador community achieved in 2020, see our 'Joining forces for a more sustainable future: The achievements of our global CSR community' case study.

World Sight Day 2020

We observed World Sight Day by connecting our retail brands and operating through our global network of CSR Ambassadors to make a difference in our communities. In spite of the COVID-19 pandemic, we were able to continue our tradition by switching to virtual initiatives.

The group raised awareness about eye health through a viral challenge that gained popularity internally using our internal social media platform, Yammer.

Hundreds of our employees volunteered or contributed to our charitable efforts on World Sight Day. Their impact was felt across our global network and they were able to:

- Donate thousands of free eye tests
- Raise monetary donations for nonprofit organizations
- Help thousands of people worldwide

IN FOCUS

Joining forces for a more sustainable future: The achievements of our global CSR community

Our Corporate Responsibility and Sustainability (CSR) program touches nearly every segment of GrandVision's business. In 2020, we continued to develop it, further grew our CSR ambassador network across the organization and gave back to communities during the COVID-19 pandemic.

CSR Ambassador community growing strong

In 2020, we celebrated several achievements thanks to the help of our ambitious CSR Ambassadors worldwide. Together, they activated GrandVision's global CSR strategy.

Raised awareness: Our CSR Ambassador community raised awareness by sharing eye health information, global social issues related to access to eyecare, and the environmental impact GrandVision is making.

- In 2020, we aligned the entire CSR Ambassador community to promote global initiatives like diversity and gender equality, drivers' safety and other societal issues. For this purpose, we joined forces on International Women's Day and UN Global Road Safety Week, and highlighted the link between good eyesight and education on UN World Literacy Day. We shared information about these topics on retail brand social media platforms, our websites and related webinars and other online events.
- For the third year in a row, GrandVision observed World Sight Day, which is led by the International Association of Preventable Blindness. Our ongoing goal is to raise awareness about the world's most common eye diseases and make eyecare more accessible for all. In 2020, nearly all our retail brands hosted volunteer events, donated eye tests and eyewear and raised funds for the cause.
- In 2021, we are further aligning our CSR Ambassador communications with GrandVision's Eye Care Council to educate others about eye health and raise awareness about eye conditions that affect millions of people around the world like myopia, glaucoma and age-related macular degeneration.

Give back to our communities and take care of the environment: Despite limitations of COVID-19 pandemic safety guidelines, our CSR Ambassadors organized charitable events across the globe and reduced waste production in our stores and offices. They also helped communities in need during the COVID-19 pandemic.

Many of our retail brands donated personal protective equipment (PPEs), contact lenses, glasses and accessories to frontline healthcare workers and people in dire economic situations. For example, the GrandVision headquarters donated more than 40,000 face masks to a local food bank, GrandVision Benelux generously donated 10,000 pairs of safety glasses to local healthcare workers, and GrandVision Portugal donated food to families in need and laptops to students without access to remote learning technology.

Our Ambassadors also helped reduce COVID-19 pandemic-related waste in stores, manufacturing sites and offices. They made their own hand sanitizers in reusable containers according to World Health Organization standards. They also provided reusable PPEs for employees, introduced UV-C disinfection devices for stores to sanitize dozens of eyeglass frames without paper or soap, and installed protective walls in stores, and manufacturing sites to provide safe distancing and protection from each other and customers.

Based on some simple calculations made by CSR Ambassadors at Apollo, our German retailer, we estimated that using UV-C boxes could save 35,000 disinfectant cloths per day for the entire brand portfolio in the country. This could equal 175,000 wipes used per week, or nearly nine million wipes per year. Currently, about 60% of the GrandVision store network have implemented UV-C boxes, totaling nearly 4,300 units.

In addition, Ambassadors made significant progress in helping communities where we are based. Our retail brands in Argentina, Hungary and Portugal hosted mission trips closer to home to provide people in need with much-needed, donated eyecare and eyewear.

Thanks to GrandVision's integrated CSR strategy and the support of our global CSR Ambassador community, we continue to raise awareness about social issues related to eye health, as well as incorporate more sustainable and responsible practices across our business.

As one of the largest optical retailers in the world, it is our duty at GrandVision to make eyecare more accessible, give back to our communities and lead the industry in a more responsible direction.

3.4. We are a responsible corporate citizen

At GrandVision, we prioritize effective corporate governance and good company-wide business practices to maintain the value we create. We do this by complying with all regulations and engage with our employees on maintaining ethics and good conduct.

Ethics and good conduct

GrandVision's Management Board is committed to providing a respectful working environment that creates a culture focused on long-term value creation across our business and affiliated enterprises. And we are proud of our core GrandVision values that support this commitment:

1. Integrity
2. Trust
3. Openness
4. Teamwork
5. Superior customer service and store performance

Maintaining focus on customers' needs and experiences is at the heart of all we do. This helps us continue creating value for the long term. And it is why we share a common understanding and guidelines to help reinforce and uphold our values, which are actively promoted by our Management and Supervisory Boards.

The GrandVision Code of Conduct and our Whistleblower Procedure support our employees, customers, suppliers and other stakeholders to detect and alert the organization if a deviation may occur. They are available in all local languages to make sure every employee has a thorough understanding of both policies.

Our Code of Conduct

Our Code of Conduct provides everyone with a clear and common understanding about our guidelines that reinforce and apply our core values. Each year, every employee in our stores and offices is required to take our Code of Conduct on our GV Academy e-learning platform. Training completion is also mandatory for new hires in their onboarding process. In 2020, 94% of our employees signed the Code of Conduct and we are improving the participation and completion rate to meet our target of 100% by 2025.

Our specialized Code of Conduct training course covers a variety of topics such as anti-corruption, bribery and data security. We also send all employees regular reminders and leadership communications about the topic.

You can find our Code of Conduct online at GrandVision.com.

Our Whistleblower Procedure

We encourage everyone to report any infringement of our Code of Conduct by following the GrandVision Whistleblower Procedure. It can be used by employees and contractors, customers, suppliers, business partners and the general public who can share evidence of infringements of our GrandVision Code of Conduct.

In 2020, our Compliance Officer received four Whistleblower reports, and they were followed up in line with our Whistleblower Procedure and duly reported to the Audit Committee.

You can find our Whistleblower Procedure online at GrandVision.com.

Antitrust and competition law compliance at GrandVision

GrandVision proactively ensures full compliance with all legal as well as good-governance principles. This includes all aspects of competition law and antitrust compliance, which is why we established a company-wide policy about antitrust and competition law compliance. The Management Board monitors its effectiveness and implements this policy. Every GrandVision employee receives mandatory annual awareness training on antitrust and competition law compliance.

You can find more details about our Competition Law and Antitrust Compliance Policy online at GrandVision.com.

Data compliance

Data protection and cybersecurity are part of our wider compliance program. They ensure compliance with all relevant local legislations, including the *EU General Data Protection Regulation* (GDPR). We take our responsibility seriously as an employer and health service provider to protect everyone from potential data security issues. And in 2020, we ensured our countries were GDPR-compliant, while further strengthening our governance structure.

Our data compliance program also helps create and maintain a culture of responsible and safe handling of personal, customer and employee data. It includes company-wide policies for personal data and information protection, data retention, IT end-users, data breach protocol and social media use. We have also set up a governance structure to make sure the cybersecurity compliance program is implemented in all GrandVision countries.

We appointed Data Protection Officers (DPOs) in every country who implement their respective policies. They report to our Group Data Protection Officer (Group DPO), our CFO. Each year, DPOs receive training through internal legal webinars and organize calls to facilitate the sharing of best practices. Our cybersecurity training is also mandatory and available on our employee GV Academy e-learning platform.

Data privacy and security

GrandVision obtains user data through lawful means, with explicit consent of the data subject as required. Our privacy policies adhere to local requirements and are available on all GrandVision retail brand websites.

We also standardized our cookie consent management for all globally-managed GrandVision retail brand websites using a third-party platform. Otherwise, cookies are managed on a local level using the same or similar management platform.

We also make sure that all emails and SMS messages sent to customers meet local, applicable policies on consent, whether they are governed by a purpose framework in GDPR markets or a communication channel framework, or both.

GrandVision also clearly defines any actions involving the collection, use, sharing and retention of website user data, including data transferred to third parties. These locally-owned policies as legal requirements are explicit and vary depending on the market. Each of our policies are publicly available in the data privacy section of each of the retail brands' websites.

Data privacy program

Keeping our data secure respects the privacy of our customers and employees. Our employees complete regular data privacy management lessons through a series of classes in our GV Academy training platform. These classes are mandatory and assigned to employees on an annual basis.

In addition, we offer clear and accessible mechanisms for data subjects to raise concerns about data privacy. Subject access request procedures can be accessed using the privacy policies on our retail brands' websites. These mandate certain protections to ensure third parties do not access any individual's data without their consent. And the ultimate responsibility to keep our data secure belongs to our Group DPO.

Protecting human rights across all organizations

We are dedicated to protecting human rights across our Product Value Chain; it is of utmost importance and aligns with our Ethics and Compliance programs. It also supports GrandVision's role as a responsible corporate citizen that contributes to the global human rights agenda. We establish policies, commitments and actions to safeguard human rights and manage the risk of noncompliance across our entire value chain. Our three most relevant areas are:

- Health and safety in production and manufacturing sites
  Read the 'Strategic sourcing and product procurement' and 'Manufacturing and dedicated production lines' sections for more information.
- Labor rights across all operations
  Read the 'Strategic sourcing and product procurement' and 'Our inclusive, diverse and ethical work environment' sections for more information.
- Data privacy and security
  Read more in the 'Data compliance' paragraph in this section.

We also implemented an annual risk management cycle to identify key risks and developments, which are addressed in an ongoing process. During our annual budgeting process, country management and central functional teams also conduct risk assessments. They update key risks based on these assessments and an evaluation of the outcomes of the risks that have already been identified. Compliance risks are included in our assessment.

For more information, read the 'Risk Management' section of this report in the 'Corporate Governance' chapter.

In 2020, we conducted a human rights due diligence exercise to identify and reassess salient human rights issues. These are people at risk of the most severe negative impact through our activities and business relationships. We analyzed our current policies, actions and commitments. Based on the outcome, we planned further steps and actions to tackle uncovered human rights risks and opportunities. We began remediating existing impacts and strengthening key elements of our company policies and processes, internal and external communications and stakeholder engagement.

Read more about our due diligence exercise in the 'Strategic sourcing and product procurement' section of this report.

Preventing bribery across all operations

GrandVision remains committed to preventing bribery across all of our operations. This is in line with our Ethics and Compliance programs, as well as being a responsible corporate citizen that contributes to the global human rights agenda.

To accomplish this, we established policies and commitments, and take actions to safeguard the respect of international anti-corruption and anti-bribery regulations.

Our Code of Conduct and Supplier Code of Conduct are published online at GrandVision.com. They describe our commitment and expectations to all employees, suppliers, contractors and competitors to refrain from offering, promising or giving any bribe to GrandVision employees, representatives or agents, whether directly or indirectly.

Our Supervisory Board oversees our overall performance, which includes policies such as our Code of Conduct and compliance with all applicable laws, including anti-corruption and anti-bribery regulations.

A dedicated compliance officer for our Whistleblower Policy ensures there is an effective reporting process in place if bribery may occur. Read more about 'Our Whistleblower Procedure' in this section.

Additionally, our employee and supplier Codes of Conduct include anti-bribery clauses. Please see the 'Strategic sourcing and product procurement' section for more information. This type of compliance risk is also included in our annual risk management cycle. For more information, read the 'Risk Management' section of this report in the 'Corporate Governance' chapter.

Our transparent and responsible tax strategy
For GrandVision, giving back to local economies is part of our role as a responsible corporate citizen. We embed tax implications into business processes when and where they originate. These even appear in the smallest shifts of business operations, from new products, services, digitalization or use of technology, which can have implications on our national and international tax positions. Our tax strategy is designed to navigate all these complexities and ensure we pay the right amount of tax to comply with all legislations.

We developed our tax strategy to align with our corporate values of integrity, trust and openness, and by including input from our wide variety of stakeholders. For instance, how we communicate about our tax affairs is further shaped by societal demands for transparency.

We are also progressing our tax strategy execution by developing a GrandVision Tax Network and further tax-enhancing company systems such as Enterprise Resource Planning and other technologies. GrandVision's tax strategy is supported by a Tax Control Framework that allows us to effectively manage and control our tax positions.

We report on our tax risks and the tax strategy execution to the Audit Committee and the Supervisory Board. The committee is also the governance body responsible for approving GrandVision's tax strategy. Any concerns of deviation from our tax strategy and principles can be reported through our Whistleblower Procedure. It is available online at GrandVision.com and can be used by employees and contractors, customers, suppliers, business partners and the general public.

While we do not actively engage with policy makers on this topic, being clear about our tax approach in our Annual Report provides an opportunity for us to underline the importance of a transparent tax policy at GrandVision.

The principles of our tax strategy are to:
- remain compliant at all times
- pay the correct amount of taxes across the value chain in the jurisdictions where we have a presence, and in accordance to where value is created
- reflect tax implications from business activity accurately in company records in real time at an entity level

Our tax policy

GrandVision's tax strategy lets us pursue a transparent and responsible tax policy across all countries where we operate. It aligns the long-term interests of all of our stakeholders, shareholders as well as governments and communities. The policy also helps us realize our tax goals.

For more information, you can find our tax policy online at GrandVision.com.

Our tax transparency successes

At GrandVision we pursue a transparent and responsible tax strategy across all countries where we have a presence. This is an important part of our goal to be a responsible corporate citizen as well as our contribution to local economies.

Thanks to ongoing improvements to these responsible business practices, we improved our Tax Transparency score, and we successfully achieved a position in the top 10% of participants in the Dutch Annual Tax Transparency Benchmark by the VBDO (Association of Investors for Sustainable Development). The 2020 ranking included 77 Dutch listed companies.

Tax Control Framework

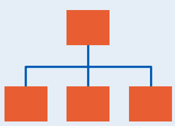
We ensure compliance with tax regulations through our GrandVision Tax Control Framework. It allows us to effectively monitor, control and manage Group-wide tax positions. It also creates awareness of possible tax exposures and helps us to report our tax positions, such as how to effectively comply with country-by-country obligations.

We also maintain strong working relations with tax authorities, which we manage through collaborative working arrangements (horizontal monitoring) in countries where this is possible. For example, we regularly collaborate with tax authorities in The Netherlands and the U.K. During 2020, our continuous engagement with tax authorities in various countries and consistent tax strategy compliance proved extremely valuable at the first outbreak of the COVID-19 pandemic.

Our framework enables our GrandVision global tax network to monitor and manage KPIs, including the timely and correct filing of quarterly VAT, Transfer Pricing obligations, country-by-country reporting regulations, effective tax rate (ETR) and our position in tax transparency benchmarks.

Our approach to tax also considers the work of our independent GrandVision Internal Audit function, which provides assurance and validation of the overall internal control frameworks, including the Tax Control Framework.

GrandVision's four tax pillars

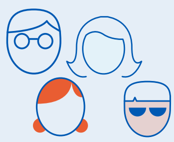


Organization

Support the local finance functions through our global GrandVision tax network. Train the broader GrandVision finance community to ensure that tax implications from business operations are understood and dealt with in a timely manner.

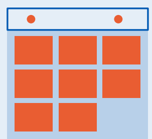
Data management

Integrate tax management in business processes and data management by including tax data needs in ERP systems and other business technology.



Stakeholders

Build open and transparent relationships with governments in jurisdictions where we operate.



Planning and transfer pricing

Use formalized transfer pricing frameworks and policies to avoid double taxation and align to business reality. In this way, GrandVision is paying taxes across its value chain in the jurisdictions where the respective value is created.

Our contribution to socio-economic development

At GrandVision, the taxes we pay contribute to socio-economic development.

Taxes contributed by segment (x €1000)

	2020	2019	2018	2017	2016	2015
Total Income Tax in EUR	53,954	79,177	81,672	101,055	95,775	103,021
of which income taxes segment G4	52,163	72,670	61,190	72,494	77,116	83,468
of which income taxes segment Other Europe	3,823	18,946	11,743	16,656	17,528	19,865
of which income taxes segment Americas & Asia	2,517	7,983	5,506	7,080	-3,188	1,530
of which income taxes corporate	-4,549	-20,422	3,233	4,825	4,319	-1,842

In 2020, GrandVision reported EUR 54 million in current and deferred income tax.

Our effective tax rate (ETR)

	2020	2019	2018	2017	2016	2015
Effective tax rate (income tax as % of pre-tax results)	584.5%	28.9%	25.6%	28.9%	27.5%	30.8%

At GrandVision we use the ETR indicator to gain insight into our relative tax contributions, which divides income tax by total pre-tax results. In 2020, the ETR indicator was not comparable with previous years due to different weights of the profits and losses in the markets we operate in and the relevant tax rates due to the COVID-19 pandemic.

In addition to income tax, GrandVision generates funds for communities through other taxes and levies such as VAT, local employee taxes and social securities. Today, we believe it is more important than ever to be transparent about tax. We are further progressing on our transparent approach to tax and are currently taking steps to implement external reporting of GrandVision's total tax contributions per segment or on a country basis.

In 2020, GrandVision paid and has borne taxes exceeding the total of about EUR 627 million. The total includes corporate income taxes (about EUR 58 million), as well as taxes paid and borne on behalf of customers and employees such as VAT (about EUR 226 million), wage taxes (about EUR 154 million), and social security (about EUR 187 million). We are proud of this, and want our stakeholders to understand what we contribute through tax payments to the communities where we are based, and why we do this.

Tax risks

As an international company operating in more than 40 countries, GrandVision is exposed to a variety of tax risks and uncertain tax positions. An example of a tax risk to potentially materialize is, for instance, when the company has deviating viewpoints on the interpretation of law as opposed to tax authority.

We established our Tax Control Framework to maintain up-to-date insights into these tax risks.

In 2020, we continued to conduct the same review of tax risk management cycles as in previous years. GrandVision follows the 'more-likely-than' principle in regards to its tax risk appetite and for making decisions on tax matters.

This review covered the complete risk spectrum, which begins with risk identification and ultimately to uncertain tax positions in financial reporting, and reporting to the Supervisory Board and Audit Committee.

Due to the nature of our retail industry, core business and international profile, GrandVision may experience key tax risks and uncertainties in areas of indirect taxes, such as VAT and taxes and levies within the scope of cross-border transactions.

4. Our financial performance

GrandVision reported EUR 3.5 billion in revenue and EUR 266 million in adjusted EBITA for 2020. Despite the strong resilience our business demonstrated, the revenue and adjusted EBITA were 12.2% and 43.1% below 2019, respectively, at constant exchange rates. The global business disruption caused by the COVID-19 pandemic more than offset the strong performance of our e-commerce business and ongoing efficiency gains resulting from our steps towards a structurally-improved profitability ambition.

4.1. Group performance

in millions of EUR (unless stated otherwise)	2020	2019	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	3,481	4,039	-13.8%	-12.2%	-13.7%	1.4%
Comparable growth (%)	-14.1%	4.1%				
Adjusted EBITA	266	475	-43.9%	-43.1%	-44.2%	1.1%
Adjusted EBITA margin (%)	7.7%	11.8%	-411bps			
Net result	- 45	195				
Net result attributable to equity holders	- 67	178				
Adjusted earnings per share, basic (in €)	- 0.07	0.91				
Earnings per share, basic (in €)	- 0.26	0.70				
Number of stores (#)	7,260	7,406				
System wide sales	3,818	4,407				

Operational highlights

Long-term demographic trends such as consumers' increasing need for eyecare around the world as well as attention to value, quality and fashion continued to support the growth of eyecare demand in 2020. Also, an increased focus on an omnichannel customer journey, contributed to the underlying good performance of GrandVision in this challenging year. Our resilience was demonstrated during the COVID-19 pandemic.

As soon as the potential impact of COVID-19 pandemic for our territories became apparent, we operated under three priorities: Care, Cash, Continuity. We successfully focused on our people, customers, stakeholders and GrandVision's financial health thanks to our thorough scenario-planning and established a central Task Force to ensure clarity of communication and effective execution were vital drivers of this success. Our swiftly crafted business continuity plans, highly motivated and resilient teams and strong operational performance in each of our 7,260 stores and support offices enabled us to mitigate the effects of COVID-19.

The temporary store closures during the first half of 2020, as well as an overall reduction in retail store footfall through the entire year, resulted in GrandVision's revenue to decline by 12.2% compared with the same period a year ago at constant exchange rates and a comparable decrease of 14.1%.

Throughout the course of the year, the benefits of our sustained investments in our digital capabilities were clearly seen in our performance. Total e-commerce sales grew 85%, while e-commerce sales generated by our retail brands more than doubled compared to the prior year.

During 2020, we also focused on successfully integrating the acquisitions we made in 2019. We successfully integrated McOptic and Óptica2000 into our business.

The excellent business integration of McOptic in Switzerland exceeded expectations, positively contributing to the segment's profit. In total, these acquisitions added 1.4% to our overall revenue growth and 1.1% to EBITA growth.

System-wide sales, which reflect the retail sales of GrandVision's own stores as well as our franchisees, decreased at the same level by 13.4% to EUR 3,818 million (FY19: EUR 4,407 million).

Our performance varied significantly through the months after the outbreak in March 2020, with a strong recovery in 3Q as restrictions were lifted. Our business continuity plans and operational excellence based on the fundamentals of our long-term strategic initiatives enabled us to partially mitigate the effects of the COVID-19 pandemic and continue to meet our customers' critical needs. By rapidly adapting to the changing environment, we managed to partially mitigate the dramatic decline in customer traffic through higher conversion and intensified online activities. We were also aided by short-term government support in some countries.

In the third quarter, we were able to drive a strong recovery to pre-COVID-19 pandemic levels as restrictions were lifted and more than 90% of our store network gradually reopened. While we continued to see customer traffic below prior levels in this quarter, we successfully managed to partially compensate this by higher customer conversion in store.

Towards the end of the year, the second wave impact resulted in a slowdown of the recovery we managed to achieve in 3Q and 4Q 2020.

As a result, GrandVision's EBITA declined by 43.1%, compared with the same period a year ago at constant exchange rates to EUR 266 million (FY19: EUR 475 million).

Store network development

	2020	2019
Number of stores	7,260	7,406
Number of own stores	6,119	6,226
Number of franchise stores	1,141	1,180
Number of countries in which GrandVision is present	43	43
Number of retail brands	30+	30+
Number of employees (average FTE)	33,542	34,143

GrandVision's store base decreased in 2020 to 7,260. Despite the COVID-19 pandemic, store openings continued at a significant pace as we opened 187 stores across the network. As in previous years, we continued to assess our store network's quality, resulting in the closure of structurally underperforming stores, mainly in the Americas & Asia segment. The network was also impacted by closures in India and Italy and the exit of operations in China, in addition to the absence of any significant network-contributing acquisitions in the period.

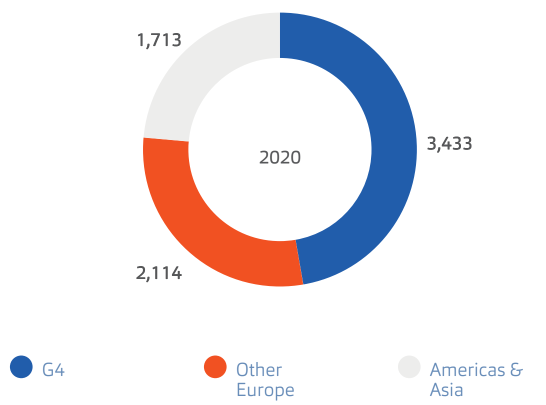
Out of the total network of 6,119 stores, or 84%, were our own and 1,141 were franchises.

Although customer traffic remained below pre-COVID-19 pandemic levels, the increase of online appointment bookings and a higher purchase intent drove higher customer conversion in our stores. Our stores' convenient locations played a key role in satisfying customer behaviors and needs.

Store network development

In the G4 segment there was a slight net increase of the store base with 5 stores, driven mainly by openings and few store acquisitions in Belgium, The Netherlands, France and Germany, increasing our network by 75 stores being partially offset by store closures. During 2020, the Other Europe and Americas & Asia segments had more closures than openings. The closures in these segments reflect the store network rationalization due to the anticipated turnaround plans. The Other Europe segment had 45 store openings, while Americas & Asia opened 74 new stores that were fairly spread out among the subregions of Latin America, the U.S. and Asia.

Stores by segment



Revenue development

in millions of EUR (unless stated otherwise)	2020	2019	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
G4	2,028	2,266	-10.5%	-10.3%	-11.1%	0.8%
Other Europe	1,103	1269	-13.0%	-12.4%	-15.6%	3.1%
Americas & Asia	349	505	-30.8%	-20.4%	-20.4%	0.0%
Total	3,481	4,039	-13.8%	-12.2%	-13.7%	1.4%

For the full year 2020, revenue decreased by 12.2% at constant exchange rates to EUR 3,481 million (FY19: EUR 4,039 million) or 13.8% at reported rates, including negative currency translation effects of approximately EUR 64 million, primarily due to the depreciation of the Turkish lira and Latin American currencies.

Comparable revenue declined during the period by 14.1%, which was driven by COVID-19 pandemic-related temporary store closures in the first half of 2020 and an overall reduction in footfall in the year.

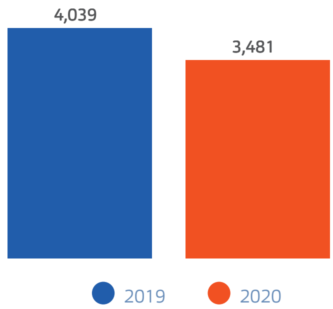
In 2020, total e-commerce sales grew 85%, while e-commerce sales generated by our retail brands more than doubled compared to the prior year. Acquisitions made in 2019, including Óptica2000 in Spain and McOptic in Switzerland, continued to have a positive impact in 2020, adding 1.4% to our revenue growth.

GrandVision's core continental European markets saw the greatest resilience with low- to mid-single-digit comparable revenue declines on the back of strong commercial execution and e-commerce sales, specifically in the Benelux, Germany, Austria, and Denmark markets.

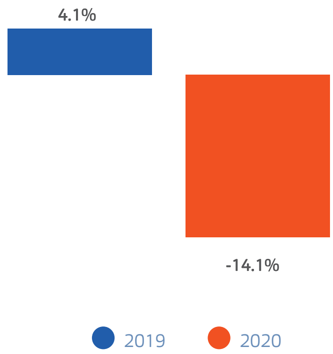
Revenue benefitted from a mix shift to higher value optical product sales, primarily in the second half of the year. During 2020, the sunglasses category showed weak performance.

System-wide sales, which reflects the retail sales of GrandVision's own stores plus that of its franchisees, decreased by 13.4% to EUR 3,818 million (FY19: EUR 4,407 million).

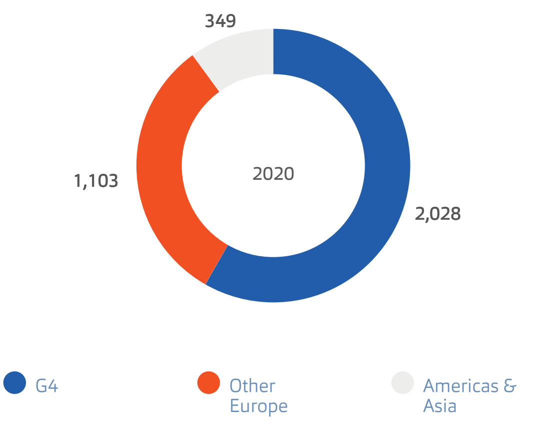
Revenue in € million



Comparable growth



2020 Revenue by segment in € million



Adjusted EBITA development

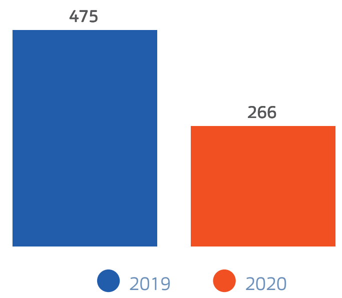
in millions of EUR (unless stated otherwise)	2020	2019	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
G4	222	347	-36.0%	-36.0%	-36.9%	0.9%
Other Europe	89	152	-41.6%	-40.7%	-42.0%	1.3%
Americas & Asia	- 2	22	-107.2%	-95.0%	-95.0%	0.0%
Other reconciling items	- 43	- 45	5.6%	5.0%	5.0%	0.0%
Total	266	475	-43.9%	-43.1%	-44.2%	1.1%

Reported adjusted EBITA decreased from EUR 475 million in 2019 to EUR 266 million, or 43.1% at constant exchange rates with a positive contribution of 1.1% from acquisitions made in 2019, including Óptica2000 in Spain and McOptic in Switzerland.

Efficiency gains, including those from turnaround plans initiated before the COVID-19 pandemic, partly offset the challenges we saw in 2020. Turnaround programs focused on structurally improving profitability in certain countries that were previously lagging versus more mature operations mainly in the U.K., the U.S. and Italy. The turnaround plans included the staffing and efficiency of stores, headquarter operations, optimizing the commercial proposition and making necessary changes to local management teams.

Other reconciling items, which primarily consist of corporate costs not allocated to specific segments, were EUR 43 million in FY20, slightly below FY19. The items mainly relate to corporate costs that are not allocated to a specific segment, such as central strategic investments in our omnichannel capabilities.

Adjusted EBITA in € million



Adjusted EBITA margin

in millions of EUR (unless stated otherwise)	2020	2019	Change versus prior year
G4	10.9%	15.3%	-436bps
Other Europe	8.0%	12.0%	-393bps
Americas & Asia	-0.4%	4.3%	-475bps
Total	7.7%	11.8%	-411bps

The adjusted EBITA margin decreased by 411bps to 7.7% due to the impact of temporary store closures in the first half of the year. The impact of the COVID-19 pandemic on profitability was partially offset by strong commercial execution, as well as short-term government support in some countries.

Reconciliation of Adjusted EBITA, EBITA and Operating Result

in millions of EUR	2020	% of revenue	2019	% of revenue
Adjusted EBITA	**266**	**7.7%**	**475**	**11.8%**
Non-recurring items	-63	-1.8%	-63	-1.6%
EBITA	**203**	**5.8%**	**413**	**10.2%**
Amortization & impairments	-144	-4.1%	-89	-2.2%
Operating result	**60**	**1.7%**	**324**	**8.0%**

Non-recurring items of EUR 63 million include expenses related to impairments of fixed assets (EUR 33 million), to the announced acquisition of GrandVision shares by EssilorLuxottica (EUR 23 million) and turnaround related costs (EUR 7 million).

EBITA decreased from EUR 413 million in 2019, to EUR 203 million due to the strong negative impact of the COVID-19 pandemic in the first half of 2020.

Amortization and Impairments increased from EUR -89 million in 2019 to EUR -144 million, mainly due to goodwill impairment charges booked in 1H 2020 in the U.S., Italy, Peru and Colombia, which were triggered by the significant impact of the COVID-19 pandemic on our business performance in these markets, and an additional impairment charge mainly related to customer databases in the U.K.

Operating result (EBIT) decreased from EUR 324 million in 2019 to EUR 60 million, reflecting the decrease at EBITA level as well as higher impairment charges.

4.2. Financial review

Summarized consolidated income statement

in millions of EUR	2020	% of revenue	2019	% of revenue
Revenue	3,481	100%	4,039	100.0%
Cost of sales and direct related expenses	- 988	-28%	- 1,110	-27.5%
Gross profit	**2,493**	72%	**2,930**	72.5%
Selling and marketing costs	- 1,808	-52%	- 2,028	-50.2%
General and administrative costs	- 624	-18%	- 578	-14.3%
Share of result of associates	- 1	0%	- 1	0.0%
Operating result	**60**	2%	**324**	8.0%
Net financial result	- 50	-1%	- 49	-1.2%
Result before tax	**9**	0%	**275**	6.8%
Income tax	- 54	-2%	- 79	-2.0%
Result for the period	**- 45**	-1%	**195**	4.8%
Result attributable to equity holders	- 67	-2%	178	4.4%
Result attributable to non-controlling interests	22	1%	17	0.4%

Net financial result
Net financial result was broadly in line with the previous year, reporting a slight decrease from EUR -49 million in 2019, to EUR -50 million in 2020.

Income tax
Income tax decreased from EUR 79 million in 2019, to EUR 54 million in 2020. The effective tax rate (ETR) in 2019 was 28.9%. The ETR for 2020 was 584.5%.

In 2020, the ETR indicator was not comparable with previous years due to the different weights of profits and losses in relation to the COVID-19 pandemic in the markets where we operate and changes to the relevant tax rates.

Net result for the period
Reported net result decreased from EUR 195 million in 2019 to EUR -45 million in 2020, as a result of the strong negative impact in the spring from temporary store closures, which resulted in lower sales and adjusted EBITA and higher impairment charges.

Net result attributable to equity holders decreased to EUR -67 million in 2020 from EUR 178 million in 2019.

Earnings per share (EPS)
Adjusted EPS, which excludes non-recurring items, was EUR -0.07 in FY20 (FY19: EUR 0.91). Earnings per share basic and diluted decreased by 137.5% to EUR -0.26 in FY20 (FY19: EUR 0.70).

The average number of shares outstanding was 253,714,180 in FY20 (FY19: 253,693,611).

4.3. Financial position

Summarized balance sheet

in millions of EUR	2020	2019
Property, plant and equipment	484	533
Right-of-use assets	1,323	1,443
Intangible assets	1,410	1,561
Other non-current assets	146	146
Non-current assets	**3,362**	**3,683**
Inventories	310	356
Other current assets	325	342
Cash and cash equivalents	155	163
Current assets	**791**	**861**
Total assets	**4,154**	**4,544**
Total equity	**1,155**	**1,264**
Borrowings	326	386
Lease liabilities	958	1,037
Other non-current liabilities	229	235
Non-current liabilities	**1,513**	**1,659**
Borrowings	350	517
Lease liabilities	357	373
Trade and other payables	681	660
Other current liabilities	98	71
Current liabilities	**1,486**	**1,621**
Total equity and liabilities	**4,154**	**4,544**

Cash flows and liquidity

GrandVision's liquidity requirements primarily relate to investments in existing and new stores. They also relate to our global capabilities, the payment of interest, and the need to fund our working capital requirements and acquisitions. We primarily rely on cash flows from operating activities to finance our operations. In addition, we use different financing sources like a Revolving Credit Facility, the Commercial Paper Program and various bilateral overdraft and money market facilities.

Cash flows

The following table shows the primary components of our cash flows.

Cash flow components

in millions of EUR	2020	2019
Net cash from operating activities	754	877
Net cash used in investing activities	- 162	- 362
Net cash used in financing activities	- 573	- 446
Inflow/(outflow) in cash and cash equivalents	**19**	**70**
Cash and cash equivalents at beginning of year	134	72
Inflow/(outflow) in cash and cash equivalents	19	70
Exchange gains/(losses) on cash and cash equivalents	- 1	- 7
Cash and cash equivalents at end of period	**153**	**134**

Net cash from operating activities decreased to EUR 754 million in 2020, compared to EUR 877 million in 2019. Improvements in working capital due to lower levels of inventories compared with the year-end 2019 were partially offset by the profit reduction because of the COVID-19 pandemic.

Net working capital continues to benefit from the business recovery as well as from key strategic initiatives such as investments in our manufacturing sites, the Showroom model now present in France, Finland, Denmark, Sweden, Germany and the U.K., the implementation of a S&OP platform in 15 countries, and the rollout of the global product catalog.

Net cash used in investing activities increased from EUR -362 million in 2019 to EUR -162 million in 2020. This was mainly driven by the absence of any significant acquisitions during 2020 and lower capital expenditure.

During 2020, we maintained a continued focus on cash discipline while adopting a flexible capital-allocation strategic approach. The majority of capital expenditure went towards the optimization of the store network.

Net cash used in financing activities was an outflow of EUR 573 million in 2020 compared to an outflow of EUR 446 million in 2019.

Capital expenditure

in millions of EUR	2020	2019
Capital expenditure (not related to acquisitions)	152	198
Store capital expenditure	97	127
Non-store capital expenditure	55	70

Capital expenditure unrelated to acquisitions decreased to EUR 152 million (4.4% of revenue) in 2020, compared with EUR 198 million (4.9% of revenue) in 2019. The majority of capital expenditure was dedicated to optimizing our store network.

Store capital expenditure decreased from EUR 127 million in 2019, to EUR 97 million in 2020 due to the re-scheduling of non-critical refurbishments during the COVID-19 pandemic. Capital expenditures made during the year included, for example, investments in automated eye measurement equipment, as well as security and protective material to enable our stores to quickly resume operations in compliance with COVID-19 health and safety protocols. The lower store capital expenditure also reflects that fewer GrandVision store openings took place in 2020.

Non-store capital expenditure decreased to EUR 55 million in 2020 compared to EUR 70 million in 2019. The strategic investments were focused on continuing the rollout of our omnichannel platform, which has been key for the operational continuity in 2020, as well as investments in building a leading end-to-end Product Value Chain.

Free cash flow and cash conversion

	2020	2019
Free cash flow (€ million)	258	296
Cash conversion (%)	76.5%	54.6%

Free cash flow decreased to EUR 258 million in 2020, compared to EUR 296 million in 2019, mainly reflecting progress on working capital resulting from improved operational efficiencies in our operations leading to inventory reduction and lower capital expenditure. These partly offset the lower after-tax earnings compared with the prior year.

Cash conversion, calculated as Free Cash Flow divided by EBITDA, increased from 54.6% in 2019 to 76.5% in 2020.

Financial indebtedness

Throughout 2020, GrandVision maintained a financial position with sufficient liquidity to fund our strategy and pursue our growth ambitions. In addition to utilizing our own cash flow, we drew on various financing sources, like our Revolving Credit Facility (RCF), the Commercial Paper Program and various bilateral credit facilities.

On 22 June, 2020, GrandVision obtained an additional liquidity facility of EUR 400 million, which will be available in the event that the RCF is fully drawn. The term is one year with an additional year available at GrandVision's discretion. In addition, and as a result of the active dialog with its relationship banks, GrandVision reached an agreement to amend the RCF, obtaining relief from the financial covenant tests in 2020.

The next financial covenant test will be performed on amended terms at the end of 1Q 2021, with an additional test on amended terms at the end of each quarter in 2021. The new covenants provide the banking group with sufficient comfort while giving GrandVision operational and financial flexibility with the further COVID-19 pandemic-related developments.


Solaris
THE ULTIMATE SUNGLASS SELECTION
MICHAEL KORS
UNOFFICIAL
Seen
LACOSTE
ESPRIT
IN STYLE
RALPH
KIDS
in 4 stappen
contactlenzen

Net debt and leverage

GrandVision aims to maintain a leverage ratio (net debt over EBITDA-covenants for the last 12 months) of equal to or less than 2.0, excluding the impact of any borrowings associated with, and any adjusted EBITDA amounts attributable to any major acquisitions.

In order to monitor the financial covenants, we use the following definitions of net debt and EBITDA-covenants: Net debt consists of GrandVision's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities. EBITDA-covenants are calculated as adjusted EBITDA less depreciation of right-of-use assets and net financial result on lease liabilities and receivables (following the application of IFRS 16 as of 1 January, 2019).

This table shows GrandVision’s net debt, as well as our net debt leverage as of 31 December, 2020:

Borrowings

in millions of EUR (unless stated otherwise)	2020	2019
Total borrowings	676	903
Cash and cash equivalents	- 155	- 163
Derivatives (liabilities)	19	14
Derivatives (assets)	- 1	- 2
Net debt	539	753
EBITDA - covenants	401	605
Net debt leverage (times)	1.3	1.2

At year-end 2020, our net debt decreased from EUR 753 million in 2019 to EUR 539 million in 2020, with strong cash flow generation, and the fact that a dividend for the fiscal year 2019 was not paid in 2020. There were no large acquisitions in the year.

The net debt leverage ratio as of year-end 2020 was 1.3x, compared to 1.2x at the end of 2019.

IN FOCUS

McOptic's winning story in the Swiss market

At GrandVision, our dual retail brand strategy — a mid-low and a mid-high market position co-existing in the same market — is a winning recipe for success. Our strategy has been proven in countries like France, Finland, The Netherlands and beyond.

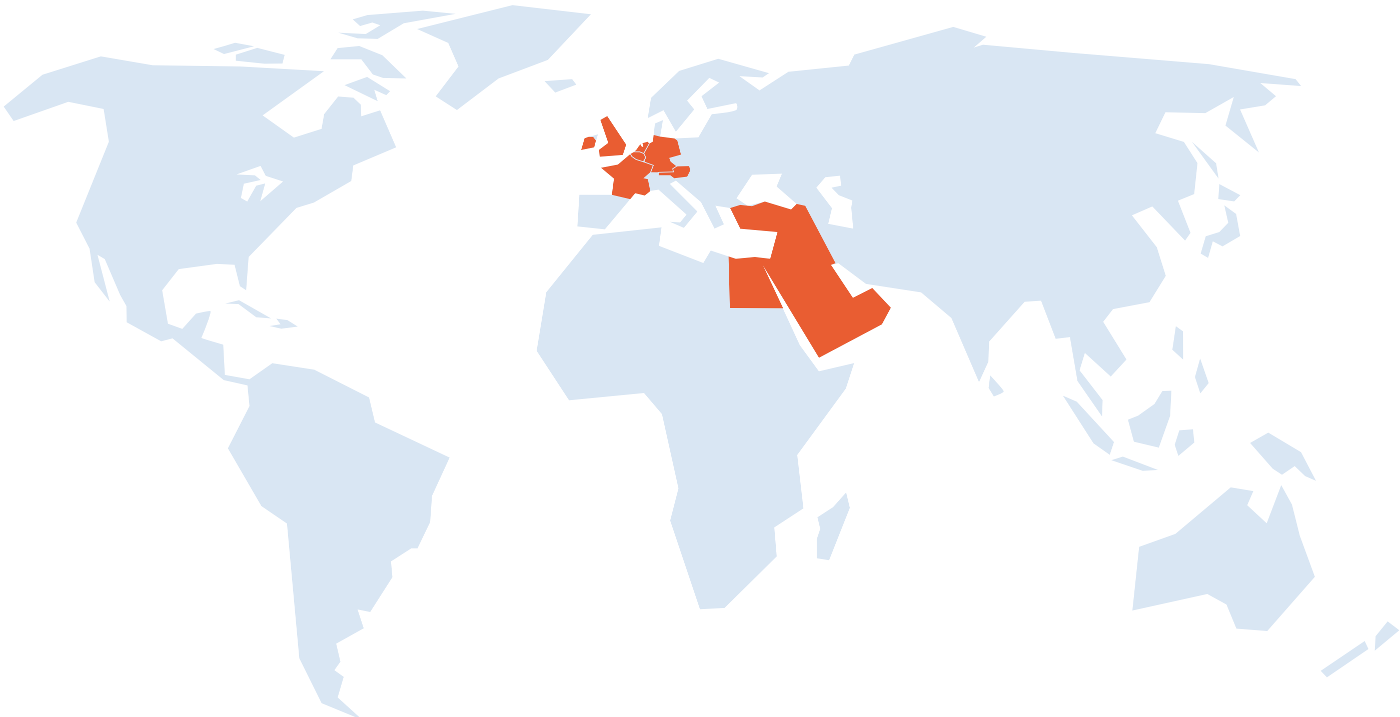
In 2019, we saw the opportunity to strengthen our position in the mid-low Swiss market by acquiring the well-known, family-owned Swiss optical chain McOptic. We embarked on a comprehensive post-merger integration plan, including the repositioning of this retail brand. We steered McOptic back to its roots as a 'value for money' player with the assortment, pricing and commercial policies to support this positioning. We took particular care and effort in securing the onboarding and involvement of the McOptic team in both the decision-making and the change management journey. This included multilingual kick-off sessions for all employees in French, German and Italian to explain our new strategy for the brand to McOptic teams. This careful planning inspired employees and secured their engagement — our key to success in this process.

How we repositioned McOptic
We repositioned the McOptic brand through delivering a completely renewed product assortment, a new pricing policy and updated commercial policies. These changes came together in upgraded McOptic stores, designed using our latest store concept as a blueprint. We also changed our communication with customers to underscore McOptic's position as a value for money player. These commercial updates were implemented by 4Q 2020, and by the end of 1Q 2021 the majority of our 60 McOptic stores will be refitted to the new store concept.

Securing a successful integration built on a strong foundation
When we welcomed McOptic into VisilabGroup and GrandVision, we developed a comprehensive plan to ensure a successful integration. It was critical for us to secure team engagement through extensive efforts in onboarding, training as well as McOptic involvement in key decisions. We assembled an integration made up of key McOptic, VisilabGroup and GrandVision leaders and ensured this team was composed of employees possessing the right knowledge, best skills and competencies to foster a positive and productive process. We also established a combined IT system to further enable a rapid and robust integration, enhancing store operations, full process control and operational transparency.

Our shared teamwork and professionalism were fundamental in transforming McOptic in the highly competitive Swiss market. While we introduced changes gradually through 2020, we were able to see the full impact in 4Q 2020. This included higher levels of McOptic employee satisfaction with an average eNPS score of 55, which translated into improved instore service and a higher customer satisfaction score of 67. We also saw positive commercial momentum, delivering double digit growth and significant improvements in EBITA. We are proud to say that McOptic is part of our GrandVision retail brand portfolio and that it further strengthens our already leading market position in Switzerland.

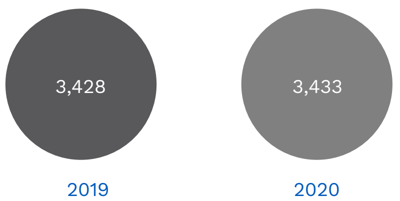
G4



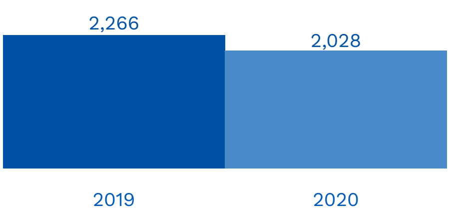
Austria
Belgium
France
Germany
Ireland
Luxembourg
Middle East*
Monaco
Netherlands
U.K.

* Middle East franchises in Bahrain, Kuwait, Qatar, Saudi Arabia and United Arab Emirates are managed by the U.K. business unit

STORES



REVENUE
in million €



ADJUSTED EBITA
in million €

millions of EUR (unless stated otherwise)	FY20	FY19	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	2,028	2,266	-10.5%	-10.3%	-11.1%	0.8%
Comparable growth (%)	-11.6%	3.7%	-	-	-	-
Adjusted EBITA	222	347	-36.0%	-36.0%	-36.9%	0.9%
Adjusted EBITA margin (%)	10.9%	15.3%	-436 bps	-	-	-
Number of stores (#)	3,433	3,428	-	-	-	-

G4
The G4 segment includes our four largest business units: (i) The Netherlands and Belgium; (ii) France, Luxembourg and Monaco; (iii) Germany and Austria; and (iv) the U.K. and Ireland, including franchises in several Middle Eastern countries.

The G4 business units manage retail brands with owned and franchise stores across these countries. Within the segment, we have market leading positions in Austria, Belgium and The Netherlands, and number two or three positions in France, Germany and the U.K.

At the end of 2020, the G4 segment operated a network of 3,433 stores, an increase from 3,428 stores in 2019. Key brands in the G4 segment include Apollo Optik in Germany with 880 stores, Pearle in Austria, Belgium and The Netherlands with 706 stores, Générale d'Optique in France with 642 stores and Vision Express in the U.K., Ireland and Middle East with 594 stores.

Revenue

In the G4 segment, revenue decreased by 10.3% at constant exchange rates to EUR 2,028 million in FY20 (FY19: EUR 2,266 million) and organic sales 11.1%. Acquisitions, which positively contributed 0.8% to revenue, mainly related to the acquisition of franchise stores across the Netherlands, Germany and France in 2020.

The total number of stores in the G4 segment increased by five locations to 3,433 at the end of 2020 (FY19: 3,428), mainly driven by store openings and few acquisitions across the region.

Comparable revenue for the segment decelerated and was -11.6% in 2020, versus 3.7% in 2019. France and the U.K. were the most affected countries in the segment. However, a substantial increase in total digital influenced store sales, which significantly improved the conversion ratio, partially mitigated the negative impact of reduced footfall. Furthermore, the favorable category mix with an increase in the multifocal category share, mainly in France, also contributed to the segment's underlying good performance.

Belgium, The Netherlands, Germany and Austria were the most resilient markets in the segment with high single-digit comparable revenue decline, reflecting a solid recovery and commercial execution. Overall, stores in this region were less impacted by traffic reductions we saw in other markets due to the focus on proximity stores in these countries rather than high street locations.

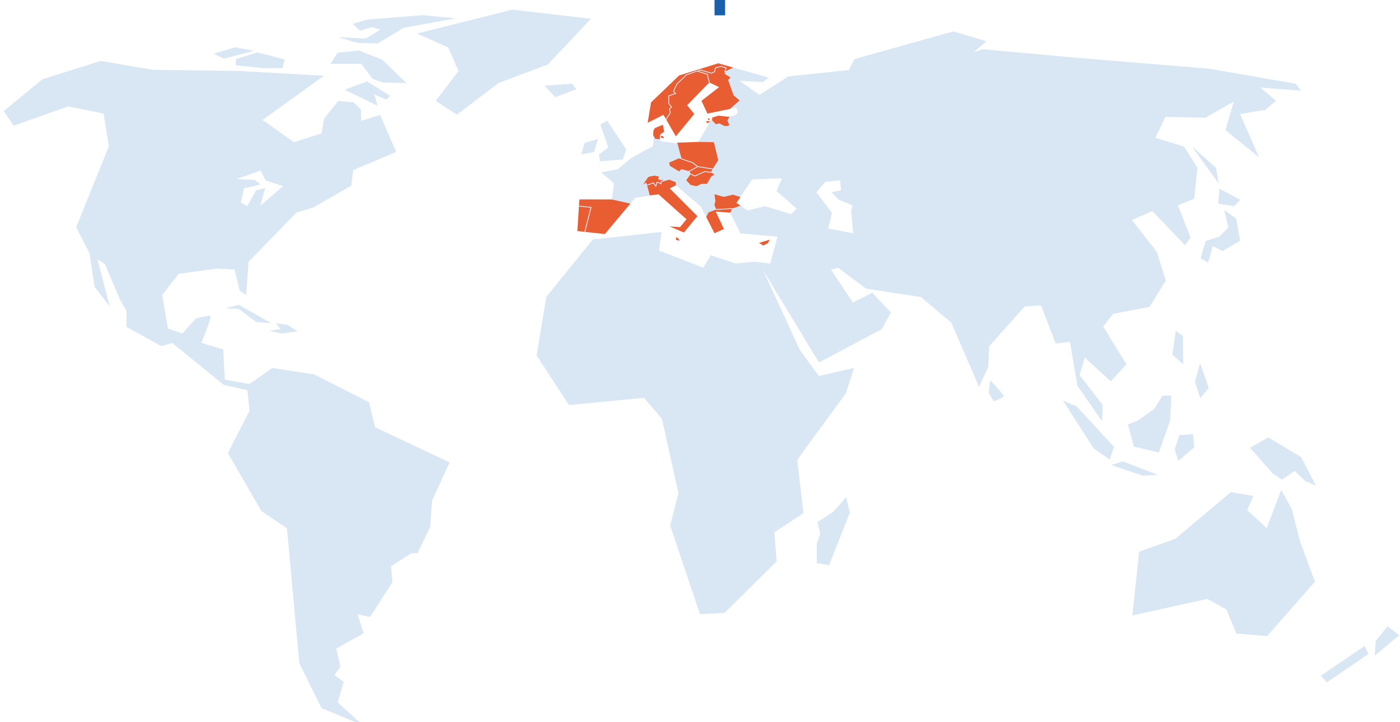
Adjusted EBITA

Adjusted EBITA in the G4 segment was EUR 222 million in 2020, compared to EUR 347 million in 2019. The adjusted EBITA in the G4 segment decreased by 36.0% at constant exchange rates. The performance varied significantly in the months following the COVID-19 pandemic outbreak in March, with a strong recovery in the third quarter following the lifting of restrictions and continued momentum in the fourth quarter.

The G4 markets such as Germany and The Netherlands also benefited from improvements in commercial execution, such as 24-hour contact lenses delivery, online optical offering and increased online appointment bookings driving efficiencies and helping to improve profitability. The U.K. also had a strong underlying performance resulting from the country's turnaround strategy, delivering efficiency gains and improved profitability.

The adjusted EBITA margin decreased by 436bps to 10.9% in 2020 (FY19: 15.3%), mainly driven by the loss in the second quarter related to COVID-19 pandemic-related temporary store closures.

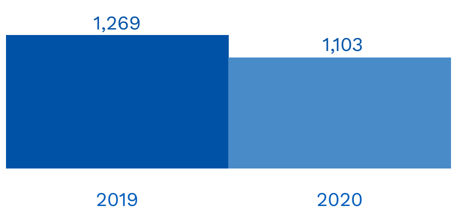
Other Europe



Bulgaria	Malta
Cyprus	Norway
Czech Republic	Poland
Denmark	Portugal
Estonia	Slovakia
Finland	Spain
Greece	Sweden
Hungary	Switzerland
Italy	

STORES

REVENUE
in million €



ADJUSTED EBITA
in million €

millions of EUR (unless stated otherwise)	FY20	FY19	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	**1,103**	1,269	-13.0%	-12.4%	-15.6%	3.1%
Comparable growth (%)	**-15.9%**	2.8%	-	-	-	-
Adjusted EBITA	**89**	152	-41.6%	-40.7%	-42.0%	1.3%
Adjusted EBITA margin (%)	**8.0%**	12.0%	-393 bps	-	-	-
Number of stores (#)	**2,114**	2,134	-	-	-	-

Other Europe
The Other Europe segment includes our business units that operate in Northern, Eastern and Southern Europe.

These business units manage single or multiple optical retail brands in one or several countries. The brands are mostly comprised of owned stores and, to a lesser extent, franchise stores.

In many markets, GrandVision brands have market leading positions such as in the Czech Republic, Estonia, Finland, Hungary, Italy, Poland and Portugal. Key retail brands include GrandVision, Corner Optique and Solaris with 408 stores across Italy; MultiOpticas, GrandOptical and Solaris in Portugal with 220 stores, Vision Express in Poland, Hungary and Bulgaria with 292 stores, as well as Synoptik in Sweden and Denmark with 249 stores.

At the end of 2020, there were 2,114 stores in the Other Europe segment, a decrease from 2,134 stores in 2019, due to planned closures mainly in Italy and Portugal and slightly fewer openings across the region versus the prior year.

The optical retail markets in the Other Europe segment are characterized by higher maturity profiles in Northern Europe and parts of Southern Europe, and a lower level of maturity with faster annual growth rates across in Eastern Europe.

Revenue

In the Other Europe segment, revenue decreased by 12.4% at constant exchange rates to EUR 1,103 million in FY20 (FY19: EUR 1,269 million) with organic and comparable decline of 15.6% and 15.9%, respectively. Acquisitions, primarily McOptic in Switzerland and a couple of months from Óptica2000 in Spain, contributed 3.1% to the revenue growth.

The total number of stores in the Other Europe segment decreased by 20 to 2,114 at the end of 2020 (FY19: 2,134), which reflected the store network rationalization due to the anticipated turnaround plans.

Italy was one of the hardest-hit markets in the full year and 4Q with weaker sunglass sales, which also affected other countries in Southern Europe. Performance in Northern Europe benefited from the successful implementation of subscription models in both the optical and contact lens categories, while online sales grew strongly across the segment.

Denmark delivered relative strong comparable revenues compared to the rest of the countries in the segment with an impressive turnaround in the market. Switzerland also saw a robust revenue performance with high single-digit growth at constant exchange rates.

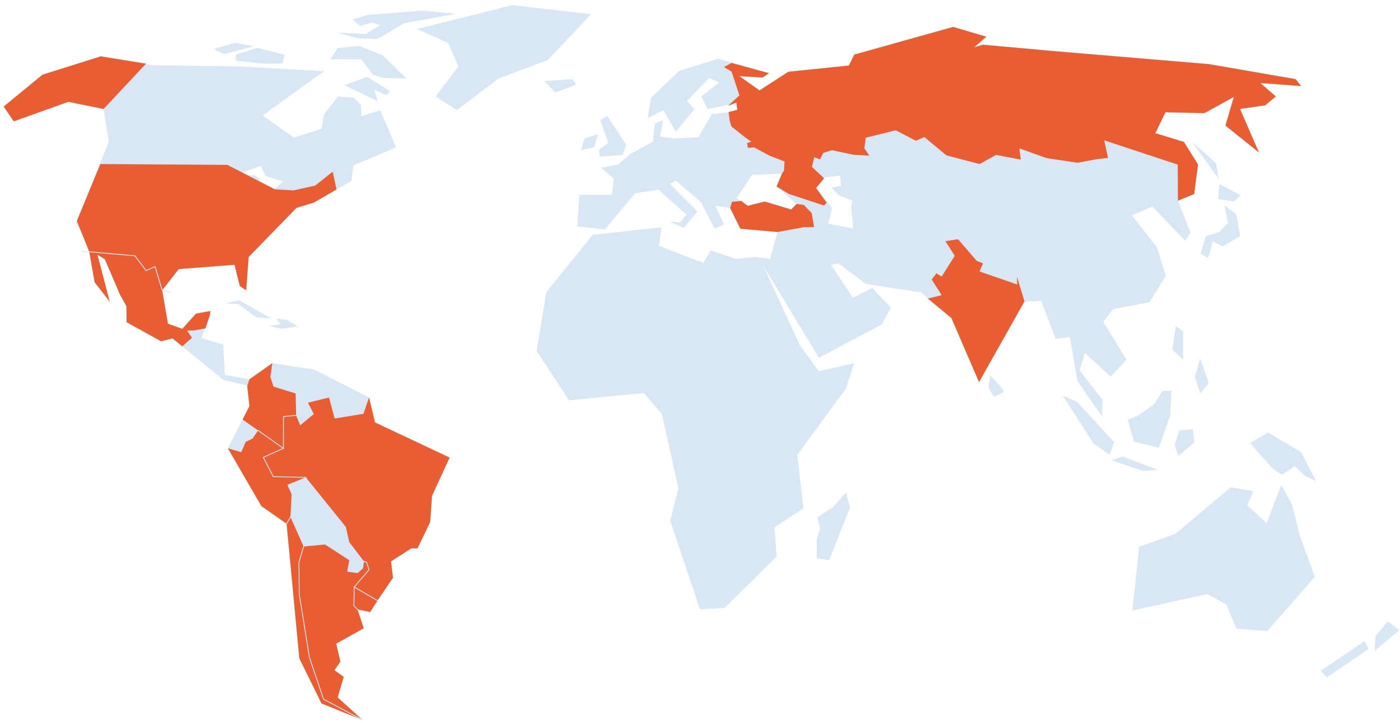
Adjusted EBITA

Reported adjusted EBITA in Other Europe decreased from EUR 152 million in 2019 to EUR 89 million in 2020, with an organic decline of 42.0% and a positive contribution from acquisitions of 1.3%. The adjusted EBITA margin decreased by 393 bps to 8.0%, reflecting the impact of the COVID-19 pandemic predominately in Italy.

Switzerland and the Nordics, particularly Denmark, delivered a strong performance throughout the year. In many markets, we benefited from an improvement in sales mix due to the strong category growth of multifocal glasses and the continued rollout of optical subscription programs. The excellent integration of McOptic in Switzerland exceeded expectations, positively contributing to the segment's profit.

In 2020, Eastern Europe was one of the most affected regions in terms of traffic as most of the stores in malls were temporarily closed, shifting the traffic to high streets and proximity stores. The sub-segment also showed an increase in multifocal products resulting in improved optical ASP, partially offsetting the footfall reduction.

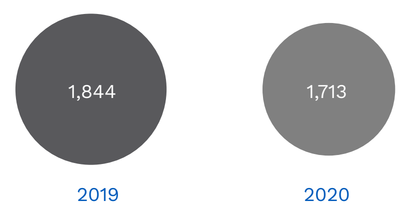
Americas & Asia



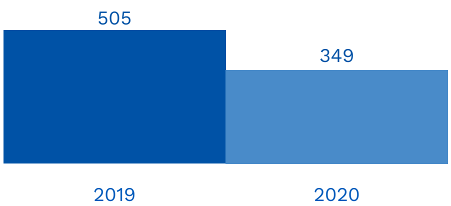
Argentina
Brazil
Chile
Colombia
India*
Mexico
Peru
Russia
Turkey
U.S.
Uruguay

* Joint venture

STORES



REVENUE
in million €



ADJUSTED EBITA
in million €

millions of EUR (unless stated otherwise)	FY20	FY19	Change versus prior year	Change at constant FX	Organic growth	Growth from acquisitions
Revenue	**349**	505	-30.8%	-20.4%	-20.4%	0.0%
Comparable growth (%)	**-20.7%**	8.8%	-	-	-	-
Adjusted EBITA	**-2**	22	-107.2%	-95.0%	-95.0%	0.0%
Adjusted EBITA margin (%)	**-0.4%**	4.3%	-475 bps	-	-	-
Number of stores (#)	**1,713**	1,844	-	-	-	-

Americas & Asia

The Americas & Asia segment includes businesses in Latin America, Russia, Turkey and the U.S.

In Latin America we operate leading optical retail brands in Argentina, Chile, Colombia, Mexico and Uruguay. Most regions in the Americas & Asia segment have the lowest levels of maturity in the GrandVision group.

Historically, these optical retail markets have been growing faster on average than more developed markets in the G4 and Other Europe segments. GrandVision has a strong market presence in Latin America.

During 2020, we decreased our store network by 131 stores to 1,713 as openings across the region were offset by closures of structurally underperforming stores particularly in China, India, the U.S. and Mexico. In Turkey, we opened 31 new stores in 2020.

Revenue

The Americas & Asia segment reported a revenue decline of 20.4% at constant exchange rates to EUR 349 million in FY20 (FY19: EUR 505 million). Comparable revenues decreased by 20.7%.

The total number of stores in the Americas & Asia segment decreased to 1,713 at the end of 2020 (FY19: 1,844). The decrease includes the planned store closures from the divested Chinese operations and store network rationalization linked to turnarounds in the region.

Latin America and the U.S. markets were among the most impacted globally due to the COVID-19 pandemic. Turkey continued to show good results, partly supported by a doubling of e-commerce sales compared to 2019. Latin America also significantly grew its online business, improving the category mix and contributing to around 20% of total online sales in the optical category.

Adjusted EBITA

Reported adjusted EBITA in the Americas & Asia segment decreased from EUR 22 million in 2019, to EUR -2 million in 2020, or 95.0% at constant exchange rates. Despite temporary store network closures and COVID-19 pandemic-related sales restrictions mainly in Latin America, we continued to achieve underlying operational improvements in the U.S., resulting from the business turnaround plans and closures of structurally underperforming stores. Overall, our businesses in Turkey showed the greatest degree of resilience.

In FY20, the adjusted EBITA margin decreased to -0.4%, compared to 4.3% in FY19.

CHAPTER

Corporate Governance

Good corporate governance is the cornerstone of any legitimate company. It ensures that companies are managed in a responsible, sustainable way and align with stakeholder interests. At GrandVision, we adhere to and implement global policies and management systems. This is how we make sure all of our employees and international business partners comply with external regulations and act ethically and lawfully.

Our Corporate Governance, explained

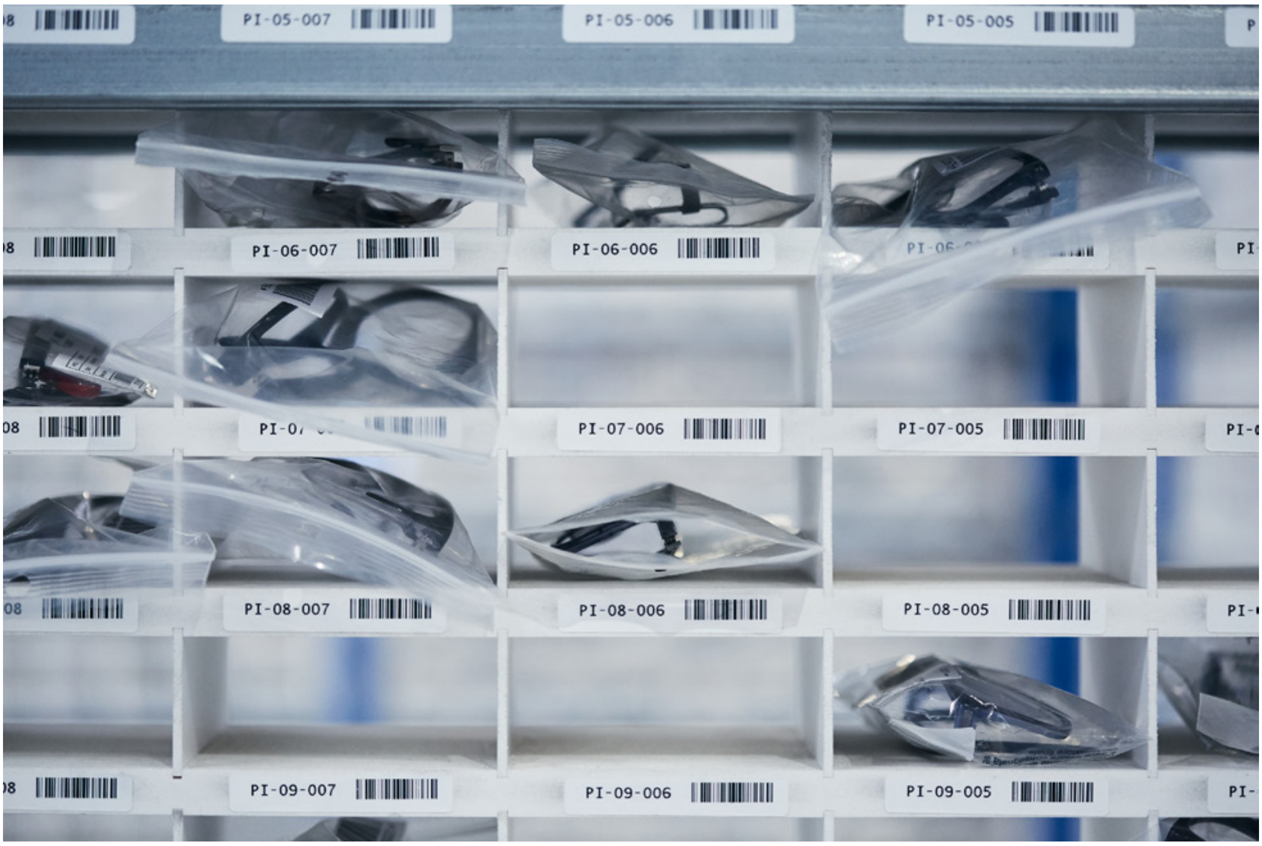
GrandVision N.V. is a public limited Dutch company listed on the Euronext Amsterdam stock exchange. We have prepared this Corporate Governance report in accordance with, and adherence to, the *2016 Dutch Corporate Governance Code* and applicable laws.

GrandVision is subject to external regulations and internal control documents. Responsibility for management and control of GrandVision's Corporate Governance and Compliance is shared between our Supervisory and Management boards. This is further explained in the Supervisory Board and Management Board rules. Some examples of external regulations of Corporate Governance that apply to GrandVision include:

- Dutch Company Act
- *Dutch Civil Code*
- EU Market Abuse Regulation (596/2014/EU)
- *Dutch Corporate Governance Code,* based on the principle of Comply or Explain
- Directive 2014/95/EU (please see reference table in Appendix)

Some examples of our internal control documents that apply to GrandVision include:

- *Articles of Association*
- Code of Conduct
- Supplier Code of Conduct
- Whistleblower Procedure
- Insider Trading Policy
- Antitrust Compliance Policy
- Supervisory Board Rules
- Management Board Rules
- Tax Policy
- Human Rights Policy
- Anti-Discrimination and Equality Policy



Our Supervisory Board's report

This report provides an overview of the approach and activities our GrandVision Supervisory Board participated in throughout 2020.

Supervisory Board activities

In 2020, the Supervisory Board held eight ordinary and six extraordinary meetings. The extraordinary meetings dealt with COVID-19 pandemic challenges and the EssilorLuxottica transaction. Our Management Board and company secretary were present at every meeting. In the beginning of the year, all Supervisory Board members attended in person. Later in the year they met by video conference because of COVID-19 pandemic restrictions. One of the Board's priorities is strategic development, and it fully dedicated an extended meeting to plan GrandVision's long-term value creation strategy.

In between meetings, Cornelis (Kees) van der Graaf, Chairman of the Supervisory Board and Stephan Borchert, GrandVision CEO, maintained regular contact with each other and had several meetings in 2020. The chairman acts as the first point-of-contact within the Supervisory Board for the CEO, and they discuss topical issues and general GrandVision matters.

At least once a year, the Chairman holds individual meetings with each Management Board member. Last year, the Supervisory Board mainly discussed documents and presentations prepared by the Management Board and GrandVision's management team.

The Management Board provided the Supervisory Board with updates for ongoing topics in meetings, including:

- GrandVision news
- Financial performance
- Internal risk management and control processes
- Developments in markets where GrandVision operates
- Business projects
- Acquisition opportunities

In line with our corporate governance structure PricewaterhouseCoopers Accountants N.V. (PwC), GrandVision's auditor, participated in a number of our Supervisory Board meetings. In February 2020, they discussed the 2019 financial statements, external auditor's report and the findings summarized in a management letter. The auditor's recommendations in the letter and Board report were both related to improving opportunities such as our global ERP system roll out, additional recommendations for certain countries, and reviewing the payment process.

While no material weaknesses in internal controls were identified, the external auditor offered several recommendations. After reviewing the auditor's unqualified opinion, GrandVision's 2019 financial statements were endorsed by all Supervisory Board members.

Before the 2020 quarterly reports were published, the Supervisory Board held indepth discussions with the Management Board about the results and related documents.

During its December 2020 meeting, the Supervisory Board discussed the 2021 plan and financial budget. They also challenged the sustainable growth and financial objectives set by the Management Board. After a productive discussion, the Supervisory Board unanimously approved the proposed 2021 financial budget.

Supervisory Board committees

Audit Committee
Peter Bolliger (Chairman); Melchert (Mel) Groot
In 2020, the Audit Committee met five times, according to its fixed schedule. All members attended the meetings, including the CFO, internal auditor, external auditor PwC, and the company secretary. The CEO participated in two meetings.

During the February 2020 meeting, the Audit Committee reviewed the draft 2019 Annual Accounts. Key items on the agenda were the auditor's 2019 report and GrandVision's ongoing commitment to strong internal controls. The external auditor did not identify any material weakness in internal controls. Nevertheless, both the internal and external auditors presented a number of recommendations. The Management Board agreed with both auditors' comments and made follow-up plans.

The topics they discussed included internal controls, internal audit, tax, financial reporting and risk management. During 2020, Mel Groot continued to act as financial expert.

Remuneration Committee
Mel Groot (Chairman); Kees van der Graaf
In 2020, the Remuneration Committee held three ordinary meetings, according to its fixed schedule. All meetings were fully attended. In February, they discussed 2019 achievements and recommended GrandVision senior management bonuses. In April, the Remuneration Committee discussed the Long-term Incentive Plan

vesting for 2020 and new allocations for 2020. In December, the meeting focused on a proposal for senior management salary reviews and bonus objectives for 2020, which were discussed and presented for approval to the Supervisory Board.

Nomination Committee
Mel Groot (Chairman); Kees van der Graaf
In 2020, the Nomination Committee met three times, according to its fixed schedule. Every committee member attended all of the meetings. The committee discussed GrandVision's nomination procedures for the Supervisory and Management Boards, and confirmed these were systematically followed. The committee reviewed the structure, profile and succession planning for both the Supervisory and Management Boards.

Composition of the Supervisory Board and Management Board

As a collective whole, the Supervisory Board represents a broad range of experience and expertise, which is in line with the desired Supervisory Board profile in view of GrandVision's business. It complies with the *Dutch Corporate Governance Code*. The Board has five members, whose profiles you can find under 'Supervisory Board' in this section. All members qualify as independents, except for Mel Groot. As permitted by the *Dutch Corporate Governance Code* best practice provision 2.1.10, Groot does not satisfy all independent criteria.

On 30 June, 2020 at GrandVision's Annual General Meeting, Grita Loebsack, Sara Francescutto, Claudia Giganti and Eric Léonard were conditionally appointed as Supervisory Board members for a four-year term. Their appointments are subject to, and will only become effective, as of the date EssilorLuxottica S.A. is the owner of the entire participation of HAL Optical Investments B.V. in GrandVision N.V. equal to 76.72%.

Diversity, including gender, remains an important consideration in the selection process for the appointment and reappointment of Management and Supervisory Board members. In the meantime, quality, expertise and experience remain key areas of focus. Diversity in the broad sense is a topic on the Supervisory Board agenda.

Supervisory Board evaluation

In 2020, to comply with best practice provision 2.2.6 of the *Dutch Corporate Governance Code*, the GrandVision Supervisory Board conducted a self-assessment. This related to the Supervisory Board, its individual members and three committees, and covered a number of criteria, including performance, composition, committee structure, compensation, responsibilities, roles, meetings, preparation, communication and strategic direction and operating matters input. The overall conclusion of this self-assessment found that the Supervisory Board and its committees had performed well, and it identified areas of improvement like succession planning and digital skills.

2020 Financial Statements and dividends

The 2020 Financial Statements were prepared by the Management Board, and audited by PwC. They issued an Auditor Report, which is included later in this Annual Report. In February 2021, it was discussed extensively by the Audit Committee and the external auditor in the presence of the Management Board, and approved by the Supervisory Board.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of the COVID-19 pandemic in 1Q 2021, GrandVision confirms its intention to propose a dividend of EUR 0.35 per share for the fiscal year 2019 at the Annual General Meeting on 23 April, 2021.

GrandVision will not propose at this time a dividend for the fiscal year 2020.

The Supervisory Board recommended that the Annual General Meeting adopt the 2020 Financial Statements and discharge the Management and Supervisory Boards from liability for their management in the year under review and their supervision, respectively.

Schiphol, 25 February, 2021

On behalf of the Supervisory Board,

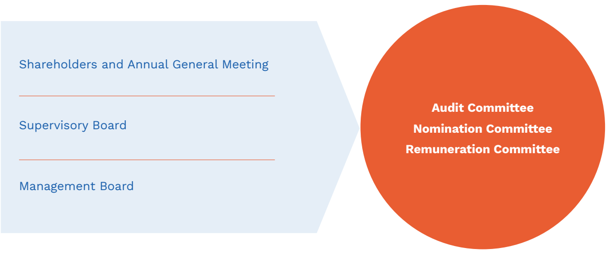
KEES VAN DER GRAAF, CHAIRMAN

Governance and compliance

GrandVision respects the needs of our stakeholders, and effective governance determines the way we conduct business. GrandVision fully endorses the core principles of the *Dutch Corporate Governance Code* and adheres to the Code's best practices to the furthest extent possible.

Structure and responsibilities

GrandVision's two-tier governance structure consists of a Management Board and a Supervisory Board. In 2020, the Management Board was made up of the CEO and the CFO, while the Supervisory Board was made up of five directors.



Management Board responsibilities
The Management Board is responsible for achieving GrandVision's objectives, including those related to strategy, policy, quality and sustainability as well as the day-to-day operation of our company. In performance of its duties, the Management Board is guided by the interests of GrandVision and stakeholders.

Supervisory Board responsibilities
The Supervisory Board oversees GrandVision's overall performance, including the policies pursued, such as the company Code of Conduct, and complies with all applicable laws, including anti-corruption and anti-bribery regulations. The Supervisory Board also oversees the Management Board's achievements. It monitors the company's financial situation and reviews the financial statements, and the Management Board's strategy. It approves important proposals for capital expenditures, acquisitions, divestments and changes to financial and other corporate policies, as well as the annual budget and long-term plan.

The Supervisory Board also evaluates the performance of the Management Board, GrandVision's CEO and CFO. It proposes any changes to the composition of the Management Board that it deems necessary to the General Meeting. The Board also reviews its own performance and proposes any changes in its composition to the General Meeting. It ensures that GrandVision's policies are formulated and pursued in the interests of all of our stakeholders and that our policies are sustainable and meet ethical standards.

The Supervisory Board appoints an Audit, a Nomination and a Remuneration Committee from its members. The Supervisory Board directors are carefully selected to ensure they offer GrandVision a comprehensive range of relevant experience in areas such as international retail, customer service, supply chain management, technology and finance.

Audit Committee responsibilities

The Audit Committee supervises and monitors the Management Board and the CEO and CFO individually, as well as advises them about the operation of the company's internal risk management and control systems. The Audit Committee advises the Supervisory Board on the exercise of certain duties, and nominates and prepares reviews for the Supervisory Board.

The Committee also supervises the submission of financial information by GrandVision, compliance with recommendations made by internal and external auditors, and our policy on tax planning and financial arrangements. It assists the Supervisory Board by monitoring the use of GrandVision's information and communication technology. It also maintains regular contact with, and supervises the external auditor, and nominates an external auditor to be appointed at the Annual General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of financial statements, the annual budget and any major capital expenditures. It meets at least four times a year.

Nomination Committee responsibilities

The Nomination Committee advises our Supervisory Board on its duties regarding the selection and appointment of the members of the Management Board and Supervisory Board. The Nomination Committee also establishes the selection criteria and appointment procedures for the CEO, CFO and Supervisory Board members, and draws up the profile for the Supervisory Board. It also periodically reviews the size and composition of the Management and Supervisory Boards, and the performance of the CEO and CFO. The Nomination Committee also proposes appointments and re-appointments. It supervises the Management Board's policy on the selection criteria and appointment procedures for the CEO and the CFO. The Nomination Committee meets at least once a year.

Remuneration Committee responsibilities

The Remuneration Committee advises the Supervisory Board on the exercise of its duties for the remuneration policy of the CEO and CFO, all individual members of the GrandVision Management team and other GrandVision senior managers. They analyze any changes in the *Dutch Corporate Governance Code* and draw up related proposals for the Supervisory Board.

The Remuneration Committee also develops proposals for the Supervisory Board on the remuneration policy for the CEO and the CFO to be adopted at the General Meeting, and on the remuneration of the CEO and CFO, to be determined by the Supervisory Board. The Committee also prepares a remuneration report to implement the remuneration policy for the CEO and the CFO during the respective year, to be adopted by the Supervisory Board. They meet at least three times every year.

The rules for all the committees are published online at GrandVision.com.

Compliance with the Dutch Corporate Governance Code

GrandVision fully endorses the core principles of the 2016 *Dutch Corporate Governance Code* and adheres to its best practices as closely as possible. You can find the latest *Dutch Corporate Governance Code* online at MCCG.nl. GrandVision fully complies with the *Code*, with the exception of the following provisions:

Best-practice provision 2.1.6: The Corporate Governance statement should explain the Diversity Policy and the way that it is implemented in practice, addressing: i. the policy objectives; ii. how the policy has been implemented; and iii. the results of the policy in the past financial year. If the composition of the Management Board and the Supervisory Board diverges from the targets stipulated in the company's Diversity Policy and/or the statutory target for the male/female ratio, if and to the extent that this is provided under or pursuant to the law, the current state of affairs should be outlined in the Corporate Governance Statement, along with an explanation as to which measures are being taken to attain the intended target, and by when this is likely to be achieved.

GrandVision created a Diversity Policy but has made insufficient progress in implementing this policy in a timely fashion. The topic of diversity will remain on the agenda of the Supervisory Board and its Nomination Committee for the coming years.

Best-practice provision 2.3.4: The Remuneration Committee may not be chaired by the Chairman of the Supervisory Board, or by a former member of the Management Board of GrandVision, and more than half of the members of the committee should be independent within the meaning of best practice provision 2.1.8.

Mel Groot is Chairman of the Remuneration Committee and not to be considered independent in the meaning of best practice provision 2.1.8. This situation will be allowed to continue in light of Groot's extensive knowledge and experience, and as the other members of the Remuneration Committee are also restricted from holding the chairmanship by the provision of the *Code*.

Corporate Governance Statement

The 1996 *Dutch Corporate Governance Code* requires companies to publish a statement concerning their approach to corporate governance and compliance with the *Code*. This is referred to in Article 2a of the Decree on additional requirements for annual reports 'Vaststellingsbesluit nadere voorschriften inhoud jaarverslag,' last amended on 1 January, 2010 (the Decree). You can find the information required to be included in this *Corporate Governance Statement* as described in Articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, in this chapter of the Annual Report.

Information referred to in Section 1 of Takeover Directive (Article 10) Decree

Capital structure
GrandVision's authorized share capital is divided into 1,250,000,000 ordinary shares with a nominal value of EUR 0.02. As of 31 December, 2020 a total of 254,443,840 ordinary shares had been issued.

Majority shareholder subject to disclosure
GrandVision's majority shareholder is HAL Optical Investments B.V., an indirect subsidiary of HAL Holding N.V., an international investment company. All shares in HAL Holding N.V. are held by HAL Trust and form the Trust's entire assets. HAL Trust units are quoted on the Euronext Amsterdam stock exchange. Read more about GrandVision's shareholders in the 'Shareholder Information' section of this Annual Report.

Share transfer restrictions and special controlling rights
There are no restrictions on the transfer of shares, the exercising of voting rights or the term for exercising those rights. There are no agreements in place with shareholders that may result in restrictions on the transfer of shares or limitation of voting rights. There are no special controlling rights attached to shares.

Employee share plans
You can find information about GrandVision's long-term incentive plans (employee share plans) in Note 25 in the Consolidated Financial Statements section.

Rules governing the appointment and dismissal of Management Board and Supervisory Board members and the amendment of the Articles of Association
GrandVision's *Articles of Association* stipulate that Management and Supervisory Board members are appointed and dismissed at the General Meeting. The Supervisory Board makes a non-binding nomination to appoint members of the Management Board. Then the Supervisory Board may make a non-binding nomination.

The Annual General Meeting may only resolve to amend the *Articles of Association,* following a proposal from the Management Board that is subject to approval by the Supervisory Board. Such a resolution of the General Meeting requires an absolute majority of the number of votes validly cast.

Share issuance and repurchase rights
The Management Board has the powers that the relevant legislation and Articles of Association have not been assigned to the Supervisory Board or the General Meeting.

The General Meeting or the Supervisory Board, if so designated by the General Meeting, resolves or decides on the issuance of shares. Any share issuance is subject to approval by the Supervisory Board. The Supervisory Board is authorized until 30 December, 2021 to issue a maximum of 10% of the shares issued on 5 February, 2015.

The Management Board, if so designated by the General Meeting, resolves or decides on the repurchase of shares. The Management Board is authorized until 30 December, 2021 to repurchase fully paid-up ordinary shares. Any repurchase must be limited to the maximum number held by virtue of the law and the Articles of Association (10% of issued shares on 5 February, 2015). Their purchase price must range between the nominal value of the ordinary shares and 110% of the opening price of the shares quoted on the Amsterdam Stock Exchange (Euronext) on the day of repurchase or, in the absence of such an opening price, the last price previously quoted there.

Agreements containing change of control provisions
GrandVision's Revolving Credit Facility incorporates what is referred to as a 'change of control' provision. Once any person or Group of persons, other than HAL Holding N.V. or any of its Subsidiaries, acting in concert gains direct or indirect control of GrandVision N.V., the majority of the banks (67%) can demand repayment and/or cancellation of the facilities.

GrandVision's additional liquidity facility incorporates what is referred to as a 'change of control' provision. Once any person or Group of persons, other than (A) HAL Holding N.V. or any of its Subsidiaries or (B) EssilorLuxottica S.A. by way of acquisition of 76.72% of the shares in GrandVision N.V. held (indirectly) by HAL Holding N.V., acting in concert gains direct or indirect control of GrandVision N.V., the majority of the banks (67%) can demand repayment and/or cancellation of the facilities.

There are no agreements in place between GrandVision and the Management Board or employees that provide for a payout on termination of their employment as a result of a public offer, within the meaning of Section 5:70 of the Financial Supervision Act.

Our Management Board members

Stephan Borchert, CEO

Stephan Borchert, a German national, joined GrandVision as a Management Board member on 15 January, 2018. He was later appointed GrandVision CEO on 28 February, 2018. Borchert has indepth retail experience with a variety of service-oriented retailers. Prior to joining GrandVision, he was President of Sephora EMEA. Borchert began his professional career at Peek & Cloppenburg, a fashion retailer, and then as a partner of Roland Berger Strategy Consultants. He later became president of Red Earth in Hong Kong, and Managing Director of Douglas, a multinational cosmetics company. Subsequently, Borchert became a member of the Executive Board at Celesio, a German healthcare and pharmaceutical company that owns pharmacies in several countries.

Stephan Borchert holds a degree in Business Administration from the University of Dortmund.

- Current term of office: until the 2022 Annual General Meeting
- Year of birth: 1969

Willem Eelman, CFO

Willem Eelman, a Dutch national, was appointed a Management Board member and GrandVision CFO on 15 May, 2019. He previously served on the GrandVision Supervisory Board. Eelman is the former CFO and Chief Operations Transformation Officer of C&A Europe, a leading European clothing retailer that is also present in several developing and emerging markets. Prior to C&A, Eelman worked at Unilever in several senior commercial and financial roles. These roles included CFO Europe (2007-2010) and CIO (2010-2014).

Willem Eelman holds a Master's Degree in Agricultural Economics with a specialty in Marketing and Business Administration and graduated cum laude from the Agricultural University Wageningen. Eelman also holds a Chartered Controllers Degree from the Vrije Universiteit Amsterdam and followed the Advanced Management Program at Harvard, Cambridge.

- Current term of office: until the 2023 Annual General Meeting
- Year of birth: 1964

Our Supervisory Board members

Cornelis (Kees) van der Graaf

Kees van der Graaf, a Dutch national, is a former member of Unilever's Board of Directors and Executive Committee. He holds non-executive director positions at Basic Fit, Carlsberg and EnPro. Van der Graaf is also the Founder and Chairman of FHSD Unlimited, a bio-tech start-up.

- Chairman
- First term since IPO: 2015
- Reappointment: 2019
- Current term of office: until the 2022 Annual General Meeting
- Member of the Nomination Committee
- Member of the Remuneration Committee
- Year of birth: 1950

Melchert (Mel) Groot

Mel Groot, a Dutch national, is Chairman of the Executive Board of HAL Holding N.V., and former GrandVision SA and Pearle Europe B.V. CEO. Groot serves on the Supervisory Board of Safilo, the world's second largest manufacturer and distributor of frames and sunglasses. In addition, he is Vice-Chairman of the Supervisory Board of Koninklijke Vopak N.V., and a member of the Anthony Veder Group N.V. Supervisory Board.

- Vice-Chairman
- Non-independent director
- First term since IPO: 2015
- Current term of office: until the 2023 Annual General Meeting
- Chairman of the Nomination Committee
- Chairman of the Remuneration Committee
- Member of the Audit Committee
- Year of birth: 1959

Peter Bolliger

Peter Bolliger, a Swiss national, is the former CEO of Clarks, a U.K. shoe retailer. Before joining Clarks, he was Managing Director of Harrods. In the meantime, Bolliger also served as Chairman of Kurt Geiger and Executive Director of House of Fraser. Bolliger is currently a non-executive Director at Stella International, a leading developer and manufacturer of quality footwear based in Hong Kong, and Chairman of the Supervisory Board of Kurt Geiger.

- First term since IPO: 2015
- Reappointment: 2018
- Current term of office: until the 2021 Annual General Meeting
- Chairman of the Audit Committee
- Year of birth: 1945

Jeffrey (Jeff) Cole

Jeff Cole, a U.S. national, is the former Chairman and CEO of Cole National Corporation, a leading North American optical retailer. He currently serves as a non-executive board member for Safilo, the world's second largest manufacturer and distributor of frames and sunglasses. Cole is a former non-executive board member of Hilco, a U.S.-based manufacturer and distributor of eyewear accessories. He is also Trustee of the Cole Eye Institute, part of the Cleveland Clinic, which is one of the leading eye research and treatment centers in the U.S.

- First term since IPO: 2015
- Reappointment: 2018
- Current term of office: until the 2021 Annual General Meeting
- Year of birth: 1941

Rianne Meijerman

Rianne Meijerman, a Dutch national, is an executive of Royal Philips, a leader in consumer electronics and health technology company headquartered in The Netherlands. She has built an international career with a strong track record of business leadership, innovation management and restructuring. Meijerman currently heads its global digital marketing transformation program. Prior to joining Royal Philips, Meijerman held several commercial and procurement leadership roles at A.S. Watson Group, the world's largest international health and beauty retailer.

- First term: 2019
- Current term of office: until the 2023 Annual General Meeting
- Year of birth: 1978

Remuneration report

The objective of GrandVision's Remuneration Policy is to attract, motivate and retain management that is qualified to lead an international company of GrandVision's size by means of a market-compliant policy.

In this remuneration report GrandVision provides a comprehensive overview of the remuneration paid and owed to the individual members of the Management Board and the Supervisory Board respectively in the financial year of 2020.

Management Board

The Supervisory Board has determined the 2020 payouts and awards to the members of the Management Board, upon the proposal of the Remuneration Committee. The proposal is in accordance with the Remuneration Policy of GrandVision N.V. for the Management Board and Supervisory Board Directors and the Long-term Incentive Plan for 2015. The impact of COVID-19 resulted in the Supervisory Board carefully assessing the most appropriate and fair way to deal with executive remuneration. The impact of COVID-19 reflected in the bonus payout of the Management Board directors.

Remuneration Policy 2019 & Long-term Incentive Plan 2015

The Remuneration Policy of GrandVision N.V. for the Management Board and Supervisory Board directors was approved by the General Meeting of shareholders on 4 November, 2019, and has been effective per 1 January, 2019.

The objectives of the Remuneration Policy are in line with that of other senior leaders throughout the GrandVision group: to focus on improving the performance of the company and enhancing the value of the GrandVision group, to motivate and retain senior leaders, and to be able to attract other highly qualified senior leaders when required.

The Remuneration Policy is in line with GrandVision's business strategy, international competitive market trends, statutory requirements, Corporate Governance best practices, the societal context around remuneration and the interests of GrandVision's shareholders and other stakeholders. The Long-term Incentive Plan 2015, outlining the rules of the program continues to be valid and is part of the Remuneration Policy.

Proposed transaction of EssilorLuxottica

The proposed transaction of EssilorLuxottica to acquire HAL's 76.72% interest in GrandVision is still pending and has had an effect on the Remuneration Policy 2019.

Our Remuneration Policy includes a deviation for exceptional circumstances and specifically for the Managing directors, such as a change of control at the Company level.

In case of a change of control, the Managing directors can be entitled to a cash retention bonus and a risk compensation fee, of up to one time the full maximum annual remuneration package. In case both the cash retention bonus and risk compensation fee are awarded, the maximum amount is limited to two times their full maximum annual remuneration package.

The envisaged transaction between EssilorLuxottica and HAL constitutes such a change of control. In the period leading up to a change of control as well as the period thereafter, it is essential to retain the Managing directors, who both were recruited for the roles as CEO and CFO of an independent public listed company and whose roles and responsibilities and management scope are at significant risk of being changed after the transaction, as they play a key role in ensuring full continuity of all business operations as well as a smooth and successful transaction. In the opinion of the Supervisory Board, these circumstances justify the inclusion of these deviations from the Remuneration Policy.

Based on above, the Supervisory Board decided to apply the deviations set forth in the Remuneration Policy 2019 and offer Borchert and Eelman a cash retention bonus and risk compensation fee. Furthermore, the Supervisory Board decided to deviate from (i) the two-year holding period as stated in paragraph 5.4.1.4 of this Remuneration Policy and the LTIP 2015 and (ii) the performance conditions as stated in paragraph 5.4.1.5 of this Remuneration Policy and LTIP 2015.

Remuneration for the Management Board in 2020

The remuneration of the GrandVision Management Board in 2020 is comprised of fixed and variable components, and includes a fixed base salary, fringe benefits in natura and cash, a short- and long-term variable remuneration component. Furthermore, it includes extraordinary items and pension expenses. The total aggregate remuneration received by the Management Board in 2020 was EUR 2,534,413. In 2020 the members of the Management Board received an increase in base salary of 2.7% linked to the performance of GrandVision in 2019. The Supervisory Board has analyzed the possible outcomes of variable remuneration components in different scenarios and how these may affect the remuneration of the Management Board. The Company received its first advisory vote on its Remuneration Report 2019 in the Annual General Meeting on 30 June, 2020. The shareholders agreed to our Remuneration Report with a voting percentage of 95.81%, based on this result we did not make any changes.

No malus or clawback provision were used in 2020 to recover any bonus granted.

Management Board

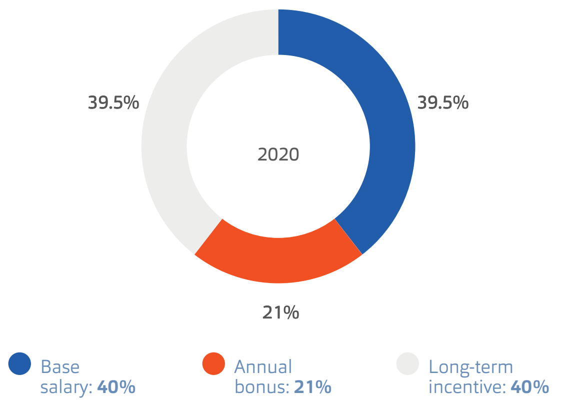
in EUR	Stephan Borchert (CEO)		Willem Eelman (CFO)	
	2020	**2019**	**2020**	**2019**
Fixed remuneration :				
Base salary	838,032	816,000	513,500	333,333
Fringe benefits in natura	11,242	2,316	53,354	105,848[1]
Fringe benefits in cash allowance	18,000	18,000	18,000	12,000
Variable remuneration:				
Annual Bonus / STIP	449,185	587,520	223,629	216,667
Share-based payments (LTIP)	197,003	180,483	181,766	33,690
Other remuneration:				
Extraordinary items				
Pension expense	15,351	15,009	15,351	10,006
Total remuneration	**1,528,813**	1,619,328	**1,005,600**	711,545

1 Net amount was included in remuneration report 2019, it is now grossed-up.

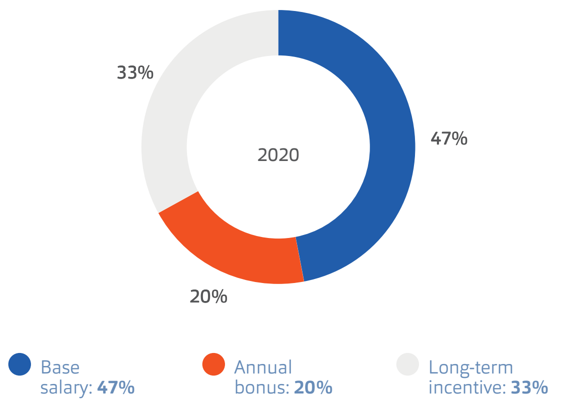
2020 Ratio fixed and variable pay

The following graphics display the ratio between the fixed and variable pay over 2020. We used the fair value at grant date for the valuation of the long-term incentive.

CEO Remuneration in 2020



CFO Remuneration in 2020



Fringe benefits

The fringe benefits in 2020 consisted of benefits in natura and in cash, such as a travel allowance, car allowances, medical and accident insurance and expenses related to international schooling.

Short-term variable remuneration

CEO Borchert has been awarded a bonus of EUR 449,185, representing 53.6% of his 2020 base salary. The bonus targets over 2020 can be divided in two groups: 1) financial and 2) strategic and personal targets, each having a 50% weight in the bonus outcome. The financial targets are related to the achievement of a certain target for the total net revenue and the adjusted EBITA. The strategic / personal targets included, amongst others:

- Strategy execution, such as delivering the digital and Product Value Chain transformation roadmap on time and on budget
- Organization, such as simplification of the global business
- Operational excellence, such as structurally compliant with the net debt targets
- People, such as attraction and retention of key leadership talent and employee engagement

CFO Eelman has been awarded a bonus of EUR 223,629 representing 43.6% of his base salary. The bonus targets over 2020 can be divided in two groups: 1) financial and 2) strategic and personal targets, each having a 50% weight in the bonus outcome. The financial targets are related to the achievement of a certain target for the total net revenue and the adjusted EBITA. The strategic/ personal targets included, amongst others:

- Strategy execution, such as the delivery of IT related milestones in the digital and Product Value Chain transformation roadmap
- Organization, such as defining the finance core business process model
- Operational excellence, such as structurally improving financial performance management
- People, such as attraction and retention of key leadership talent in the finance function

Long-term incentive plan (LTIP) awards

As part of the long-term incentive plan award (LTIP) 2015 in the Remuneration Policy 2019, the CEO has been awarded 35,537 performance-based conditional share awards. The CFO has been awarded 15,243 performance-based conditional share awards. The LTIP 2015 shares awards are subject to the performance conditions (total net revenue and earnings per share) as stated in the Remuneration Policy 2019.

The table below shows outstanding share-based awards for the Management Board. No share-based awards were settled in 2020:

Outstanding share-based awards	Award	Awards per 1 January, 2020	Granted in 2020	Settled in 2020	Awards per 31 December, 2020	Exercise price option awards	Fair value at grant	Share price at vesting
Stephan Borchert (CEO)								
LTIP 2018	performance based conditional share awards	56,481	-	-	56,481	-	20.80	-
LTIP 2018	share settled share appreciation rights	64,057	-	-	64,057	20.61	3.32	-
LTIP 2019	performance based conditional share awards	42,284	-	-	42,284	-	19.30	-
LTIP 2020	performance based conditional share awards		35,537		35,537		23.58	
Willem Eelman (CFO)								
LTIP 2019	performance based conditional share awards	18,137	-	-	18,137	-	19.30	-
LTIP 2020	performance based conditional share awards	-	15,243	-	15,243	-	23.58	-
	Total	**180,959**	**50,780**	**-**	**231,739**			

The table below shows key terms of the outstanding share-based awards:

Outstanding share-based awards	Award	Status per 31 December, 2020	Vesting year	Holding period end	Performance conditions
LTIP 2018	performance based conditional share awards	Conditional	2021	2023	0-150% on Rev/EPS 2018-2020
LTIP 2018	share settled share appreciation rights	Unconditional	2023	-	No
LTIP 2019	performance based conditional share awards	Conditional	2022	2024	0-150% on Rev/EPS 2019-2021
LTIP 2020	performance based conditional share awards	Conditional	2023	2025	0-150% on Rev/EPS 2020-2022

Equity holdings

The number of shares owned by the Management Board as of 31 December, 2020.

	Shares owned
S. Borchert (CEO)	54,674
W. Eelman (CFO)	12,650

Five-year comparative overview

As required under the new European Shareholders Rights Directive, the table below shows the five- year overview of the total remuneration per Management Board Director. Furthermore, GrandVision presents in accordance with best practice 3.4.1. of the *Dutch Corporate Governance Code*, the pay ratio between the Management Board and the employees of our G4 segment (Benelux, Germany/Austria, France and the U.K.).

in thousands of EUR	2020	2019	2018	2017	2016
Management Board					
S. Borchert, CEO	1,529	1,619	2,906	-	-
W. Eelman, CFO	1,006	712	-	-	-
P.J. de Castro Fernandes, former CFO	-	267	784	1,333	1,654
T.A. Kiesselbach, former CEO	-	-	332	2,181	2,561
Total remuneration	**2,535**	**2,599**	**4,022**	**3,514**	**4,215**
Average number of Management Board Members	2.00	2.08	2.33	2.00	2.00
Average remuneration (A)	**1,268**	**1,247**	**1,724**	**1,757**	**2,108**
Employees G4					
Total Remuneration G4	625,236	699,626	656,580	610,042	555,519
Average number of Employees G4 (FTE)	14,591	14,937	14,583	13,193	12,548
Average remuneration (B)	**43**	**47**	**45**	**46**	**44**
A/B pay ratio	**30**	**27**	**38**	**38**	**48**

The table below shows financial metrics:

in thousands of EUR	2020	2019 *	2018	2017	2016
Revenue	3,480,989	4,039,306	3,720,976	3,449,857	3,316,077
Adj. EBITA	266,380	475,195	426,246	415,081	410,301
Dividend per share	n.a	0.35	0.33	0.32	0.31

* Pre IFRS 16 revenue amounted to 4,037,417 and Adj. EBITA 443,035.

Conditional deviations from the Remuneration Policy 2019

In its meeting on 5 November, 2019 the Supervisory Board decided that the proposed transaction with EssilorLuxottica, including the Block Trade Agreement, Support Agreement and Mandatory Tender Offer, as announced in the press release issued by GrandVision on 31 July, 2019, qualifies as exceptional circumstances for purposes of Article 2.4 of the revised Remuneration Policy 2019. The Supervisory Board also decided that the envisaged transaction between EssilorLuxottica and HAL constitutes such a change of control. The Supervisory Board decided to deviate on the following subjects from the Remuneration Policy 2019, subject to closing of the transaction. The Supervisory Board recognizes the key role played by Management Board directors Borchert and Eelman (together referred to as 'Recipients' and individually as 'Recipient') in the Closing of the Block Trade Agreement, compliance with the Support Agreement, as well as the subsequent Mandatory Tender Offer.

No Closing occurred in 2020, and at time of publication of the Remuneration Report 2020. All of the deviations are still in place.

Retention bonus

The Supervisory Board decided to award Borchert a retention bonus of EUR 1,632,000 gross and Eelman a retention bonus of EUR 1,000,000 gross. The first tranche of 25% of this amount will be processed through the payroll as soon as practicable, following the closing of the Block Trade Agreement ('First Vesting Date') provided the Recipient is still providing services to GrandVision at that time. The second tranche of 75% of this amount will be paid following the first anniversary of the closing of the Block Trade Agreement ('Second Vesting Date') provided the Recipient is still providing services to GrandVision at that time. Furthermore, customary provisions in case of termination, disablement and death have been agreed on.

Risk Compensation Fee

Subject to closing of the Block Trade Agreement and their continued service as Management Board members, the Supervisory Board has decided to award Borchert a Risk Compensation Fee of EUR 2,448,000 gross, and Eelman a Risk Compensation Fee of EUR 1,500,000 gross. This amount will be payable after Closing.

If the Recipient (i) resigns as a Management Board member (other than at the request of GrandVision or its majority shareholder) prior to the date (the 'Reference Date') that is the earlier of (a) the delisting of GrandVision's shares from Euronext Amsterdam and (b) the first anniversary of the Closing or (ii) is suspended or dismissed as a Management Board member for Cause prior to the Reference Date, the Recipient shall be required to repay the aforementioned amount, minus applicable income tax paid by the Recipient, in full to GrandVision.

For purposes of the above paragraph, 'Cause' means a reason found in acts or omissions that constitute (i) an urgent reason (*dringende reden)* within the meaning of section 7:678 of the *Dutch Civil Code* or (ii) serious culpable acts or negligence (*ernstig verwijtbaar handelen of nalaten),* including gross negligence *(grove schuld*), willful misconduct *(opzet),* fraud (*bedrog*) or (other) serious culpability (*ernstig verwijt).*

LTIP 2015

The grant in 2018 under the LTIP 2015, will fully vest at Closing. Performance conditions will vest 'at target.' No additional holding period for the vested shares will be applied.

As for the LTIP 2019 grant, the original vesting date will move to six months' prior to the original vesting date, and vesting will occur pro rata, plus an additional six months, to ensure participants will not lose any value. Performance conditions will vest at target for those who have a performance condition plan. No additional holding period for the vested shares will be applied.

Top LTIP 2015 (amended 2017)

The share settled share appreciation rights under the Top LTIP 2015 (amended 2017) shall vest unconditionally at Closing at the prorated plus 12 months' value.

The holding requirements for the share-settled share appreciation rights under the Top LTIP 2015 (amended 2017) are waived.

2020 Remuneration for the Supervisory Board

The Annual General Meeting determines the remuneration of Supervisory Board members. Their remuneration is not linked to the financial results of GrandVision and they do not receive any performance or equity-related compensation, nor accrue any pension rights with GrandVision. None of the Supervisory Directors may hold shares, options for shares or similar securities other than as a long-term investment. The remuneration of the Supervisory Board members has not been adjusted in the last years. The fixed base fee for the Supervisory Board membership is EUR 50,000.

The total aggregated remuneration of the Supervisory Board in 2020 was EUR 302,500. Supervisory Board members are reimbursed for all reasonable costs of travel, accommodation and representation incurred in the performance of their duties.

As of 31 December, 2020 Supervisory Board Chairman Kees van der Graaf held 2,100 GrandVision shares as a long-term investment. None of the other Supervisory Board members held any GrandVision shares or options on GrandVision shares.

For more information, please refer to GrandVision's 2019 Remuneration Policy.

	2020	2019	2018	2017	2016
C.J. van der Graaf, Chairman	72,500	72,500	72,500	72,500	72,500
M.F. Groot, Vice-chairman	60,000	60,000	60,000	60,000	60,000
P. Bolliger, member	60,000	60,000	60,000	60,000	60,000
J.A. Cole, member	60,000	60,000	60,000	60,000	60,000
R. Meijerman, member	50,000	33,333	-	-	-
W. Eelman, former member	-	15,000	60,000	60,000	60,000
	302,500	300,833	312,500	312,500	312,500

Risk management

Risk management system and governance

Risk Management plays an important role in implementing GrandVision's strategy. Our Risk Management and Internal Control Framework are based on the COSO[1] Enterprise Risk Management Framework, which are in line with the *Dutch Corporate Governance Code*. The Framework combines an effective and professional organization with a risk profile that GrandVision is willing to accept for the business. Additionally, Risk Management and Internal Controls significantly contribute to the prompt identification and adequate management of strategic, market and business risks. They also enable us to achieve operational and financial goals and comply with applicable legislations and regulations.

Our Management Board, under the supervision of our Supervisory Board, is ultimately responsible for GrandVision's Risk Management and Internal Control Framework. The Management Board performs oversight by setting the desired 'tone from the top,' establishing risk appetite and risk strategy, and making decisions to identify, analyze or mitigate risks.

Business unit management teams implement our business strategy, achieve results, identify underlying opportunities and risks, and ensure effective controls. They form the first line of defense as risk owners. GrandVision has developed a comprehensive Internal Control Framework with a minimum set of internal control standards that all business units must comply with. The quality of internal control performance is also an integral part of management incentive schemes at country or business unit levels.

In order to detect control issues and proactively support the country management teams in solving underlying root causes, both internal and external resources are established at a group level. GrandVision country management teams act in accordance with policies and standards set by our Management Board. Global functional teams design and monitor these issues and are responsible for compliance, control and risk management, which form the second line of defense in the Framework.

GrandVision's management of our independent Internal Audit function is partly outsourced to an international audit firm, which forms the third line of defense and assures and validates the overall Framework.

GrandVision's Internal Control Framework

[1] *For more information visit Coso.org*

Risk culture

GrandVision's Risk Management is supported by our risk culture and enhanced by our values and policies. We continue to increase risk awareness through communication and training. Employees at all levels of the organization are expected to be aware of our business principles, which shape how we operate and conduct ourselves. GrandVision's risk culture is:

- *Disciplined:* As a global retailer with more than 7,200 store locations worldwide, discipline, standard operating procedures, policies and a low level of tolerance of deviation are inherent to our company culture.
- *Entrepreneurial:* GrandVision continues to drive growth in order to serve even more customers worldwide. We take calculated business risks to keep evolving our business model.
- *Pragmatic:* GrandVision avoids bureaucracy and perfectionism, and our culture is driven by effectiveness and cost consciousness.

Enterprise Risk Management

At GrandVision, we adopt a sensible risk-taking approach, which cannot be defined by one figure or formula. We set our risk boundaries to align with our strategy, values, policies and corporate directives. Our approach depends on the type of risk, as follows:

- *Strategic risk*: GrandVision takes above-average, calculated and carefully-weighted risk in pursuing our growth ambitions.
- *Operational risk:* GrandVision minimizes risks relating to the implementation of our strategy, but is not afraid to take decisive action in our business operations that are designed to improve customer satisfaction.
- *Financial risk*: GrandVision has adopted a prudent financing strategy, aimed at maintaining sufficient financial headroom to continue to invest in the pursuit of our strategic objectives. We have also set very low tolerance levels with internal controls and financial reporting deviations.
- *Compliance risk*: GrandVision strives for full compliance with all legal, regulatory and tax requirements, and does not tolerate non-adherence to our corporate governance policies.

We have implemented an annual risk management cycle, which identifies key risks and developments that we continue to address. Twice a year, all country management and central functional teams conduct risk assessments. Based on these assessments, and on an evaluation of the outcomes of risks already identified, we update the key risks.

In 2020, we identified approximately 230 risks. They were classified and consolidated using a quantification method to weigh potential impacts and likelihoods of the various risks. In addition, they were benchmarked with risks identified by other retailers to ensure that we included more general industry risks in the evaluation. The final key risk categories were reviewed and approved by management, the Audit Committee and our Supervisory Board.

During 2020, we monitored developments as an integral part of the performance management, internal controls and reporting cycles and then took the necessary actions to mitigate the identified risks.

We included climate-change related risks in the Enterprise Risk Management cycle, but they did not make it in the top 10 list that we are reporting on.

Strategic Risk

Risk area and possible impact	IMPACT/ LIKELIHOOD	How GrandVision mitigates this risk
PRICE COMPETITION Increased focus in retail on price as the main differentiator as a result of full transparency and availability of online products. This requires GrandVision to continuously adapt our retail price policies to stay competitive.	M/H	GrandVision continuously invests in a portfolio of high-quality Exclusive Brand products that appeal to our customers. In addition, we invest in digital marketing campaigns and added-value sales promotions that enable us to remain price competitive. To support this strategy, we relentlessly pursue cost efficiencies in everything we do, from purchasing products and managing our physical and online stores to organizing back office operations. This helps keep our retail prices competitive.
CUSTOMER PREFERENCES Becoming less relevant to our consumers due to our products and services and how they are offered. Declining street traffic due to changing consumer habits with ongoing digitization plays an increasing role and requires new tools and skills.	H/H	The COVID-19 pandemic accelerated consumer behavior changes towards more digitally-influenced sales. To respond to this risk, we invested in our people, products and stores to remain relevant to our customers. Our investment in the digital omnichannel customer journey allows customers to decide how, when and where they want to buy our products, preserves our value proposition. It also succeeded during the COVID-19 pandemic to facilitate both offline and online shopping. In addition, we monitor eye correction alternatives that we believe will slowly take hold, as many customers prefer to wear glasses over eye surgery solutions.
EXTERNAL FACTORS Unfavorable economic or political developments, as well as natural or environmental disasters, may occur in our markets.	M/H	Our diversified portfolio in more than 40 countries is a strong mitigating factor against individual country or regional economic risks. We monitor these risks as part of our normal course of business and apply measures such as commercial promotions, financial hedging, internal reorganizations and cost savings to counter the potential impact in the short-term. Our integrated CSR focus also helps us have a broader perspective on non-financial contributors to our business and our impact on climate-related issues.

Operational Risk

Risk area and possible impact	IMPACT/ LIKELIHOOD	How GrandVision mitigates this risk
OPERATING MODEL Risk of sub-optimal implementation of global capabilities, including supply chain operations, will result in inefficiencies, declining product availability and loss of confidence.	M/M	The design of our Product Value Chain has matured to further support our end-to-end processes, with a focus on customer fulfilment and product categories. We have Business Continuity plans in place in case of natural disasters or other calamities, in addition to specific insurance that will help to reduce the financial impact of such events. We will also continue to harmonize and improve the GrandVision product portfolio, resulting in further benefits to the company.
TALENT ATTRACTION AND EMPLOYEE SAFETY Traditionally, our focus is on our strong expansion where we are highly dependent on recruiting and educating new employees, especially opticians. In addition, we identified risks to grow digital capabilities that are a resource pool utilized by all major companies. The COVID-19 pandemic and remote work have amplified the importance of keeping an eye on cultural changes. With the control environment operating differently now, we realize the risk of stress on operations and people.	H/H	Employee health and safety is pivotal. That's why we have ensured that we comply with local regulations across all our markets, and put more emphasis on employee satisfaction. We deploy new HR initiatives to keep our people dedicated and motivated. As a response to scarcity of optician and digital talent, we have established close connections with universities and higher education institutions. We provide strong training programs and are exploring ways to leverage transnational education.
COVID-19 PANDEMIC The COVID-19 pandemic has had a significant impact on our company and presented itself in three major risks categories: • Supply Chain Disruption • Changing Customer Preferences (See Strategic Risks Section for more information) • Risk of a Pandemic	H/M	We have strong relationships with our suppliers and carefully manage our inventory levels in terms of ordering products to find the right balance per individual market. We implemented various internal initiatives to create less dependency on our store network and therefore mitigate COVID-19 pandemic impacts. Such initiatives comprise of, among others, acceleration of e-commerce plans, a move to customer order home delivery, and rotating shifts at support offices.
COMMERCIAL PROPOSITIONS Product purchasing prices of eyeglass frames, lenses, sunglasses and contact lenses can increase, which result in margin pressure or require us to adjust our commercial policies.	L/M	GrandVision has multi-year contracts with key suppliers, thanks to holding competitive tender processes. In addition, the increasing centralization of our supply chain and the reduction of key suppliers allows us to harmonize our portfolio and achieve economies of scale.

Financial Risk

Risk area and possible impact	IMPACT/ LIKELIHOOD	How GrandVision mitigates this risk
FOREIGN CURRENCY EXPOSURE Deterioration of foreign currencies as a result of economic and political developments is reducing our profitability in certain markets.	L/H	We hold regular discussions with our main suppliers to mitigate currency impact that include sharing mechanisms, changing sourcing locations or adjusting invoicing currency prices. We further mitigate risk by regularly entering into FX contracts.
TAX AND TAX-RELATED RISKS We operate stores and other activities in many countries. As tax laws and regulations differ per country and can be complex, we run an inherent risk of deviating views on the interpretation of tax legislation by local tax authorities.	M/M	The GrandVision Minimum Control Standards have a dedicated section stipulating internal controls to address tax-related risks. In addition, the Global Tax department assists local and divisional management in complying with tax requirements and monitoring the effectiveness of the internal tax-related controls as well as the tax position of the group.

Compliance Risk

Risk area and possible impact	IMPACT/ LIKELIHOOD	How GrandVision mitigates this risk
OPTICAL INDUSTRY RISKS Risk of impact on business performance by changing healthcare reimbursements or optical operating regulations in key markets.	M/M	Our portfolio is protected by operating in multiple markets with different regulations. Compared to independent opticians, we are better equipped to cope with these changes and capture market share in changed markets. A quality assurance and regulatory affairs team provides assurance over existing activities and ensures compliance with, among others, Medical Device Regulation. We successfully operate in many countries where eyecare reimbursements do not exist. In the short-term, changing healthcare regulations can impact our results. And in the long-term, it supports our position as a high-quality, affordably-priced retailer and can help us gain market share in deregulating markets.
INFORMATION SECURITY The efforts to further digitalize the customer journey also create increased vulnerability to cyber attacks and the necessity to secure sensitive information.	H/M	Our global policies and guidelines address information security requirements. Using these policies, we also take action to secure our networks, applications and support remote work. We also perform internal assurance activities to ensure such activities remain compliant and to continuously improve on specific areas.

Emerging risks

While we focus on managing existing risks, we always keep an eye on emerging risks and opportunities that can significantly impact our business. And in 2020, the COVID-19 pandemic was an extraordinary situation that affected the global population.

Like many other businesses, GrandVision was considerably affected on many levels, from our customers and retail employees to our supply chain. From the outset of the COVID-19 pandemic, the health and safety of our customers and employees has been our primary focus and will continue to be top-of-mind across all our markets.

And as a direct consequence, we took immediate action and steps to ensure limited disruptions from our supply chain and our value proposition to accelerating changes in customer preferences to facilitate the omnichannel-driven customer journey.

Furthermore, optical markets are becoming less subsidized by healthcare systems as governments aim to contain healthcare costs. Changing laws and regulations are always on our radar in order for us to adapt and respond as needed. For example, we are currently preparing GrandVision to comply with the European-enforced changes to medical device regulations.

We also identified the increasing importance of information security and try to arm our operations against external threats. We faced 'home office' situations in many of our markets. This development led us to take actions from both the second line of defense, policy-setting, training, as well as the third line of defense and specific topic reviews to reinforce our networks.

Internal Control

GrandVision's internal control activities provide reasonable assurance that there are no misstatements in financial reporting, that compliance to local laws and regulations is met, and that we achieve ongoing enhancements to internal process effectiveness.

We have embedded a comprehensive Internal Control Framework with a set of minimum standards in the organization and management's incentive schemes. Periodically, we review our standards to ensure the controls and guidance remain relevant and effective, and in line with the identified main risks.

At least every six months, operating companies and group departments assess the components of these standards. Their solutions include improvement plans, which are discussed with regional management and the Internal Audit team, and are reported to the Management Board and Audit Committee. We also hold 'close-the-gap' sessions and internal control assessments where relevant and residual risk exceeds the risk appetite.

Internal Audit

Our Internal Audit group leads internal audits and collaborates closely with other group departments, which include Risk Management. The internal auditing scope examines and evaluates the adequacy and effectiveness of our governance, risk management and internal controls, based on minimum internal control standards.

Their scope also includes the performance quality in carrying out assigned responsibilities to achieve our business goals and objectives. Observations and recommendations are discussed and agreed upon with local management before they share final reports with the Management Board and Audit Committee. Risk Management monitors the progress of audit findings by function, based on the auditee's quarterly status update.

In 2020, we changed the nature of our internal audit group's function due to logistical constraints and employee safety. In this capacity, Internal Audit took a business partner approach to ensure the changed risk profile we faced as a company was adequately managed. Where possible, we also shared best practices internally, but also through our external internal audit co-sourcing partner. In addition, we conducted assessments on specific emerging risks.

We will continue to evaluate the internal audit function and adapt the ways of working to the circumstances at hand.

Management review and reporting

In Control Statement

The Management Board manages GrandVision and is responsible for achieving our strategy, objectives, goals and results. It is also responsible for taking appropriate measures in relation to the design and operation of the internal risk management and control systems that are consistent with GrandVision's business. These systems have been designed to identify opportunities and risks in a timely manner, manage significant risks, facilitate the realization of our strategic, operational and financial objectives, safeguard the reliability of our financial reporting and comply with applicable laws and regulations.

To fulfil these responsibilities, GrandVision systematically reviewed and, where necessary, enhanced our internal risk management and control processes with regards to our strategic, operational, compliance and financial risks (including risks related to financial reporting) during 2020. The results of these reviews, including changes and planned improvements, were discussed with the Audit Committee and Supervisory Board.

It should be noted that the above does not imply that these systems and procedures, however well-designed and intended to optimally control risks, provide absolute assurance for the realization of operational and strategic objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Based on the approach described above, and in accordance with best practice provision 1.4.3 of the *Dutch Governance Code*, our Management Board states that i) the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems; ii) the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies; iii) based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and iv) the report states those material risks and uncertainties that are relevant to the expectation of the GrandVision's continuity for the period of 12 months after the preparation of this Annual Report.

Responsibility Statement

In accordance with Article 5.25c of the Dutch Financial Markets Supervision Act ("*Wet op het financieel toezicht*"), the Management Board confirms that to the best of its knowledge:

- The financial statements for 2020 present a true and fair view of GrandVision's assets, liabilities, financial position and comprehensive income.
- The management report includes a true and fair review of GrandVision's position as of 31 December, 2020 and of our development and performance during 2020, and describes the key risks to which GrandVision is exposed.

Schiphol, 25 February, 2021

STEPHAN BORCHERT, CEO

WILLEM EELMAN, CFO

CHAPTER

Shareholder information

Our listing

2015 Initial Public Offering and listing

On 6 February, 2015 GrandVision listed its shares in an Initial Public Offering (IPO). You can find them traded on the Euronext Amsterdam stock exchange under the ticker 'GVNV.' GrandVision is a constituent of the Amsterdam Midkap Index® (AMX).

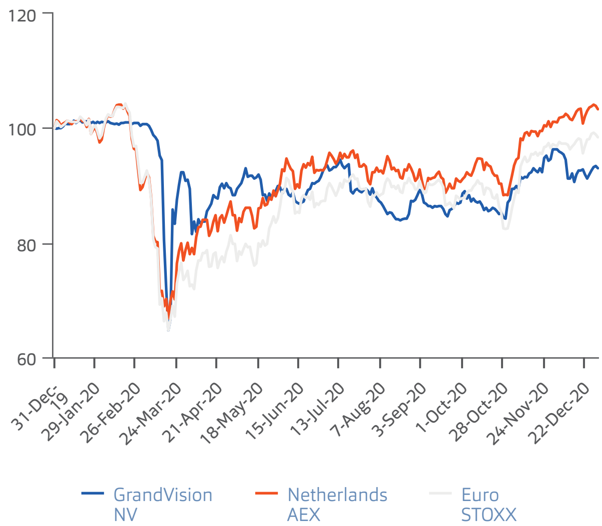
As of 31 December, 2020 the total number of publicly-traded GVNV ordinary shares was 58,478,545. This represents 22.98% of our share capital.

2020 GVNV share price performance

The closing price in 2020 was EUR 25.50 per GVNV share. This represents a 7.0% decrease over the EUR 27.42 per share on 31 December, 2019. By comparison, the Dutch AEX index increased by 3.3% while the Euro STOXX decreased by 1.6% during the same period.

On 31 July, 2019 EssilorLuxottica announced its intention to acquire full ownership of GrandVision for a cash purchase price of EUR 28.00 per share. The price increased by 1.5% to EUR 28.42 after 12 months from the announcement date on 31 July, 2020. The increased purchase price of EUR 28.42 per share agreed between EssilorLuxottica and HAL represents a premium of 35.1% to GrandVision's closing price on 16 July, 2019 of EUR 21.04.

GVNV Share Price Performance 2020



Shareholder structure and proposed acquisition by EssilorLuxottica

Shareholder structure

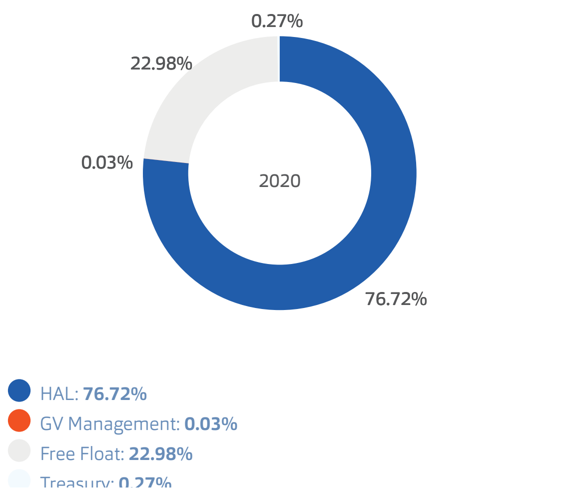
Shareholders as of 31 December, 2020
At the end of 2020, HAL Optical Investments B.V. held 76.72% of GrandVision shares, while our Management Board held 0.03%. The shares held in treasury (0.27%) allow GrandVision to hedge price risks related to grants made under longterm incentive plans.

Since the 2015 IPO, the remaining shares have been held by a number of institutional and retail investors across several jurisdictions.

Shareholders with more than 3% equity
Under Dutch law, shareholders who hold 3% or more shares in any Dutch company must be disclosed to the Dutch Financial Markets Authority (AFM). According to the register kept by the AFM, as of 10 February, 2015, the following shareholder has disclosed that it owns more than 3% of GrandVision's total share capital:

- HAL Optical Investments B.V.

Ownership structure
The following chart provides an overview of our shareholder structure as of 31 December, 2020:



GrandVision investors who are registered in The Netherlands represent less than 1% of the share capital from our publicly-traded shares, while the remaining shares were owned by foreign investors at the end of 2020.

The U.K. held the highest percentage of shareholders registered outside The Netherlands, followed by the U.S.

Proposed Acquisition of GrandVision by EssilorLuxottica

On 31 July, 2019 GrandVision N.V. announced that EssilorLuxottica S.A. and HAL Optical Investments B.V. had reached an agreement for the sale of HAL's 76.72% ownership interest in GrandVision (the 'Block Trade Agreement'). Under the Block Trade Agreement, EssilorLuxottica announced its intention to acquire full ownership of GrandVision for a cash purchase price of EUR 28.00 per share. The price increased by 1.5% to EUR 28.42 after 12 months from the announcement date on 31 July, 2020. GrandVision supports the Transaction under the terms of a support agreement with EssilorLuxottica (the 'Support Agreement').

Closing of the Transaction between EssilorLuxottica and HAL is subject to various conditions, including obtaining anti-trust clearance. The Transaction is expected to close within 12 to 24 months of the announcement date of 31 July, 2019. After the Transaction has been successfully concluded, EssilorLuxottica will launch a mandatory cash public offer (the 'Mandatory Public Offer') for all outstanding shares in the Company, in accordance with the applicable Dutch public offer rules.

Transaction structure

The Block Trade Agreement provides for the purchase by EssilorLuxottica of the entire participation of HAL in GrandVision equal to 76.72% at a price per share of EUR 28.00 payable in cash. The price increased by 1.5% to EUR 28.42 after 12 months from the announcement date on 31 July, 2020.

Prior to the closing of the Transaction, GrandVision is permitted to pay dividends of up to EUR 0.35 per share for 2019 and EUR 0.37 per share for 2020 (or, in each case, 40% of net results if lower) without adjustment to the purchase price under the Block Trade Agreement.

Conditions and termination

The Transaction is subject to, among other things, approval from various anti-trust authorities and other third parties. EssilorLuxottica has committed to taking certain actions required to obtain merger clearance in each of the relevant jurisdictions, but it will not be required to consent to any remedies, which may materially adversely affect the value of the combination of EssilorLuxottica and GrandVision as a whole, materially affect the strategic rationale of the Transaction, or otherwise impose an unreasonable burden on either EssilorLuxottica or GrandVision.

In addition to the approvals mentioned above, the Transaction is subject to various other conditions including completion of mandatory consultation procedures with employee representative bodies, performance of the parties' obligations under the Block Trade Agreement, no breach of warranties, performance of the obligations by GrandVision under the Support Agreement, and the appointment conditional upon closing of four EssilorLuxottica nominees to the Supervisory Board.

In case of termination of the Transaction as a result of (i) failure to satisfy the condition to obtain approval from the relevant regulatory authorities by 30 July, 2021 (the 'Long Stop Date') or (ii) a breach of the agreement or a breach of warranties by EssilorLuxottica resulting in any closing conditions not being met, EssilorLuxottica shall pay termination compensation in the amount of EUR 400 million to HAL. HAL and GrandVision have agreed the after-tax amount of such termination compensation shall be contributed as share premium to GrandVision. In case the agreement is terminated as a result of the net debt of GrandVision being more than EUR 993 million at closing, HAL shall pay to EssilorLuxottica termination compensation in the amount of EUR 100 million. HAL and GrandVision have agreed that, upon demand by HAL, GrandVision will pay such termination compensation to HAL.

The Block Trade Agreement and the Support Agreement may not be terminated as a result of a superior third party offer for the shares in GrandVision.

Support agreement

While the Transaction is between HAL and EssilorLuxottica, EssilorLuxottica has requested GrandVision's support for the Transaction and EssilorLuxottica acquiring control.

Together with external advisors, GrandVision reviewed the strategic, social, financial, legal and operational consequences of the proposed Transaction for GrandVision and its various stakeholders, and ING has issued a fairness opinion to the Management Board and Supervisory Board. On the basis of such review, the Management Board and Supervisory Board have concluded that providing support to the Transaction supports the ongoing, sustainable success of the business and is in the interest of GrandVision and its stakeholders. Mel Groot, HAL's representative on the Supervisory Board of GrandVision, did not partake in any deliberations or decision-making in relation to the Transaction.

In addition to a general commitment to support the Transaction, GrandVision more specifically agreed to cooperate with EssilorLuxottica in connection with (i) the anti-trust clearance process (including by offering certain remedies in order to obtain anti-trust clearance), (ii) the required filings for the Mandatory Public Offer, (iii) the financing of the Transaction (including the refinancing of GrandVision's existing debt), (iv) consultation procedures with employee representative bodies, (v) convening a general meeting in which EssilorLuxottica's nominees for the Supervisory Board can be conditionally appointed, and (vi) accepting certain restrictions in GrandVision's conduct of business until Closing, including with respect to M&A. In addition, GrandVision and EssilorLuxottica have each agreed to abstain from performing any actions that would reasonably be expected to materially prejudice or render more difficult closing of the Transaction. GrandVision believes it has considerable flexibility to continue executing its strategy as communicated during its September 2018 Capital Markets Day.

After closing of the Transaction and the Mandatory Public Offer, EssilorLuxottica intends to terminate GrandVision's listing on Euronext Amsterdam and to acquire 100% of the shares of GrandVision pursuant to statutory buy-out proceedings or to obtain full ownership of GrandVision's business through other second-step transactions. GrandVision acknowledges and agrees that it will be desirable that following the closing of the Transaction, EssilorLuxottica acquires full ownership of GrandVision and its business and has agreed that the Management Board and Supervisory Board will reasonably consider any reasonable proposals for such post-closing second-step transactions.

GrandVision and EssilorLuxottica have agreed that any related party transactions that are not in the ordinary course or at arm's length terms require the affirmative vote of at least one independent member of the GrandVision Supervisory Board. Such affirmative vote will be required until EssilorLuxottica holds all shares in GrandVision or has initiated statutory buy-out proceedings. EssilorLuxottica has furthermore agreed not to acquire any GrandVision shares or other securities before the launch of the Mandatory Public Offer.

Corporate governance

It is envisaged that upon successful completion of the Transaction and until the earlier of EssilorLuxottica acquiring full ownership or initiating statutory buy-out proceedings, the GrandVision Supervisory Board will be composed of four members, to be identified by EssilorLuxottica and two current members of GrandVision's Supervisory Board.

Kees van der Graaf and Rianne Meijerman qualify as independent under the *Dutch Corporate Governance Code*. Van der Graaf will continue to serve as Chairman of the Supervisory Board.

EssilorLuxottica has expressed strong respect and appreciation for the current management team, and Stephan Borchert and Willem Eelman are committed to remain as CEO and CFO of GrandVision post-closing of the Transaction and the subsequent Mandatory Offer.

Timetable and mandatory public offer

EssilorLuxottica and GrandVision will work together to obtain all necessary merger clearances. It is expected that it will take approximately 12 to 24 months before closing of the Transaction.

At the 2020 Annual General Meeting of Shareholders, GrandVision proposed the appointment of four Supervisory Board members to be nominated by EssilorLuxottica. The appointment will be effective upon and subject to closing of the Transaction.

After closing of the Transaction and because EssilorLuxottica will obtain an ownership interest in excess of 30%, EssilorLuxottica will have the obligation to make a Mandatory Public Offer for all remaining outstanding shares of GrandVision. The price of the Mandatory Public Offer will be determined in accordance with Dutch law and will be at a minimum the price per share paid to HAL pursuant to the Block Trade Agreement (as it may be adjusted in accordance with the Block Trade Agreement). Settlement of the Mandatory Public Offer is expected to take place approximately six months after closing.

For further details on the Block Trade Agreement and Support Agreement, please refer to the press release published on 31 July, 2019 online at GrandVision.com in the 'News' section.

Transaction status

GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of the acquisition by EssilorLuxottica of HAL's 76.72% interest in GrandVision within 12 to 24 months from the announcement date of 31 July, 2019. The Transaction has been unconditionally cleared so far in the U.S., Colombia, Brazil, Mexico and Russia and is currently under review in the European Union, Chile, and Turkey. These merger clearance proceedings are confidential.

Summary proceedings

On 18 July, 2020, EssilorLuxottica initiated summary proceedings before the District Court of Rotterdam demanding that GrandVision provides EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of the COVID-19 pandemic on its business.

On 24 August, 2020, the District Court dismissed all claims made by EssilorLuxottica. EssilorLuxottica has appealed the decision of the District Court.

On 22 February, 2021, the public hearing in this appeal case was held at the Amsterdam Court of Appeal. The Amsterdam Court of Appeal has indicated it expects to render its decision on 6 April 2021.

Arbitration process

On 30 July, 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica had sent to GrandVision. These proceedings are currently ongoing. They are confidential and non-public.

Investor information

Investor Relations

GrandVision provides our shareholders, potential shareholders and other stakeholders with relevant information about our business model, strategy and results. The majority of communications to the investment community are widely-distributed corporate press releases, made available and filed with the Dutch Financial Markets Authority. In addition, GrandVision posts all relevant and important information available on the Investor Relations section of GrandVision.com.

GrandVision communicates with financial markets directly on a regular basis. These exchanges with shareholders, analysts and potential investors are based on publicly available presentations and discuss price-sensitive information that is also publicly available.

At present, GrandVision is covered by 13 financial analysts.

Financial year and quarterly reporting
GrandVision's financial year runs from 1 January until 31 December, and we publish annual and semi-annual results. For 1Q and 3Q, we publish trading updates. GrandVision also organizes conference calls for analysts and investors that are available online at GrandVision.com.

In addition, GrandVision keeps stakeholders informed through corporate press releases on any price-sensitive information and other material developments throughout the financial year.

Closed periods
GrandVision's bylaws state that the company observe a 'closed' period prior to publishing regular financial information. The annual results period starts two months before the publication date. Semi-annual results run from the first day of the quarter until the semi-annual results announcement. And there is a one-month closed period for trading updates prior to the publication date.

Disclosure of non-IFRS financial measures and operating data
GrandVision's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Certain parts of our financial reporting and disclosure may contain non-IFRS financial measures and ratios, such as: system-wide sales, organic growth, revenue growth from acquisitions, comparable growth, EBITA, EBITDA, adjusted EBITDA, adjusted EPS, free cash flow and net debt. These are not recognized measures of financial performance or liquidity under IFRS. In addition, certain operational data, such as the number of brands, stores and countries where we are present, may be disclosed.

Our management use the non-IFRS financial measures to monitor GrandVision's underlying performance of business and operations and, accordingly, they have not been audited or reviewed. In addition, they may not be indicative of the historical operating results, nor are meant to predict future results.

These non-IFRS measures are presented because they are important supplemental measures of GrandVision's performance. We believe that these and similar measures are widely used in the industry in which GrandVision operates as a way to evaluate a company's operating performance and liquidity.

Not all companies calculate their non-IFRS financial measures in the same manner or consistency. As a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names.

Annual General Meeting

GrandVision holds General Meetings at least once a year. Votes representing shares can be cast at the General Meeting either personally or by proxy. No restrictions are imposed on these proxies, which can be granted electronically or in writing to GrandVision or to independent third parties. Our shareholders may cast one vote for each share. All resolutions adopted at the General Meeting are passed by an absolute majority of the votes cast, unless the law or the *Articles of Association* prescribe a larger majority.

GrandVision's *Articles of Association* details the proposals that the Management Board may submit to the meeting and the procedure, according to which shareholders may submit matters for consideration for the meeting, and can be found online at GrandVision.com.

The following matters need to be approved at the Annual General Meeting:

- Adoption of the financial statements
- Declaration of dividends
- Significant changes to GrandVision's Corporate Governance
- Remuneration Policy
- Supervisory Board remuneration
- Management Board's discharge from liability
- Supervisory Board's discharge from liability
- Appointment of external auditor
- Appointment, suspension or dismissal of Management Board and Supervisory Board members
- Issuance of shares or rights to shares, the restriction or exclusion of preemptive rights of shareholders and the repurchase or cancellation of shares
- Amendments to the *Articles of Association*

GrandVision's 2021 Annual General Meeting of Shareholders will be virtually held on 23 April, 2021.

Dividends

Dividend policy

To increase dividend-per-share over time, GrandVision pays an annual ordinary dividend in line with our medium- to longterm financial performance and targets. GrandVision predicts that as a result of this policy, the ordinary dividend payout ratio will range from 25% to 50%.

Manner and timing of dividend payments

Payment of any dividends in cash will be made in euros. Dividends paid to shareholders through Euroclear Nederland will be automatically credited to the relevant shareholders' accounts without the shareholders presenting documentation to prove their share ownership. Dividend payments on the shares held in registered form (i.e. not held through Euroclear Nederland, but directly) will be made directly to the relevant shareholder using the information contained in GrandVision's shareholders' register and records.

Dividend payments on GrandVision shares are generally subject to withholding tax in The Netherlands.

Uncollected dividends

A claim for any declared dividends or other distributions lapses five years after the date they were released for payment. Any dividend or distribution not collected within this period will be considered to be forfeited to GrandVision.

2019 and 2020 Dividend

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of the COVID-19 pandemic in 1Q 2021, GrandVision confirms its intention to propose a dividend of EUR 0.35 per share for the fiscal year 2019 at the Annual General Meeting on 23 April, 2021.

If the above mentioned divided is proposed and subsequently approved, the shares will trade ex-coupon as of 27 April, 2021 and dividends will be payable from 4 May, 2021. The record date will be 28 April, 2021.

GrandVision will not propose at this time a dividend for the fiscal year 2020.

Key ratios per share

	2020	2019	2018	2017	2016	2015
Adjusted earnings per share basic, EUR	-0.07	0.91	0.91	0.97	0.96	0.87
Earnings per share basic, EUR	-0.26	0.70	0.85	0.90	0.92	0.84
Earnings per share diluted, EUR	-0.26	0.70	0.85	0.90	0.91	0.84
Dividend per share, EUR	-	0.35[1]	0.33	0.32	0.31	0.28
Year-end share price, EUR	25.50	27.42	19.13	21.3	20.91	27.66
Dividend pay-out ratio, percent	-	49.6%	38.7%	35.6%	33.9%	33.1%

1 Subject to approval at the Annual General Meeting on April 23, 2021

Financial calendar 2021

Date	Event
9 March	2020 Annual Report publication
23 April	First quarter 2021 trading update
	Annual General Meeting
27 April	Ex-dividend date (2019 dividend)
6 August	Half-year and second quarter 2021 results report
29 October	Third quarter 2021 trading update

CHAPTER

Financial statements

Table of contents

Consolidated Financial Statements

Consolidated Income Statement

in thousands of EUR	Notes	2020	2019
Revenue	5	3,480,989	4,039,306
Cost of sales and directly related costs	6	- 988,432	- 1,109,550
Gross profit		2,492,557	2,929,756
Selling and marketing costs	6	- 1,807,630	- 2,027,025
General and administrative costs	6	- 624,385	- 578,091
Share of result of Associates and Joint Ventures		- 950	- 671
Operating result		59,592	323,969
Finance income	8	8,719	3,592
Finance costs	8	- 59,079	- 53,013
Net financial result		- 50,360	- 49,421
Result before tax		9,232	274,548
Income tax	10	- 53,954	- 79,177
Result for the year		**- 44,722**	**195,371**
Attributable to:			
Equity holders		- 66,893	178,483
Non-controlling interests		22,171	16,888
Result for the year		- 44,722	195,371
Earnings per share, basic and diluted (in EUR per share)	9	- 0.26	0.70

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

in thousands of EUR	Notes	2020	2019
Result for the year		**- 44,722**	**195,371**
Total Comprehensive Income (net of tax):			
Remeasurement of post-employment benefit obligations	24	- 10,806	- 26,100
Income tax relating to remeasurement of post-employment benefit obligations		2,295	5,879
Total items that will not be reclassified to Income Statement (net of tax)		- 8,511	- 20,221
Currency translation differences		- 48,060	15,534
Share of Other Comprehensive Income of Associates and Joint Ventures		- 75	1
Cash flow hedges	19	- 2,992	- 4,283
Income tax relating to items that may be subsequently reclassified to Income Statement	19	898	1,021
Total items that may be subsequently reclassified to Income Statement (net of tax)		- 50,229	12,273
Other Comprehensive loss (net of tax)		**- 58,740**	**- 7,948**
Total comprehensive (loss)/ income for the year (net of tax)		**- 103,462**	**187,423**
Attributable to:			
Equity holders		- 123,028	171,805
Non-controlling interests		19,566	15,618
Total comprehensive (loss)/income for the year (net of tax)		- 103,462	187,423

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in thousands of EUR	Notes	31 December 2020	31 December 2019
ASSETS			
Property, plant and equipment	11	483,760	532,690
Right-of-use assets	12	1,322,615	1,442,954
Goodwill	13	1,060,513	1,146,028
Other intangible assets	14	349,728	415,121
Deferred income tax assets	10	51,743	61,822
Investments in Associates and Joint Ventures		874	1,012
Non-current receivables	16	93,135	83,544
Non-current assets		3,362,368	3,683,171
Inventories	15	310,405	356,259
Trade and other receivables	16	254,269	275,618
Other current assets		38,217	32,605
Current income tax receivables	10	32,215	31,759
Derivatives	23	728	1,581
Cash and cash equivalents	17	155,313	162,899
Current assets		791,147	860,721
Total assets		**4,153,515**	**4,543,892**
EQUITY AND LIABILITIES			
Share capital	18	5,089	5,089
Share premium	18	75,537	72,580
Treasury shares	18	- 14,343	- 16,235
Other reserves	19	- 223,698	- 167,622
Retained earnings	20	1,216,191	1,283,340
Equity attributable to equity holders		1,058,776	1,177,152
Non-controlling interests	21	95,744	87,109
Total equity		1,154,520	1,264,261
Borrowings	22	326,206	385,817
Lease liabilities	12	957,625	1,037,293
Deferred income tax liabilities	10	28,336	42,969
Post-employment benefits	24	150,477	136,112
Provisions	26	22,659	18,193
Derivatives	23	8,174	7,935
Other non-current liabilities		11,750	21,637
Contract liabilities	5	8,340	8,641
Non-current liabilities		1,513,567	1,658,597
Borrowings	22	350,025	517,330
Lease liabilities	12	357,352	373,278
Current income tax liabilities	10	58,680	40,705
Provisions	26	28,791	24,034
Derivatives	23	10,388	6,106
Trade and other payables	27	580,166	569,628
Contract liabilities	5	100,026	89,953
Current liabilities		1,485,428	1,621,034
Total liabilities		2,998,995	3,279,631
Total equity and liabilities		**4,153,515**	**4,543,892**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in thousands of EUR	Notes	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total attributable to the equity holders	Non-controlling interest	Total equity
At 1 January 2019		**5,089**	**69,455**	**- 14,068**	**- 157,048**	**1,188,943**	**1,092,371**	**88,384**	**1,180,755**
Result for the year		-	-	-	-	178,483	178,483	16,888	195,371
Cash flow hedge reserve (net of tax)	19, 21	-	-	-	- 3,269	-	- 3,269	7	- 3,262
Remeasurement of post-employment benefit obligations (net of tax)	19, 21	-	-	-	- 17,266	-	- 17,266	- 2,955	- 20,221
Cumulative currency translation reserve (net of tax)	19, 21	-	-	-	13,857	-	13,857	1,678	15,535
Other comprehensive income		-	-	-	- 6,678	-	- 6,678	- 1,270	- 7,948
Total comprehensive income		**-**	**-**	**-**	**- 6,678**	**178,483**	**171,805**	**15,618**	**187,423**
Hedge results transferred to the carrying value of inventory purchased during the year	19	**-**	**-**	**-**	**- 3,896**	**-**	**- 3,896**	**- 179**	**- 4,075**
Purchase of treasury shares		-	-	- 3,814	-	-	- 3,814	-	- 3,814
Acquisition of non-controlling interest	20, 21	-	-	-	-	- 386	- 386	- 33	- 419
Share-based payments	18, 20	-	3,125	1,647	-	43	4,815	-	4,815
Dividends	20, 21	-	-	-	-	- 83,743	- 83,743	- 16,681	- 100,424
Total transactions with equity holders		**-**	**3,125**	**- 2,167**	**-**	**- 84,086**	**- 83,128**	**- 16,714**	**- 99,842**
At 31 December 2019		**5,089**	**72,580**	**- 16,235**	**- 167,622**	**1,283,340**	**1,177,152**	**87,109**	**1,264,261**
At 1 January 2020		**5,089**	**72,580**	**- 16,235**	**- 167,622**	**1,283,340**	**1,177,152**	**87,109**	**1,264,261**
Result for the year		-	-	-	-	- 66,893	- 66,893	22,171	- 44,722
Cash flow hedge reserve (net of tax)	19, 21	-	-	-	- 2,143	-	- 2,143	49	- 2,094
Remeasurement of post-employment benefit obligations (net of tax)	19, 21	-	-	-	- 7,631	-	- 7,631	- 880	- 8,511
Cumulative currency translation reserve (net of tax)	19, 21	-	-	-	- 46,361	-	- 46,361	- 1,774	- 48,135
Other comprehensive loss		-	-	-	- 56,135	-	- 56,135	- 2,605	- 58,740
Total comprehensive loss		**-**	**-**	**-**	**- 56,135**	**- 66,893**	**- 123,028**	**19,566**	**- 103,462**
Hedge results transferred to the carrying value of inventory purchased during the year	19	**-**	**-**	**-**	**59**	**-**	**59**	**- 184**	**- 125**
Share-based payments	18, 20	-	2,957	1,892	-	- 256	4,593	-	4,593
Dividends	21	-	-	-	-	-	-	- 10,747	- 10,747
Total transactions with equity holders		-	2,957	1,892	-	- 256	**4,593**	**- 10,747**	**- 6,154**
At 31 December 2020		**5,089**	**75,537**	**- 14,343**	**- 223,698**	**1,216,191**	**1,058,776**	**95,744**	**1,154,520**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in thousands of EUR	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	28	794,543	1,000,863
Tax paid	10	- 40,290	- 123,482
Net cash from operating activities		**754,253**	**877,381**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	- 107,493	- 140,309
Purchase of intangible assets	14	- 44,701	- 57,419
Proceeds from sales of (in)tangible assets		4,401	9,655
Acquisition of subsidiaries, net of cash acquired		- 7,104	- 154,497
Settlement of contingent consideration	27	- 2,000	- 19,540
Change in other non-current receivables and lease prepayments		- 4,887	481
Net cash used in investing activities		**- 161,784**	**- 361,629**
Cash flows from financing activities			
Proceeds from borrowings	22	601,843	203,196
Repayments of borrowings	22	- 804,321	- 141,171
Repayments of lease liabilities	12	- 359,217	- 400,492
Receipts from finance subleases	12	15,210	16,717
Interest paid		- 14,419	- 19,367
Interest swap payments	23	- 3,218	- 3,126
Interest received		1,531	3,179
Dividends paid to non-controlling interests	21	- 10,747	- 16,681
Dividends paid to shareholders	20	-	- 83,743
Purchase of treasury shares		-	- 3,814
Acquisition of non-controlling interest		-	- 419
Net cash used in financing activities		**- 573,338**	**- 445,721**
Net increase in cash and cash equivalents		**19,131**	**70,031**
Cash and cash equivalents at beginning of the year		134,241	71,619
Effect of exchange rate changes on cash and cash equivalents		- 636	- 7,409
Cash and cash equivalents at end of year	17	**152,736**	**134,241**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General Information

GrandVision N.V. ('the Company') is a public limited liability company and is incorporated and domiciled in Haarlemmermeer, the Netherlands. GrandVision N.V. is listed on the Euronext Amsterdam stock exchange. The Company's Chamber of Commerce registration number is 50338269. The address of its registered office is as follows: The Base, Evert van de Beekstraat 1-80, Tower C, 6th floor, 1118 CL Schiphol, the Netherlands.

At 31 December 2020, 76.72% of the issued shares are owned by HAL Optical Investments B.V. and 22.98% by institutional and retail investors, with the remaining shares held by GrandVision's Management Board (0.03%) and in treasury (0.27%). HAL Optical Investments B.V. is indirectly controlled by HAL Holding N.V. All HAL Holding N.V. shares are held by HAL Trust. HAL Trust is listed on the Euronext Amsterdam stock exchange.

On 31 July 2019, it was announced that EssilorLuxottica had agreed to acquire the 76.62% interest in GrandVision held by HAL Optical Investments B.V. GrandVision continues to support EssilorLuxottica with the shared objective to obtain regulatory approval for the closure of this acquisition within 12 to 24 months from the announcement date. The transaction has been unconditionally cleared so far in the United States, Colombia, Brazil, Mexico, and Russia and it is currently under review in the EU, Chile, and Turkey. On 18 July 2020, EssilorLuxottica initiated summary proceedings before the District Court of Rotterdam demanding that GrandVision provides to EssilorLuxottica additional information in relation to GrandVision's actions to mitigate the impact of COVID-19 on its business. On 24 August 2020, the District Court dismissed all claims made by EssilorLuxottica. EssilorLuxottica has appealed the decision of the District Court. On 30 July 2020, GrandVision announced that it had initiated arbitration proceedings against EssilorLuxottica in connection with the material breach notice EssilorLuxottica has sent to GrandVision. These proceedings are currently ongoing; they are confidential and non-public.

GrandVision N.V. and its subsidiaries (together, referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 31 December 2020, the Group, including its associates and joint ventures, operated 7,260 (2019: 7,406) optical retail stores (including franchise stores). The average number of employees within the Group during 2020 (excluding the associates and joint ventures) in full-time equivalents was 33,542 (2019: 34,143).

2. Basis of Preparation

2.1. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted within the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the *Dutch Civil Code*.

The accounting policies based on IFRS have been applied consistently for the years presented in these consolidated financial statements. There were no changes in the accounting policies applied compared to the previous year, except as described in note 2.7.1.

2.2. Basis of Measurement

The IFRS financial statements have been prepared under the historical cost convention, except for derivatives, share-based payment plans, contingent considerations, certain non-current assets and post-employment benefits.

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, equity, liabilities, commitments, income and expenses.

Implications of COVID-19 on the Group

The global spread of the COVID-19 pandemic during 2020 resulted in challenges for the optical retail industry, in particular in the first half of the year due to a significant number of temporary store closures in many markets, restrictions with regards to openings hours and the performance of essential in-store services in many other regions, as well as a significant reduction in traffic due to consumer uncertainty. GrandVision formed an internal taskforce to continuously monitor and proactively manage risks relating to COVID-19 throughout its business, as well as to ensure that publicly available advice was followed and that appropriate safety measures were quickly implemented for the employees and customers. Business continuity plans of the Group and focus on operational excellence, building on a strong foundation of its long-term strategic initiatives, enabled GrandVision to limit the effects of the pandemic and continue to meet and serve the needs of the customers.

The impact of the COVID-19 pandemic has been markedly different in the first half of the year versus the second half of 2020. In the first half of 2020, and in particular as of March 2020, many of GrandVision's stores were fully closed or only partially open, as GrandVision complied with governmental measures and health authority recommendations around the world. Consequentially, GrandVision was impacted by various degrees of sales limitations and a significant reduction in traffic. As the situation continued to develop rapidly, GrandVision faced a negative revenue impact of -27.2% against the previous year in the first half year of 2020.

In the first half of the year, and as soon as the potential impact of the COVID-19 pandemic became apparent, GrandVision focused on its people, customers and stakeholders as well as the financial health of the company. In this period, GrandVision swiftly implemented hygiene and safety protocols and equipped stores with distance separations and protective equipment, such as face masks and hygiene gels. In addition, the Group accelerated investments in customer facing tools such as optical e-commerce functionalities to enable the customers to interact even better with GrandVision local online and offline retail brands. GrandVision invested in automated eye measurement equipment which, together with distance dividers, allowed eye tests at recommended distances.

By the end of June, the majority of the countries of the Group started to relax COVID-19 measures and restrictions, allowing GrandVision to gradually re-open the store network. With the measures and investments taken in the first half of the year, GrandVision was able to operate safely with 1.5-2-meter social distancing. By June 2020, GrandVision had returned to full operation, particularly in most of the markets in Europe. In Latin America, where countries had been impacted by COVID-19 later than Europe and North America, stores faced a longer period of store closures or were operating with limited opening hours.

Throughout the COVID-19 pandemic, GrandVision continued to make good progress on the implementation of the omnichannel capabilities across the Group. This has helped to better address, serve and retain the customers and resulted in a strong increase in digitally influenced store sales, mainly driven by online appointment booking and e-vouchers, as well as direct e-commerce sales.

The response to the COVID-19 pandemic in the first half of 2020 enabled GrandVision to strongly benefit once the store network re-opened from June 2020 onwards. Despite continued depressed levels of customer traffic, high customer conversion and favorable product mix resulted in a strong recovery of revenue and profitability in the second half of 2020. However, towards the end of the year, the second wave impact resulted in a slowdown of the recovery achieved in the third and fourth quarters of 2020.

During the pandemic, GrandVision worked with key stakeholders such as landlords and banks to mitigate the impact of the crisis whilst engaging in dialogue and using governmental measures offered to help mitigate the impact of the pandemic. GrandVision received support from many of the landlords through agreed rent reductions, details of which are included in the section on leases in this report. Banks supported GrandVision throughout the pandemic by providing a waiver of the bank's covenants for the duration of 2020 whilst gradually resuming in 2021. A sub-set of the banks agreed to provide GrandVision with an additional Liquidity Facility (RLF) commitment of €400 million for the duration of one year and with the option to prolong by another year, further evidencing the confidence in GrandVision. GrandVision participated in various governmental programs and measures offered. This included furlough schemes and postponement of tax and/or social taxes payments. Further details on the impact of such arrangements are included in the section on Financial Risk Management in note 3, and further details are provided in notes 7 and 12 in this report.

GrandVision management believes that the long-term commitment of €1,200 million under the Revolving Credit Facility (RCF), and the additional Liquidity Facility commitment of €400 million will be sufficient in the event of a prolonged COVID-19 pandemic. As of 30 December 2020, 73% of the RCF and 100% of the RLF were available. With the debt markets stabilizing, the interest on Commercial Paper returning to its normal level, and taking into account the available commitments, management believes that GrandVision is in a sound position from a financing point of view (see note 3 for more details).

Therefore, whilst uncertain, management does not believe, however, that the impact of the COVID-19 pandemic would have a material adverse effect on the Group's financial condition or liquidity.

2.3. Significant Accounting Policies
The Group's significant accounting policies are included in the relevant individual notes to the consolidated financial statements, as well as the significant accounting estimates and judgments made, where applicable, as described in note 2.8.

2.4. Subsidiaries
Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated.

2.5. Foreign Currency

2.5.1. Functional and Presentation Currency
Items in the consolidated financial statements of the various Group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being GrandVision's presentation currency. Amounts are shown in thousands of euros, unless stated otherwise.

2.5.2. Transactions, Balances and Translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, excluding foreign operations in hyperinflationary economies, are recognized in the consolidated Income Statement, except when deferred in the consolidated Other Comprehensive Income as qualifying cash flow hedges.

Foreign currency exchange gains and losses are presented in the consolidated Income Statement either in the operating result, if foreign currency transactions relate to operational activities, assets and liabilities, or within the financial result for non-operating financial assets and liabilities.

2.5.3. Foreign Subsidiaries
The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at average exchange rates to approximate the exchange rates at the date of the transaction. Resulting exchange differences are recognized in the consolidated Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

2.5.4. Hyperinflation Accounting
The Group applies hyperinflation accounting for its operations in Argentina. The effects of this hyperinflation accounting on the consolidated financial figures of the Group are limited, since the operations in Argentina represent a limited part of the total assets and the operating result of the Group.

The index used to apply hyperinflation accounting is the Retail Price Index published by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE).

2.6. Principles for the consolidated Statement of Cash Flows
The consolidated statement of cash flows is compiled using the indirect method. The consolidated statement of cash flows distinguishes between cash flows from operating, investing and financing activities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, cash pool balances and bank overdrafts, as they are considered an integral part of the Group's cash management. In the consolidated Balance Sheet, bank overdrafts and cash pool liabilities are included in borrowings in current liabilities.

Cash flows in foreign currencies are translated at the rate of the transaction date.

Interest paid and received is included under cash flow from financing activities . Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognized as cash flows from investing activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognized as cash flows from financing activities; dividends received are recognized as cash flows from investing activities. Repayments of lease liabilities and receipts from finance subleases including principal amount and interest are classified as cash flows from financing activities.

2.7. Changes in Accounting Policies and Disclosures

2.7.1. New and Amended Standards and Interpretations Adopted by the Group
New and Amended Standards and Interpretations Adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards, where applicable:

- **Amendments to IFRS 3 *Business Combinations***
- **Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors***
- **Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures***
- **Amendments to References to the Conceptual Framework in IFRS**
- **Amendments to IFRS 16 *Leases***

Amendments to IFRS 3 *Business Combinations*

The amendments to IFRS 3 on the definition of a business were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments clarify whether an acquired set of activities and assets is a business or not, which is a key consideration in determining whether a transaction is accounted for as a business combination or an asset acquisition. As from 2020, the Group applies these amendments. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on the definition of 'Material' were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align the definition of 'material' across the IFRS standards and to clarify certain aspects of the definition. As from 2020, the Group applies these amendments. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform were issued in 2019 and are effective for accounting periods beginning on or after 1 January 2020. Many interest rate benchmarks such as LIBOR (the London Inter-Bank Offered Rate) are in the process of being replaced. There will be financial reporting implications to this reform, with some effects arising even before a particular interest rate benchmark has been replaced (pre-replacement issues).The amendments provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period of uncertainty over interest rate benchmark reform. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to References to the Conceptual Framework in IFRS

Amendments to References to the Conceptual Framework in IFRS were issued in 2018 and are effective for accounting periods beginning on or after 1 January 2020. The amendments were issued to align various standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. In addition, the amendments clarify that the definitions of asset and liability applied in certain standards have not been revised, with the new definitions included in the new conceptual framework. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 *Leases*: COVID-19-Related Rent Concessions

The amendment to IFRS 16 - COVID-19-Related Rent Concessions was issued in 2020 and is effective for annual periods beginning on or after 1 June 2020. This amendment provides practical relief for lessees in accounting for rent concessions. As a practical expedient, a lessee may elect not to treat eligible COVID-19-related rent concession as a lease modification, and instead is permitted to account for it as if it was not lease modification. The Group has elected to adopt these changes early. The Group applied the practical expedient to all the rent concessions, which meet the criteria for the reporting periods starting 1 January 2020. The impact of the amendment and new accounting policies are disclosed in Leases (note 12).

2.7.2. New Standards, Amendments and Interpretations Issued But Not Effective for the Reported Period and Not Adopted Early

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and are not expected to have a significant impact on the Group's consolidated financial statements:

- **IFRS 17 Insurance Contracts** (issued on 18 May 2017), including **Amendments to IFRS 17, IFRS 4 and deferral of IFRS 9** (issued on 25 June 2020);
- **Amendments to IAS 1 Presentation of Financial Statements**: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively);
- **Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets**; **Annual Improvements 2018-2020** (issued 14 May 2020);
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19** (issued on 25 June 2020);
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (issued on 27 August 2020).

2.8. Significant Accounting Estimates and Judgments

The estimates made and the related assumptions are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the given circumstances. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described together with the applicable note, as follows:

Uncertain tax positions	Note 10
Leases	Note 12
Impairment test of Goodwill	Note 13
Impairment test of Other Intangible assets	Note 14
Consolidation of the Synoptik Group	Note 21
Provisions and contingencies	Note 26

3. Financial Risk Management

3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risks (currency risk, interest rate risk, price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's management provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the use of derivative and non-derivative financial instruments.

3.1.1. Market Risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group treasury's risk management policy is to hedge the expected cash flows in most currencies, mainly by making use of derivatives as described in note 23.

The majority of the Group operations takes place in the 'eurozone', which comprises 58% (2019: 58%) of total revenue. Translation exposure to foreign exchange risk relates to those activities outside the eurozone, whose net assets are exposed to foreign currency translation risk. The currency translation risk is not hedged.

If the currencies had been 5% weaker against the euro with all other variables held constant, the Group's result for the year would have been 7.2% higher (2019: 0.8% higher) of which 5.9% related of USD (2019: 2.2% higher impact of mainly USD offset by 1.4% lower impact of mainly currencies in Europe (HUF, SEK, PLN)) and equity would have been 2.4% lower (2019: 3.0% lower), of which 0.7% lower impact of GBP (2019: 0.8% lower impact of GBP).

Foreign exchange risks with respect to commercial transactions other than in the functional currency are mainly related to US dollar denominated purchases of goods in Asia, indirect exposure on goods and services invoiced in the functional currency but of which the underlying exposure is in a non-functional currency.

The Group designates the spot component of foreign forward exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item. Based on the Group's policy, the foreign currency risk relating to commercial transactions denominated in a currency other than the functional currency of companies within the Group, is hedged between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast, resulting in a relatively limited foreign exchange risk for non-hedged commercial transactions.

Cash flow hedge accounting is applied when the forecasted transaction is highly probable.

GrandVision is exposed to the risk that the exchange rate related to its Argentinean operations will further devalue. Because the Argentinean peso-denominated assets, liabilities, income and expenses of the Argentinean operations are translated into euros for consolidation purposes, a further devaluation of the Argentinean peso going forward could result in lower translated results, assets and liabilities in GrandVision's consolidated figures, which are presented in euros. As the Argentinean operations represent a limited part of the Group, the effects of a devaluation would be limited.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group generally borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments based on a rolling 12-month forecast, which have the economic effect of converting interest rates from floating rates to fixed rates. The Group's policy is to maintain a minimum of 60% of its net debt on a forward-looking 12-months basis, related to interest rate risk at fixed rate. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating interest rate amounts calculated by reference to the agreed notional principal amounts and benchmarks. The Group also uses 0% floors to hedge its exposure to negative interest rate risk. The Group applies a hedge ratio of 1:1.

The table below shows sensitivity analysis considering changes in the EURIBOR:

	2020		2019	
	Impact on result before tax	Impact on Other Comprehensive Income	Impact on result before tax	Impact on Other Comprehensive Income
EURIBOR rate - increase 50 basis points	-1,992	3,804	- 2,281	5,979
EURIBOR rate - decrease 50 basis points	1,789	-2,792	2,278	- 4,188

Note 23 provides more detail on the derivatives the Group uses to hedge the cash flow interest rate risk.

(iii) Price risk

Management believes that the price risk is limited, because there are no listed securities held by the Group and the Group is not directly exposed to commodity price risk.

3.1.2. Credit Risk

Credit risk is managed both locally and on a Group level, where applicable. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, retail customers, health insurance institutions and credit card companies, including outstanding receivables and committed transactions. Refer to note 16 for details of expected credit losses for financial assets measured at amortized cost.

Derivative transactions are concluded, and cash and bank deposits are held only with financial institutions with strong credit ratings. The Group also diversifies its bank deposits and applies credit limits to each approved counterparty for its derivatives. The Group has no significant concentrations of consumer credit risk as a result of the nature of its retail operations. In addition, in some countries all or part of the consumer credit risk is transferred to credit card companies. The Group has receivables from its franchisees. Management believes that the credit risk in this respect is limited, because the franchisee receivables are often secured by pledges on the inventories of the franchisees. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major debit and credit cards.

In view of the Brexit event, through 2019 and 2020 GrandVision proactively, together with its relationship UK domiciled banks, have taken steps to ensure that these banks were able to continue providing their services. In addition, the Group continued to adhere to a strict counterparty risk policy with defined limits per counterparty based on size and external ratings, thereby effectively spreading the embedded counterparty risk in financial transactions over a number of financial institutions.

3.1.3. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of bilateral credit facilities (immediately available funds), a commercial paper program and committed medium-term facilities (available at 4 days' notice). Due to the dynamic nature of the underlying business, the Group aims to have flexibility in funding by maintaining headroom of at least €200 million as a combination of cash at hand plus available committed credit facilities minus any overdraft balances and/ or debt maturities with a term of less than one year. The Group and the local management monitors its liquidity periodically based on expected cash flows.

The Group has a committed Revolving Credit Facility (RCF) of €1,200 million and a committed additional Liquidity Facility (RLF) of €400 million, which will be available in the event that the RCF is fully drawn (see note 22). For both facilities the interest rate on the drawings consists of a margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent. RCF margin is, in addition, adjusted based on the sustainability performance of the Group.

The facilities share the same financial covenants. As at 31 December 2020, the Group was subject to a covenant holiday and a new set of covenants will be applicable for the year 2021 (see note 3.2).

The Group has a commercial paper program under which it can issue commercial paper up to the value of €500 million. As at 31 December 2020, the amount outstanding under the commercial paper program was €345 million (2019: €453 million).

The table below analyzes the maturity of the Group's financial liabilities and derivative financial liabilities. The amounts disclosed are the contractual undiscounted cash flows.

in thousands of EUR	Within 1 year	1-2 years	2-5 years	After 5 years	Total
31 December 2020					
Lease liabilities	365,552	309,962	522,044	178,730	1,376,288
Borrowings	11,015	6,588	331,507	-	349,110
Commercial paper	343,620	-	-	-	343,620
Derivatives	3,099	2,891	6,093	-	12,083
Contingent consideration	1,750	2,760	686		5,196
Trade and other payables (excluding other taxes and social security)	489,210	-	-	-	489,210
31 December 2019					
Lease liabilities	380,210	322,087	575,873	224,672	1,502,842
Borrowings	67,266	2,883	392,814	-	462,963
Commercial paper	452,053	-	-	-	452,053
Derivatives	2,441	2,881	6,897	1,355	13,574
Contingent consideration	2,000	2,789	11,190	-	15,979
Trade and other payables (excluding other taxes and social security)	492,920	-	-	-	492,920

As from 2019, the Group has Supply Chain Financing program. This program allows suppliers to receive payments early from the bank, at their full discretion. Since the Group does not have a direct benefit, the payment terms of the Group are not impacted by this scheme and there is no change to contractual relationship between the Group and the bank, the trade and other payable balances with suppliers participating in this program continue to be classified as trade and other payable.

3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital based on leverage ratio (defined as net debt/EBITDA - covenants). Management believes the current capital structure, operational cash flows, and profitability of the Group will safeguard the Group's ability to continue as a going concern. GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt/EBITDA - covenants) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to, major acquisitions. At the outset of the COVID-19 pandemic, the Group temporarily shifted focus from monitoring capital based on the leverage ratio to securing the availability of financing to support the changing circumstances, including applying for government support in various countries.

Net debt consists of the Group's borrowings, derivatives and cash and cash equivalents, excluding lease liabilities. EBITDA used for monitoring financial covenants is calculated as adjusted EBITDA less depreciation of right-of-use assets and net financial result on lease liabilities and receivables ('EBITDA - covenants').

At the end of December 2020, GrandVision's net debt position was €538,752 (2019: €752,708), with a leverage ratio of 1.3 (2019: 1.2). At 31 December 2020, a total of €325 million was drawn under the RCF (27% of the €1,200 million commitment) with the remaining debt obtained through the Commercial Paper market of €345 million, and other short-term facilities.

In June 2020, GrandVision entered into an additional Liquidity Facility (RLF) of €400 million. This RLF of €400 million, which is provided by five of GrandVision's relationship banks, will be available in the event that the RCF is fully drawn. The term is one year with an additional year available at GrandVision's discretion.

In addition, and as a result of the active dialogue with its relationship banks, GrandVision has reached an agreement to amend its existing 2019–2024 €1,200 million Revolving Credit Facility (RCF), obtaining a relief from the financial covenant tests in 2020. The next financial covenant test will be performed at amended terms at the end of Q1 2021, and thereafter on amended terms at the end of each quarter in 2021. The new covenants provide the banking group with sufficient comfort while at the same time giving GrandVision operational and financial flexibility in case of unexpected COVID-19 setbacks. Both facilities, RCF and RLF, share the same financial covenants. An overview of the covenants is as follows:

Date	Covenants
30 June 2020	Covenant holiday
31 December 2020	Covenant holiday
31 March 2021	EBITDA - covenants of Q1 2021 above zero
30 June 2021	EBITDA - covenants of HY 2021 above €100 million and leverage ratio of 3.25x calculated as Net Debt to 4x 3 months preceding end Q2 2021 EBITDA - covenants
30 September 2021	leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q3 2021 EBITDA - covenants
31 December 2021	leverage ratio of 3.25x calculated as Net Debt to 2x 6 months preceding end Q4 2021 EBITDA – covenants

As of 2022, the financial covenants will revert to those defined in the RCF agreement covenant testing schedule.

On top of the above financial covenants, GrandVision will be providing a Liquidity Forecast to both bank groups on a monthly basis. Moreover, for as long as any loan is outstanding under the Additional Liquidity Facility, GrandVision shall ensure that the forecasted Liquidity (being the sum of Cash & Cash Equivalents and the undrawn available amounts under both the RCF and RLF) will be above €150 million at all times during each relevant 13-week forecast period.

3.3. Fair Value Estimation

The financial instruments carried at fair value can be valued using different levels of valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2). Valuation techniques are used to determine the value. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument have to be observable.
- Inputs for asset or liability that are not based on observable market data (unobservable inputs) (level 3).

If multiple levels of valuation methods are available for an asset or liability, the Group will use a method that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The table below shows the level categories:

in thousands of EUR	Level 2	Level 3
At 31 December 2020		
Assets		
Derivatives used for hedging	728	-
Non-current assets	-	1,590
Total	**728**	**1,590**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	1,203
Derivatives used for hedging	18,562	-
Total	**18,562**	**1,203**
At 31 December 2019		
Assets		
Derivatives used for hedging	1,581	-
Non-current assets	-	1,410
Total	**1,581**	**1,410**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	7,688
Derivatives used for hedging	14,041	-
Total	**14,041**	**7,688**

The Group does not have any assets and liabilities that qualify for the level 1 category. There were no transfers between levels 1, 2 and 3 during the periods.

Level 2 category
An instrument is included in level 2 if the financial instrument is not traded in an active market and if the fair value is determined by using valuation techniques based on the maximum use of observable market data for all significant inputs. For the derivatives, the Group uses the estimated fair value of financial instruments determined by using available market information and appropriate valuation methods, including relevant credit risks. The estimated fair value approximates to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date discounted back to present value

Level 3 category
The level 3 category mainly refers to contingent considerations. The contingent considerations are remeasured based on the agreed business targets.

4. Segments

An operating segment is defined as a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available. The CEO and CFO (the Management Board) forms the CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. These operating segments were defined based on geographic markets in line with their maturity, operating characteristics, scale and market presence. The operating segments' operating result is reviewed regularly by the Management Board – together, the CODM – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Group.

There has been no aggregation of operating segments into reportable segments.

The Group's reportable segments are defined as follows:

- **G4**, consisting of the Netherlands & Belgium, the United Kingdom & Ireland, France, Monaco & Luxembourg and Germany & Austria
- **Other Europe**, consisting of Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden and Switzerland
- **Americas & Asia**, consisting of Argentina, Brazil, Chile, Colombia, India, Mexico, Peru, Russia, Turkey, the United States and Uruguay

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue and adjusted EBITA. Measures of assets and liabilities by segment are not reported to the CODM.

The following table presents total net revenue and adjusted EBITA for the operating segments for 2020 and 2019. The adjusted EBITA is defined as EBITA excluding non-recurring items. Non-recurring items are defined as significant items that are not included in the performance of the segments based on their exceptional nature. For 2020 these items amount to €63 million and include expenses related to impairments of fixed assets (€33 million), to the announced acquisition of GrandVision shares by EssilorLuxottica (€23 million) and restructuring costs (€7 million). For 2019 these items amount to €63 million and are related to impairment of software (€21 million), expenses related to the announced acquisition of GrandVision shares by EssilorLuxottica (€9 million), restructuring costs (€9 million), discontinuation of activities in China (€4 million) and costs related to acquisitions and to prior year. A reconciliation from adjusted EBITA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

in thousands of EUR	G4	Other Europe	Americas & Asia	Other reconciling items	Total
2020					
Total net revenue	2,028,271	1,103,487	349,231	-	3,480,989
Adjusted EBITA	**222,044**	**88,798**	**- 1,568**	**- 42,894**	**266,380**
Non-recurring items					- 63,097
Amortization and impairments (excl. software)					- 143,691
Operating income					**59,592**
Non-operating items:					
Net financial result					- 50,360
Earnings before tax					**9,232**
2019					
Total net revenue	2,265,947	1,268,782	504,577	-	4,039,306
Adjusted EBITA	**346,922**	**151,990**	**21,707**	**- 45,424**	**475,195**
Non-recurring items					- 62,632
Amortization and impairments (excl. software)					- 88,594
Operating income					**323,969**
Non-operating items:					
Net financial result					- 49,421
Earnings before tax					**274,548**

The breakdown of revenue from external customers by geographical area is shown as follows:

in thousands of EUR	2020	2019
France	543,956	645,683
Germany	530,265	566,524
United Kingdom	436,584	498,665
Other countries	1,970,184	2,328,434
	3,480,989	4,039,306

Revenue in the Netherlands, the Group's country of domicile, is €278,802 (2019: €293,142). There are no customers that comprise 10% or more of revenue in any year presented.

Refer to note 5 for details on the disaggregation of the Group's revenue from contracts with customers per reportable segment.

The breakdown of non-current assets by geographical area is shown as follows:

in thousands of EUR	31 December 2020	31 December 2019
France	612,855	635,307
Germany	395,876	382,051
Switzerland	378,971	394,733
United Kingdom	369,204	465,253
Netherlands	294,670	286,571
Other countries	1,259,049	1,457,434
	3,310,625	3,621,349

The non-current assets by geographical area are disclosed based on the location of the assets. This disclosure includes all non-current assets, except for financial instruments and deferred tax assets.

5. Revenue

Accounting Policy

Revenue from contracts with customers is recognized in the period in which the performance obligation in the underlying contract has been satisfied. In most sales transactions this is at the point in time when control over a product or service has been transferred to the customer. Revenue is shown net of value-added tax, expected returns, rebates, discounts and amounts collected on behalf of third parties. Intercompany revenues within the Group are eliminated.

A contract with a customer may comprise of multiple distinct performance obligations. The total consideration under the contract is allocated to performance obligations based on standalone selling prices. The standalone selling price of products sold is determined based on the retail price. For other performance obligations, experience is used to estimate standalone selling prices. The timing of revenue recognition depends on the type of performance obligation, as described below.

Optical product revenues, including optical subscription arrangements, are recognized when the product is sold to the customer and control over the product has been transferred to the customer in return for a (right to) payment or series of monthly payments. Revenue generally is recognized on the moment of the delivery of the product to the customer. In case of optical subscription arrangements, the revenue for the right of use of spectacles is determined based on the payments to be received until end of the contract and recognized at the time of the sale. Any prepayments by customers are short-term in nature and are not considered revenue but are accounted for as contract liabilities.

Income from optical products related services, including extended (service-type) warranties and commissions on consumer insurances, is recognized based upon the duration of the underlying contracts, over a period of 12 or 24 months. Extended warranties are considered services to be rendered and therefore a distinct performance obligation and included under contract liabilities until revenue is recognized. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

Rights issued under a customer loyalty program through vouchers for rebates on future purchases are considered a separate performance obligation and a contract liability is recognized as a reduction to revenue. The standalone selling price of the vouchers is estimated using past experience and the likelihood of redemption. Revenue allocated to the vouchers is recognized based on (anticipated) expiration and when the vouchers are redeemed, generally less than 12 months.

For sales to franchisees and wholesale partners, revenue is recognized upon delivery to the customer, when the risks of obsolescence and loss have been transferred to and the products have been accepted by the customer.

Franchise rights are accounted for as rights to access the franchisor's intellectual property. Franchise royalties that are based on a percentage of sales are recognized at the time of the sale. Contributions from franchisees are generally recognized based upon the duration of the contractually agreed-upon term.

Revenue is reduced and a refund liability is recognized where the customer has a right to return a product in which the transaction price is refunded. A return asset is recognized and cost of sales is reduced where returns can be resold. Experience is used to estimate such returns at the time of sale.

Supplier allowances are only recognized as revenue if there is no direct relationship with a purchase transaction, otherwise the supplier allowance is deducted from cost of these purchases.

A receivable is recognized when all performance obligations in the contract have been satisfied and payment has become unconditional.

Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers per reportable segment in 2020 and 2019, respectively.

Franchise revenues include sales to franchisees and franchise royalties and contributions. Other merchandise revenues comprise mainly wholesale to trade partners. Other revenues comprise mainly supplier allowances and income from subleases.

in thousands of EUR	G4	Other Europe	Americas & Asia	Total
2020				
Revenue from contracts with customers				
Own store sales	1,822,832	1,086,300	338,781	3,247,913
Franchise revenues	202,594	12,138	2,681	217,413
Other merchandise revenues	66	70	6,461	6,597
	2,025,492	1,098,508	347,923	3,471,923
Revenue from other sources				
Other revenues	2,779	4,979	1,308	9,066
	2,028,271	**1,103,487**	**349,231**	**3,480,989**
2019				
Revenue from contracts with customers				
Own store sales	2,034,258	1,247,138	484,979	3,766,375
Franchise revenues	227,181	15,090	5,445	247,716
Other merchandise revenues	1,179	65	11,701	12,945
	2,262,618	1,262,293	502,125	4,027,036
Revenue from other sources				
Other revenues	3,329	6,489	2,452	12,270
	2,265,947	**1,268,782**	**504,577**	**4,039,306**

Contract liabilities

Contract liabilities relate to the Group's obligation to deliver future goods and services for contracts with its customers and mainly include prepayments made by customers, vouchers for rebates on future purchases given as part of an initial sales transaction and unfulfilled extended (service-type) warranties.

At 31 December 2020, an amount of €8.3 million (2019: €8.6 million) and €100 million (2019: €90 million) was recognized as non-current and current contract liabilities, respectively. Increase in current contract liabilities mainly related to optical subscriptions arrangements in Sweden and Denmark.

Revenue recognized during 2020 that was included in contract liability at the beginning of the year amounts to €90 million (2019: €77.7 million).

At 31 December 2020, an amount of €29.5 million relates to the transaction price allocated to long-term contract liabilities of unfulfilled extended (service-type) warranties. It is expected that an amount of €21.4 million will be recognized as revenue during 2021 and in an amount of €8.1 million in 2022. All other contract liabilities are for periods of one year or less.

6. Cost of Sales, Directly Related Costs and Other Operating expenses

Accounting Policy
Cost of sales, directly related costs and other operating expenses are recognized in the consolidated Income Statement when occurred.

Short-term employee benefits such as wages, salaries, social security contributions, bonuses, annual and sick leave are recognized in the year in which the related services are rendered by employees.

For accounting policies related to share-based payments and pensions please refer to notes 25 and 24, respectively. For accounting policies related to depreciation, amortization and impairments please refer to notes 11, 12, 14 and 13, respectively.

Payments relating to lease contracts with a duration of less than 12 months, lease contracts for which the underlying asset, when new, has a value of below €5,000 and variable lease payments are expensed to the consolidated Income Statement when incurred. In addition, the following items are recognized in the consolidated Income Statement within occupancy costs:

- a difference between changes in a lease liability and a right-of-use asset as a result of reassessment/modification;
- a difference between changes in a lease liability and a lease receivable as a result of reassessment/modification;
- a difference between an amount of derecognized right-of-use asset and an amount of lease receivable on initial recognition of finance subleases;
- COVID-19 related rent reductions (note 12).

The following costs have been included in the operating result:

in thousands of EUR	Notes	2020	2019
Direct materials		824,439	951,159
Employee costs		1,262,842	1,407,018
Occupancy costs		111,805	176,813
Marketing & publicity costs		171,193	203,510
Depreciation and impairments	11, 12	510,002	488,833
Amortization and impairments	13, 14	177,655	143,272
Distribution costs		88,430	79,180
Other costs		274,081	264,881
		3,420,447	3,714,666

In 2020, the decrease in most costs included in the operating result is due to temporary store closures, resulted in decrease in revenue and related variable costs, cost savings following the pandemic. Employee costs are partially offset against the government grants received mainly in G4, please refer to Government Grants. The decrease in occupancy costs is due to savings in variable- and fixed rent costs, and rent discounts agreed with the landlords, in connection with the COVID-19 pandemic (see note 12 Leases). The increase in amortization and impairments relates mainly to the impairments of the customer databases and goodwill following lower performance of stores in certain chains compared to the expectations at their acquisition dates, for more information refer to notes 13 and 14.

In 2020, items relating to leases, which were recognized in the consolidated Income Statement mainly within occupancy costs are as follows:

in thousands of EUR	2020	2019
Variable lease payments	65,008	99,145
Short-term leases	1,960	2,332
Low value leases	2,111	2,522

Variable payments related to lease contracts reduced in 2020 due to lower not fixed maintenance and utilities costs, which did not form part of the lease liability.

The employee costs can be specified as follows:

in thousands of EUR	Notes	2020	2019
Salaries & wages		967,851	1,010,934
Social security		187,636	197,444
Pension costs - Defined benefit plans	24	9,953	6,359
Pension costs - Defined contribution plans		21,664	21,742
Share-based payments	25	5,677	5,027
Other employee-related costs		125,005	165,512
Government grants	7	- 54,944	-
		1,262,842	1,407,018

7. Government Grants

Accounting policy

Government grants comprise amounts received by the Group from governments as reimbursement for costs incurred. Most of the government grants (to be) received directly by the Group related to compensation for employee costs incurred during the reporting period. Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them, if any, and that the grants will be received. Government grants related to reimbursement for employee costs are recognized in the consolidated Income Statement as a reduction of the employee expenses over the periods, in which the Group recognized the employee expenses.

In 2020, the amount recognized as a reduction of employee expenses in the consolidated Income Statement for government grants can be specified by function as follows:

in thousands of EUR	2020
Cost of sales and direct related costs	1,066
Selling and marketing costs	49,833
General and administrative costs	4,045
	54,944

The Group was entitled mainly to subsidies to compensate some of the employee costs under the condition that employee staff contracts should not be terminated as a result of lower profitability due to the COVID-19 pandemic. Most of these government grants were received in the United Kingdom and France, where the Group had to temporary cease its operations and furlough some of its employees during several months from March 2020.

There is no significant outstanding receivable or liability related to the government grants as at 31 December 2020.

8. Finance Income and Costs

Accounting Policy

Finance income comprises interest received on outstanding monies and upward adjustments to the fair value of a provision, financial liability or financial asset, gain on derivatives, net foreign exchange gain and interest income on lease receivables.

Finance costs comprise interest due on funds drawn and commercial paper calculated using the effective interest method, interest due on VAT risks, downward adjustments to the fair value of a provision, financial liability or financial asset, losses on derivatives, other interest expenses, commitment fees, the amortization of transaction fees related to borrowings, interest expense on lease liabilities and net foreign exchange losses.

Finance income and costs include:

in thousands of EUR	Notes	2020	2019
Finance costs			
- Interest expense on lease liabilities	12	- 24,743	-30,265
- Bank borrowings		- 8,533	-8,258
- Result on derivatives		- 3,798	-2,418
- Commitment and utilization fee		- 4,148	-1,606
- Other		- 5,535	-9,767
- Net foreign exchange loss		- 12,322	-699
Total finance costs		- 59,079	-53,013
Finance income			
- Interest income		7,098	1,953
- Interest deposits		1,272	964
- Interest income on lease receivables	12	349	650
- Interest loans to management		-	25
Total finance income		8,719	3,592
Net financial result		**- 50,360**	**-49,421**

Finance costs from bank borrowings and interest income include, respectively, costs and income related to balances held in the Group's cash pool.

In 2020, in the line 'interest income' an amount of €6,592 relates to changes in contingent consideration for Charlie Temple acquisition, following the latest business expectations.

In 2019, unwinding of discount on the contingent and deferred considerations amounting to €4,070, was included in Other finance costs.

9. Earnings per Share

Accounting Policy
Earnings per share are calculated by dividing the result for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

in thousands of EUR (unless stated otherwise)	2020	2019
Result for the year attributable to equity holders of the parent	- 66,893	178,483
Average number of outstanding ordinary shares	253,714,180	253,693,611
Diluted average number of outstanding ordinary shares	254,473,666	254,313,931
Earnings per share, basic and diluted (in EUR per share)	- 0.26	0.70

10. Current and Deferred Income Taxes

Accounting Policy
The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated Income Statement, except to the extent that it relates to items recognized in Other Comprehensive Income or directly in equity. In the latter case, the related tax is recognized in Other Comprehensive Income or directly in equity.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities and reflects uncertainty related to income taxes, if any. If the Group concluded it is not probable that the tax authority will accept an uncertain tax treatment, the Group determines the tax impact, applying the 'most likely amount' or ' the expected value' methods, depending on circumstances and expected resolution of the uncertainty.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Balance Sheet. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for losses carried forward and unused incentive tax credits to the extent that sufficient taxable temporary differences and deductible temporary differences are available or realization of the related tax benefit through the future taxable profits is probable. The assessment of whether a deferred tax asset should be recognized based on the availability of future taxable profits take into account all factors concerning the entity's expected future profitability, both favorable and unfavorable.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries and associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Significant Accounting Estimates and Judgments

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Certain uncertainties are caused by the many changes in international tax policies, in absence of available guidance and caselaw on those recent or newly enacted tax measures.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period for which such determination is made.

Carry forward losses and unused incentive tax credits are recognized as a deferred tax asset to the extent that sufficient taxable temporary differences are available or if it is likely that future taxable profits will be available against which losses can be set off. Judgment is involved to establish the extent to which expected future profits substantiate the recognition of a carry forward loss.

Income Taxes

The following income tax was recognized in consolidated Income Statement:

in thousands of EUR	2020	2019
Current income tax	58,247	100,361
Deferred income tax	- 4,293	-21,184
Charge in Income Statement	53,954	79,177

The reconciliation between the computed weighted average rate of income tax expense, which is generally applicable to GrandVision companies, and the actual rate of taxation is as follows:

in thousands of EUR	2020	%	2019	%
Result before tax	9,232	100.0%	274,548	100.0%
Computed weighted average tax rate*	12,545	136.0%	86,098	31.5%
Net exempt expenses not deductible for tax purposes	18,610	201.6%	17,654	6.4%
Incentive tax credits for the reporting period	- 2,860	-31.0%	-3,097	-1.1%
Net effect of (de)recognition of tax losses and unused incentive tax credits	12,666	137.2%	-6,714	-2.4%
Changes in tax rate	1,927	20.9%	-601	-0.2%
Impairment of deferred tax asset	7,250	78.5%	-	-
(Over)/Under provided in prior years	3,816	41.3%	-14,163	-5.2%
Tax charge	53,954	584.5%	79,177	28.9%

*This is calculated based on the different weights of the results in different countries and their domestic tax rates.

Expenses not deductible for tax purposes in 2020 include €11,420 related to impairment of goodwill in CGU United States and CGU Italy (2019: €10,739 impairment of goodwill in CGU United States). See note 13 for more details.

In 2019, an unused incentive tax credit of €16,906 in relation to the restructuring of the activities in China is included in the line 'Net effect of (de)recognition of tax losses and unused incentive tax credits'. During 2020, this tax credit was reclassed to the current tax position.

Impairment of deferred tax asset relates to the write-off of the fixed assets in the United States (see note 11 and 12).

In 2019, based on the anticipated outcome of proceedings in relation to the tax audits and subsequent, currently pending international arbitration on Transfer Pricing positions, the Group has recognized a current income tax receivable of €15,271 (in 2020 adjusted to €13,724). This impact is presented in the line '(Over)/Under provided in prior years'.

If the Group had recognized all losses from operating companies across jurisdictions, the tax charge would have been €8,669 (2019:€10,930) lower.

Current income tax assets and liabilities recognized on the consolidated Balance Sheet:

in thousands of EUR	2020	2019
Current income tax receivables	32,215	31,759
Current income tax liabilities	- 58,680	-40,705
Net amount at 31 December	- 26,465	-8,946

Increase in current income tax liabilities mainly relate to income tax in Germany, which will be paid in line with timeline as set by tax authorities.

Current income tax receivables include the uncertain tax position in France of €13,724 (2019: €15,271). Current income tax liabilities include uncertain tax positions of €19,142 (2019: €18,995).

Deferred Income Tax

in thousands of EUR	2020	2019
The movement on the deferred income tax assets is as follows:		
Gross amount at 1 January	**460,223**	**434,820**
Acquisitions	-	10,392
Income Statement impact	- 28,810	14,190
Change because of income rate change	3,750	- 18,459
Recognized in Other comprehensive income	2,845	8,797
Reclassification	-	7,327
Exchange differences	- 13,165	3,156
Gross amount at 31 December	**424,843**	**460,223**
Offset assets and liabilities	- 373,100	- 398,401
Net amount at 31 December	**51,743**	**61,822**
Analysis of the gross amount of deferred income tax assets is as follows:		
- Deferred income tax asset to be recovered after more than 12 months	319,221	326,430
- Deferred income tax asset to be recovered within 12 months	105,622	133,793
	424,843	460,223
The movement on the deferred income tax liability is as follows:		
Gross amount at 1 January	**441,370**	**427,380**
Acquisitions	690	27,841
Income Statement impact	- 35,030	- 7,379
Change because of income rate change	5,677	- 18,074
Recognized in Other comprehensive income	- 288	469
Reclassification	-	7,353
Exchange differences	- 10,983	3,780
Gross amount at 31 December	**401,436**	**441,370**
Offset assets and liabilities	- 373,100	- 398,401
Net amount at 31 December	**28,336**	**42,969**
Analysis of the gross amount of deferred income tax liabilities is as follows:		
- Deferred income tax liability to be settled after more than 12 months	318,782	366,477
- Deferred income tax liability to be settled within 12 months	82,654	74,893
	401,436	441,370
Net deferred income taxes	**- 23,407**	**- 18,853**

Specification of gross deferred income tax assets:

in thousands of EUR	31 December 2020	31 December 2019
Property, plant and equipment	6,715	7,233
Leases	304,815	330,250
Goodwill	612	446
Other intangible assets	9,075	7,545
Inventories	5,704	5,294
Post-employment benefits	26,518	23,631
Provisions	13,050	10,237
Derivatives	4,220	3,103
Contract liabilities and amounts to be invoiced	6,811	8,454
Trade and other payables	3,947	5,314
Deferred taxes on temporary differences	**381,467**	**401,507**
Deferred taxes on carry forward losses and unused incentive tax credits	43,376	58,716
Total deferred income tax assets	**424,843**	**460,223**

Specification of gross deferred income tax liabilities:

in thousands of EUR	31 December 2020	31 December 2019
Property, plant and equipment	7,342	9,054
Leases	295,214	318,402
Goodwill	40,161	40,447
Other intangible assets	54,656	68,105
Inventories	240	377
Post-employment benefits	54	214
Provisions	2,608	3,674
Derivatives	51	175
Contract liabilities and amounts to be invoiced	214	9
Trade and other payables	896	913
Total deferred income tax liabilities	**401,436**	**441,370**

At 31 December 2020 deferred income tax assets on carry-forward losses have been recognized for an amount of €32,771 (2019: €23,329). The losses are recognized based on taxable temporary differences or future expected results taking into consideration the expiration date of historical losses, other tax regulations and the latest strategic plan, which includes the COVID-19 pandemic implications. The related income tax losses amount to €141,511 (2019: €95,650). At 31 December 2020, deferred tax assets of €37,801 (2019: €20,844) relate to entities which suffered a loss in either the current or the preceding period.

Deferred taxes on unused incentive tax credits relate to incentive tax credit in Germany of €10,605 (2019: €17,922).

Unrecognized income tax losses amount to €255,019 (2019: €334,084). These tax losses expire as follows:

in thousands of EUR	31 December 2020	31 December 2019
Expiring within one year	3,066	2,499
Expiring between one and two years	932	9,454
Expiring between two and five years	11,687	23,755
Expiring after more than five years	109,716	105,579
Offsettable for an unlimited period	129,618	192,797
	255,019	334,084

The unrecognized tax losses offsetable for an unlimited period relate mainly to activities in Brazil. For group companies with a history of recent losses and the absence of expected future taxable results, deferred tax assets have been recognized only to the extent of taxable temporary differences.

11. Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The useful lives used are:

Buildings	8 - 30 years
Leasehold and building improvements	3 - 10 years
Machinery	3 - 10 years
Furniture and fixtures	3 - 10 years
Computer and telecom equipment	3 - 5 years
Other equipment	3 - 7 years
Vehicles	5 years

The useful lives and the residual values of the assets are subject to an annual review.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating result under the relevant heading. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated Income Statement during the financial period in which they are incurred.

Movements in property, plant and equipment are as follows:

in thousands of EUR	Notes	Buildings and leasehold improvements	Machinery and equipment	Furniture and vehicles	Total
At 1 January 2019					
Cost		616,647	547,639	387,817	1,552,103
Accumulated depreciation and impairment		-361,510	-395,300	-281,231	-1,038,041
Carrying amount		**255,137**	**152,339**	**106,586**	**514,062**
Movements in 2019					
Acquisitions		3,142	2,895	3,283	9,320
Additions		62,335	51,158	26,816	140,309
Disposals / retirements		- 4,513	- 2,834	- 1,695	- 9,042
Depreciation charge	6	- 52,899	- 43,072	- 30,633	- 126,604
Impairment	6	- 1,172	- 312	- 296	- 1,780
Reclassification		- 1,848	- 431	1,958	- 321
Exchange differences		3,627	2,599	520	6,746
At 31 December 2019		**263,809**	**162,342**	**106,539**	**532,690**
At 1 January 2020					
Cost		678,912	593,997	408,163	1,681,072
Accumulated depreciation and impairment		-415,103	-431,655	-301,624	-1,148,382
Carrying amount		**263,809**	**162,342**	**106,539**	**532,690**
Movements in 2020					
Acquisitions		411	160	162	733
Additions		38,810	48,880	19,803	107,493
Disposals / retirements		- 3,616	- 934	- 1,015	- 5,565
Depreciation charge	6	- 52,604	- 43,713	- 28,421	- 124,738
Impairment	6	- 7,947	- 172	- 327	- 8,446
Reclassification		543	- 814	104	- 167
Exchange differences		- 8,456	- 6,780	- 3,004	- 18,240
At 31 December 2020		**230,950**	**158,969**	**93,841**	**483,760**
Cost		661,465	604,984	397,516	1,663,965
Accumulated depreciation and impairment		- 430,515	- 446,015	- 303,675	- 1,180,205
Carrying amount		**230,950**	**158,969**	**93,841**	**483,760**

During 2020, capital expenditures included investments in automated eye measurement equipment, thereby enabling its stores to quickly resume operations in compliance with COVID-19 health and safety protocols for both employees and customers.

The impairment in 2020 represents the write-down of certain leasehold improvements and furniture and fittings, mainly in the Americas & Asia segments following restructuring and in relation to the lower performing stores. This was recognized in the consolidated Income Statement within general and administrative costs.

12. Leases

Accounting policy

Definition of a lease

The lease contracts relate mainly to the lease of the Group's own stores and leases for stores that are subleased to the Group's franchisees. Lease contracts also include leases for offices, warehouses, vehicles and equipment.

At the inception date of the contract, GrandVision assesses if it has the right to obtain substantially all of the economic benefits from use of the leased asset throughout the period of use in exchange for consideration; and if it can direct how the leased asset is used.

The following contracts are not considered to be a lease and shall be expensed to the consolidated Income Statement when incurred:

- The contracts with rent payments, which are based on variables such as revenue, volume or traffic levels.
- When a lessor has a substantive substitution right, for example the landlord can benefit by moving the store/corner or office during the lease contract, with only limited costs or efforts of the landlord, while GrandVision cannot prevent the landlord from moving the store.

Lessee Accounting

At the lease commencement date GrandVision recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus key money paid when entering the lease and any other incremental costs of obtaining the lease.

Subsequently the cost of a right-of-use asset is depreciated using the straight-line basis to reduce the right-of-use asset's carrying value to its residual value over the shorter of its estimated useful life and the lease term (see also paragraph 'Significant accounting estimates and judgments'). Right-of-use assets are adjusted for remeasurements of lease liabilities. Right-of-use assets are subject to a regular impairment assessment. A triggering event analysis for impairment of right-of-use assets is performed on a store and chain level. For annual impairment test purposes right-of-use assets are included in the carrying amount of relevant CGU, which represents a country or group of countries.

The residual value of right-of-use asset is assumed to be zero, except for initial costs Droit au Bail in France as these costs relate to the right to lease, which can be sold at the end of the lease term. These costs are treated as a separate component. The residual value is reviewed on a regular basis. The fair value is determined by external valuators taking into account cost per square meter and latest similar transactions for the main shopping malls, which are publicly available. Changes in the residual value are recognized in the consolidated Income Statement.

The lease liability is initially measured at the present value of outstanding lease payments during the lease term, discounted using the incremental borrowing rate (see also paragraph 'Significant accounting estimates and judgments'). The Group has elected to include both lease and non-lease components (e.g. fixed service costs) to the amount of lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest method and is remeasured when there is a change in future lease payments arising, for example, from renegotiations of the lease contract, a change in an index, or if GrandVision changes its assessment of whether it will exercise extension or termination options (see also paragraph 'Significant accounting estimates and judgments'). When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, unless a change in accounting policy as from 2020, related to COVID-19 rent reduction, is applicable. If as a result of this remeasurement, there is any excess over the carrying amount of the asset, it is recognized in the consolidated Income Statement within occupancy costs.

At the end of the lease term or at early termination of the lease, the cost of the right-of-use asset, accumulated depreciation, and outstanding lease liability, are written-down with the difference, if any, recorded in the consolidated Income statement within other occupancy costs.

COVID-19 rent reduction

A COVID-19 rent reduction shall meet all of the following criteria: (a) the change in lease payments does not result in a higher consideration; (b) only lease payments in 2020 and not later than 30 June 2021 are reduced; and (c) there are no substantial changes to other terms and conditions of the lease (see also paragraph in 'Significant accounting estimates and judgments'). GrandVision elected to apply the practical expedient to all the rent concessions, which meet these criteria and treated a COVID-19 rent reduction as a negative variable lease payment. The amount of this rent reduction is recognized in the Consolidated Income Statement as a part of occupancy costs.

Short-term and low-value leases

The Group has elected that the lease payments associated with lease contracts with a term of 12 months or less and leases of low-value assets (individual value of below €5,000, when new, such as computer equipment or mobile phones) are recognized on a straight-line basis over the lease term.

Lessor accounting

The Group subleases some of its right-of-use assets to franchisees or other third parties. When substantially all the risks and rewards transfer to the lessee, the sublease is classified as finance lease, otherwise the sub-lease is an operating lease.

When the sublease is classified as finance lease, the right-of-use asset in the head lease is de-recognized and a lease receivable is recognized. The lease receivable is initially measured at the present value of future lease receipts, which include both lease and non-lease components. Any difference on initial recognition of finance sublease is recorded in the consolidated Income statement within occupancy costs. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method.

Significant Accounting Estimates and Judgments

Lease term

The lease term comprises the non-cancellable period of a lease contract, plus periods covered by a reasonably certain renewal option and periods covered by a termination option, which are not reasonably certain to be exercised. GrandVision assesses whether it is reasonably certain to exercise renewal and termination options at lease commencement date and subsequently, if there is a change in circumstances. When determining the lease term only the options within control of GrandVision are considered.

When assessing renewal and termination options related to real estate leases, a distinction is made between new and existing locations, as well as between the stores based on their performance.

The lease term for a new store is the longest of the non-cancellable period with a minimum of 3 years. In addition, the Group considers the other circumstances, including recent leasehold improvements, local legislation, chain strategy, etc. and then decides if a different period is more appropriate.

Towards the end of the lease term the probability of exercising renewal or termination options is reconsidered based on business strategy, performance of the store and other considerations. In general, options are considered to be reasonably certain at the moment when the landlord is notified about the extension or termination. In case the contract has automatic renewal options, the remaining lease term is equal to the shortest possible extension of the lease, but is not less than 5 years for high performing stores or not less than 3 years for other stores.

The Group is reasonably certain not to exercise a termination option if the term with possible termination would become less than 5 years for high performing stores or less than 3 years for other stores.

The periods of 5 years for high performing stores and 3 years for new and other stores is determined considering Group practice and experience, developments in (optical) retail markets, real estate rental markets, regulations, economic environment and technology. These estimates are reassessed periodically.

Discount rate

The Group uses incremental borrowing rates (IBRs) as a discount rate, since the interest rate implicit in the lease contract generally cannot be readily determined for most of the leases in lease portfolio of the Group. The IBR is the rate that a lessee would pay to attract required funding to purchase the asset over a similar term, with a similar security and in a similar economic environment. In determining the IBR, the comparable uncontrolled price method was selected. The IBR is determined as the sum of a reference rate, credit risk premium and sovereign risk premium. The sovereign risk premium is based on the Credit Default Swaps’ market.

The calculation of IBR takes into account the currency of the lease contract, the lease term, type of leased assets, the country of the lessee and the credit rating of the lessee. The credit rating of the lessee is determined based on financial assessment, in which a scoring approach is applied to key financial ratios of the lessee.

The IBRs are determined on a country-by-country basis with a distinction between the currency of the lease contract, as well as lease term. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a country.

COVID-19 rent reduction: substantial change

COVID-19 rent concession is not eligible for the practical expedient if there is a substantial change in lease terms. To be considered substantial, at least one of the following criteria is met: (a) there is a change of the scope of the lease; (b) there is a change in a lease term.

The movements in the right-of -use assets are as follows:

in thousands of EUR	Notes	Buildings	Other	Total
At 1 January 2019				
Cost		1,385,118	8,430	1,393,548
Accumulated depreciation and impairment		-	-	-
Carrying amount		**1,385,118**	**8,430**	**1,393,548**
Movements				
Acquisitions		23,212	66	23,278
Additions		119,372	4,506	123,878
Reassessment/modification		251,054	97	251,151
Disposal		- 846	- 2	- 848
Depreciation charge	6	- 349,818	- 4,936	- 354,754
Impairment	6	- 5,695	-	- 5,695
Exchange differences		12,366	30	12,396
At 31 December 2019		**1,434,763**	**8,191**	**1,442,954**
At 1 January 2020				
Cost		1,778,412	12,117	1,790,529
Accumulated depreciation and impairment		- 343,649	- 3,926	- 347,575
Carrying amount		**1,434,763**	**8,191**	**1,442,954**
Movements				
Acquisitions		324	-	324
Additions		58,235	4,305	62,540
Reassessment/modification		230,872	1,041	231,913
Disposal		- 88	- 30	- 118
Depreciation charge	6	-347,767	-4,817	- 352,584
Impairment	6	-24,234	-	- 24,234
Exchange differences		-37,845	-335	- 38,180
At 31 December 2020		**1,314,260**	**8,355**	**1,322,615**
Cost		1,985,803	14,537	2,000,340
Accumulated depreciation and impairment		- 671,543	- 6,182	- 677,725
Carrying amount		**1,314,260**	**8,355**	**1,322,615**

The impairment loss in 2020 represents the write-down of the Right-of-use assets mainly in the Americas & Asia segment, following an impairment assessment performed in June 2020 for the chains with historically low performance, and following restructuring. This was recognized in the consolidated Income Statement within general and administrative costs and not reversed at December 2020.

The residual value of right-of-use assets at end of December 2020 is €123,171 (2019:€126,498).

In 2019, acquisitions relate mainly to McOptic in Switzerland.

The movements in the lease liabilities are as follows:

in thousands of EUR	2020	2019
Non-current	1,037,293	1,001,505
Current	373,278	362,020
At 1 January	**1,410,571**	**1,363,525**
Acquisitions	324	20,506
Additions	62,450	127,304
Reassessment/modification	242,848	254,716
Payments/Receipts	- 359,217	- 400,492
Rent reductions	- 33,971	-
Accrued interest	24,743	30,265
Exchange differences	- 32,771	14,747
At 31 December	**1,314,977**	**1,410,571**
Non-current	957,625	1,037,293
Current	357,352	373,278
At 31 December	**1,314,977**	**1,410,571**

The movement 'Rent reductions' relates to temporary reductions of lease payments, due on or before end of reporting period, that were agreed with landlords in connection with the COVID-19 pandemic. The full impact of these temporary rent reductions is recognized in the consolidated Income Statement within the occupancy costs in the current period, instead of spreading this amount over the duration of the lease term.

The movements in the financial lease receivables are as follows:

in thousands of EUR	2020	2019
Non-current	48,090	47,636
Current	16,080	17,257
At 1 January	**64,170**	**64,893**
Additions	3,495	9,911
Reassessment/modification	11,632	5,421
Payments/Receipts	- 15,210	- 16,717
Rent reductions	- 849	-
Accrued interest	349	650
Exchange differences	- 50	12
At 31 December	**63,537**	**64,170**
Non-current	47,572	48,090
Current	15,965	16,080
At 31 December	**63,537**	**64,170**

The maturity of the lease liabilities is as follows:

in thousands of EUR	31 December 2020	31 December 2019
Within 1 year	357,352	373,278
1 - 2 years	303,592	310,831
2 - 5 years	495,667	536,867
After 5 years	158,366	189,595
Total	1,314,977	1,410,571

The future receipts from subleases are as follows:

in thousands of EUR	Notes	31 December 2020		31 December 2019	
		Finance subleases	Operating subleases	Finance subleases	Operating subleases
Within 1 year		16,018	1,003	16,243	910
1 - 2 years		14,258	523	13,982	709
2 - 3 years		11,650	345	11,719	570
3 - 4 years		8,674	204	9,314	492
4 - 5 years		5,982	187	6,163	295
After 5 years		7,623	120	7,602	447
Total undiscounted receipts		64,205	2,382	65,023	3,423
Unearned finance income		- 668	n.a	- 853	n.a
Finance subleases	16	63,537	n.a	64,170	n.a

13. Goodwill

Accounting Policy

Goodwill arises from the acquisition of subsidiaries, chains and stores and represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, chain or store at the date of obtaining control. Any negative goodwill resulting from acquisitions is recognized directly in the consolidated Income Statement.

For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units (CGUs) expected to benefit from the acquisition. Each of those groups of cash-generating units represents the Group's investment in a country or group of countries, which is the lowest level at which the goodwill is monitored for management purposes.

If a cash-generating unit is divested, the carrying amount of its goodwill is recognized in the consolidated Income Statement. If the divestment concerns part of cash-generating units, the amount of goodwill written off and recognized in the consolidated Income Statement is determined based on the relative value of the part divested compared to the value of the group of cash-generating units. Goodwill directly attributable to the divested unit is written off and recognized in the consolidated Income Statement.

Goodwill is not amortized but is subject to annual impairment testing.

Impairment Test of Non-amortized Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the value-in-use and the fair value less costs of disposal.

Value-in-use is calculated using the discounted cash flow method based on the asset's continuing use and applying a pre-tax discount rate derived from the average cost of capital. If a CGU does not pass the value-in-use test, the recoverable amount will be calculated with fair value less costs of disposal method.

Fair value less costs of disposal model is based on the CGU's highest and best use from a market participant's perspective as far as they can be reasonably ascertained, taking financial plans as approved by management as a base (level 3). These estimates include potential business expansion and reorganizations, if applicable. This model is based on a post-tax calculation, using a post-tax discount rate. Fair value less costs of disposal model can be based on the discounted cash flows method or sales multiple.

Impairments are recognized in the consolidated Income Statement. Impairment recognized in respect of cash-generating units is first allocated to goodwill and then to other assets of the cash-generating unit on a pro-rata basis based on the carrying amount of each asset in the cash-generating unit. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. impairment of goodwill, recognized in previous interim or annual period, cannot be reversed.

Significant Accounting Estimates and Judgments

The Group performs its annual goodwill impairment test in the fourth quarter and an additional goodwill impairment test is performed during the year when there is a triggering event.

Due to the temporary store closures in most of the countries of the Group in the second quarter of 2020, following the pandemic outbreak the Group performed the following analysis to identify CGU's with a triggering event: (a) assessment of the impact of the pandemic on the market and expected recovery of the operations in the region; (b) extent and duration of the local government assistance to support the business. Apart from that analysis, when the recoverable amount as per 2019 Annual impairment test was significantly greater than the carrying amount of the CGU and/or was not sensitive to changes in key assumptions, the Group did not re-estimate the recoverable amount of the relevant CGU. As a result, the following seven CGUs were tested for impairment: United Kingdom & Ireland (G4 segment); Switzerland, Italy (Other Europe segment); United States, Chile & Uruguay, Colombia, and Peru (Americas & Asia segment).

Impact of COVID-19 on impairment test models in 2020

During the year, to reflect the uncertainties of the pandemic, the Group changed its valuation technique used to estimate the recoverable amount for the value-in-use from the traditional approach, which uses a single cash flow scenario, to the expected cash flow approach. This approach is based on different scenarios depending on the recovery of the business to the pre-pandemic level. The discounted cash flow projections in each scenario of the value-in-use model cover a period of five years and include the effects of restructuring plans and benefits of the government assistance, as committed at the end of the reporting period, where applicable. Cash flows beyond the five-year period were extrapolated using an estimated growth rate of nil. The discount rates do not reflect uncertainty risks, for which the estimated cash flows have been adjusted.

Scenarios in the impairment test in the second quarter of 2020

Five scenarios were developed , including two V-shaped rebounds with recovery of the business to the pre-pandemic level ('recovery point') in the next 6 and 12 months (Scenarios V1 and V2, respectively); U-shaped with recovery in the next 24 months (Scenario U); and two L-shaped scenarios, in which the optical market in the country goes into longer recession and stays below the pre-pandemic trend (Scenario L1 and L2).

The EBITA and revenue growth rates in the second half of 2020 were based on the latest ramp-up plans as approved by the management in June 2020. The revenue growth rate and EBITA after recovery point were based on the financial plans as approved by management before pandemic at the end of 2019 with a respective postponement of the Group strategy and adjusted for the COVID-19 impact as follows: (a) all the scenarios include costs for the COVID-19 preventive measures in the stores at 0.85 % of sales in year 1; (b) for the L-shaped scenarios potential negative impact of a change in the future customer behavior and preferences, as well as additional COVID-19 related costs, are added to the projections of the U-shaped scenario. Management has subjectively assigned probability weights to each scenario based on business development during the ramp-up period and its expectations for the eyewear industry in a specific country following the pandemic:

	Scenario V1	Scenario V2	Scenario U	Scenario L1	Scenario L2
United Kingdom & Ireland, Switzerland, Italy	5%	50%	25%	15%	5%
US	5%	30%	50%	10%	5%
Chile & Uruguay, Colombia, and Peru	5%	5%	25%	35%	30%

Scenarios in the 2020 annual impairment test

Since 2020 the annual goodwill impairment test was performed in the fourth quarter, it was based on the updated financial plans, which included the COVID-19 implications for the business. Since in the end of the year, the uncertainty about the impact of the pandemic outbreak on the industry was relatively lower, compared to second quarter, there were only 3 scenarios developed for the annual impairment test. These scenarios included base scenario (Scenario U1), which was based on the financial plans as approved by management in 2020, including the assumption that the year 2021 will be on the level of 2019; optimistic scenario (Scenario U2) which included improvement compared to the base scenario in terms of higher profitability by 2% of sales in each year; W-shaped scenario (Scenario W), which included future 'waves' of the pandemic in year 1 and recovery of the business with one year delay, compared to the base scenario. The revenue growth and EBITA were based on the approved latest budget for the next five years. The EBITA percentage incorporated changes due to the pandemic, including additional costs for the COVID-19 preventive measures in the stores as well as improvements due to expected change in customer behavior and preferences.

Management believes that the probability weights below represent a reasonable assessment of the likelihood of the scenarios, taking into account that the most-likely base scenarios already include a country-specific impact of the pandemic on the expectations for the eyewear industry:

	Scenario U1	Scenario U2	Scenario W
G4	70%	10%	20%
Other Europe	70%	10%	20%
Americas & Asia	70%	5%	25%

Key assumptions and judgments for value-in-use

The value-in-use model based on discounted cash flow method requires management to apply judgements around revenue growth, profit assumptions and the discount rate.

All assumptions are weighted based on the relevant scenarios. The revenue growth in 2020 key assumptions was calculated as a weighted per scenario average growth rate taking 2019 as a base year. Key assumptions for Q2 2020 are in respect only to the following CGUs per segment: 'G4' - CGU United Kingdom & Ireland; 'Other Europe' - CGU Switzerland, CGU Italy; 'Americas & Asia' - CGU United States, CGU Chile & Uruguay) are presented in table below.

	2020 Annual impairment test	Impairment test in Q2 2020 (only CGUs with triggering events)	2019 Annual impairment test
Revenue growth rate			
G4	2.3% - 4.2%	4.7%	3.2% - 5.6%
Other Europe	0.6% - 7.5%	3.6% - 4.6%	1.3% - 6.1%
Americas & Asia	4.3%- 14.5%	5.6%	4.3% - 13.6%
EBITA percentage (average)			
G4	4.5% -14.8%	4.7%	5.9% - 17.5%
Other Europe	2.8%- 20.6%	6.8% - 11.6%	7.6% - 24.7%
Americas & Asia	9.7% - 16.6%	-3.5% - 10.3%	4.9% - 17.4%
Discount rate (pre-tax)			
G4	6.4% - 7.1%	7.3%	6.4% - 7.5%
Other Europe	5.5% - 8.9%	6.4%- 10.3%	6.1% - 8.9%
Americas & Asia	7.4% - 23.5%	6.9% - 11.4%	11.8% - 22.3%

Key assumptions and judgments for fair value less costs of disposal model

For mature markets the Group calculates fair value less costs of disposal using the discounted cash flows method. For emerging markets, a sales multiple is used to determine fair value less cost of disposal. The Group applies a multiple to the average sales of the last three full calendar years. The sales multiple is based on the recent market transactions and peers of the Group, considering risk factors of the CGU, for which the fair value less costs of disposal is calculated. For recently acquired cash-generating units and cash-generating units with large investments in store openings to generate growth, the average sales of the last three years are adjusted to reflect these developments.

In 2020, following implementation of IFRS 16, right-of-use assets are included in the carrying amount, which have negative impact on the headroom. To compensate this impact sales multiples are adjusted accordingly. Uncertainty around the impact of the pandemic is reflected by a reduction of the sales multiple in line with a country-specific impact of the pandemic on the expectations for the eyewear industry.

Sales multiples are used to determine the recoverable amount for the CGU Brazil, Argentina, Colombia and Peru and are as shown below:

	2020 Annual impairment test	Impairment test in Q2 2020 (only CGUs with triggering events)	2019 Annual impairment test
Americas & Asia	0.8 - 0.9	0.9 - 1.0	1 – 1.2

Movements in goodwill are as follow:

in thousands of EUR	Notes	2020	2019
At 1 January		**1,146,028**	**1,084,908**
Acquisitions		4,882	99,802
Impairment	6	- 73,136	- 51,138
Exchange differences		- 17,261	12,456
At 31 December		**1,060,513**	**1,146,028**
Costs		1,269,780	1,293,756
Accumulated impairment		- 209,267	- 147,728
Carrying amount		1,060,513	1,146,028

The impairment charge recognized in June 2020, relates to an impairment of goodwill in the CGUs United States, Colombia and Peru, which operate in the Americas & Asia segment and in the CGU Italy, which operates in the Other Europe segment. In 2019, the impairment charge relates to an impairment of goodwill in the CGU United States, which operates in the Americas & Asia segment.

In 2019, increase in Goodwill is mainly related to acquisitions of Charlie Temple, which operates in the G4 segment, Óptica2000 and McOptic, which operate in the Other Europe segment.

The table below shows goodwill per segment:

in thousands of EUR	31 December 2020	31 December 2019
G4	495,048	496,610
Other Europe	516,733	534,974
Americas & Asia	48,732	114,444
	1,060,513	1,146,028

Goodwill impairment charge

See the results for the Goodwill impairment test, performed in the second quarter 2020 :

The recoverable amount of all CGUs was determined based on their value-in-use, except for CGUs Colombia and Peru, for the latter it is their fair value less costs of disposal, consistent with the 2019 Annual impairment test.

- The carrying amount of the CGU Italy has been reduced to its recoverable amount of €207,987 through recognition of an impairment loss against goodwill of €17,379.
- The carrying amount of the CGU United States has been reduced to its recoverable amount of €12,662 ($15,538) through recognition of an impairment loss against goodwill of €38,010 ($43,345).
- The carrying amount of the CGU Colombia has been reduced to its recoverable amount of €19,702 (COP 82,278 million) through recognition of an impairment loss against goodwill of €8,582 (COP 36,113 million).
- The carrying amount of the CGU Peru has been reduced to its recoverable amount of €16,588 (PEN 73,205) through recognition of an impairment loss against goodwill of €9,165.

Total impairment charge on goodwill of €73,136 is included in the general and administrative costs in the consolidated Income Statement.

Sensitivity

For the recoverable amount under expected cash flow approach, the most sensitive assumptions relate to the probabilities ('weights') of each scenario and a discount rate. A reasonably possible change to these assumptions would not result in any impairment of goodwill, where the value-in-use method is used, as this method (where applied) indicated sufficient headroom, except for CGUs Italy and United States. For CGUs Italy and United States, the following changes in assumptions would have resulted in a higher/(lower) impairment as follows:

in thousands of EUR	United States	Italy
increase of the weight of L2 scenario and decrease of V1 scenario by 5 pp.	3,037	3,614
decrease of the weight of L2 scenario and an increase of V1 scenario by 5 pp	(3,037)	(3,614)
increase of the discount rate by 10%	2,979	16,018
decrease of the discount rate by 10%	3,656	no impairment

In the fair value less costs of disposal method based on the sales multiple, the sales multiple and the adjusted average sales used are the sensitive key assumptions. A 10% reduction/(increase) of the sales multiple used in the Group impairment test would result in an additional/(lower) impairment of €2,094 million in Colombia and €2,040 in Peru.

Annual goodwill impairment test

G4 segment

In the G4 in 2020 the higher end of the average revenue growth rate range mainly relates to the CGUs of the Netherlands & Belgium and Germany & Austria and the lower end to the CGU of France. The CGU of the Netherlands & Belgium is at the higher end of the average EBITA percentage range with the CGUs of France and Germany & Austria closely following. The lower end of the EBITA range relates to the CGU of the United Kingdom & Ireland. The higher end of the pre-tax discount rate range relates to the CGU of France while the lower end relates to the CGUs of the Netherlands .

In recent years, significant efforts have been made to ensure the business was prepared for any given Brexit outcome, whether there was a deal or not, including development of IT systems to support timely shipment of goods. In 2020, the Group considered and incorporated the impact on the assumptions resulting from Brexit in its goodwill impairment test. The strategic plan for the CGU of the United Kingdom & Ireland includes expected implications of higher import duties and the costs relating to customs clearance administration and bureaucracy.

The carrying value of goodwill allocated to the CGU of France of €211,175 (2019: €211,175) is considered significant in relation to the Group's total carrying value of goodwill. A reasonably possible change to key assumptions used in the value-in-use would not result in a material impairment of goodwill for CGU of France, as this method indicated sufficient headroom. The approach for determining key assumptions for CGU France is consistent with the Group's approach described above.

Other Europe segment

In 2020, the higher end of the average revenue growth rate range mainly relates to the CGU of Poland and the lower end to the CGU of Finland & Estonia. The higher end of the EBITA percentage range relates to the CGU of Hungary, Czech Republic & Slovakia and the lower end to the CGU of Greece & Cyprus. The higher end of the pre-tax discount rate range relates to the CGUs of Hungary, Czech Republic & Slovakia and Italy (discount rate in Italy reduced compare to Q2 2020 mainly due to a significant drop in the government bonds yield and reduced volatility (beta) of the optical retail industry returns compared to the market). The lower end relates to the CGUs of Switzerland, Norway, Finland & Estonia and Denmark.

The remaining CGUs within the Other Europe segment have average revenue growth rates, EBITA percentages and pre-tax discount rates around the midpoint of the respective ranges.

Americas & Asia segment

In 2020, the higher end of the average revenue growth rate range mainly relates to the CGU of Turkey and the lower end relates to the CGU of Chile & Uruguay and Russia. The higher end of the average EBITA percentage range relates to the CGU of the Turkey and the lower end relates to the CGU of Colombia. The higher end of the pre-tax discount rate range related to the CGU of Turkey, while the lower end related to the CGU of United States. The remaining CGUs within the Americas & Asia segment have average revenue growth rates, EBITA percentages and pre-tax discount rates around the midpoint of the respective ranges.

The assumptions for CGU of United States used in impairment test in the second quarter 2020, were updated in the annual impairment test to include a change in a business strategy in the US market to have more focus on the store-in-store concept in the Walgreens pharmacy chain.

Sensitivity

In 2020, for the recoverable amount under expected cash flow approach, the most sensitive assumptions relate to the probabilities ('weights') of each scenario and a discount rate (2019: revenue growth, profit assumptions and the discount rate). A reasonably possible change to key assumptions would not result in a material impairment of goodwill where the value-in-use method is used (2019: no material impairment). Allocation of 100% probability to Scenario W would not result in a material impairment of goodwill, except for the CGU of the United Kingdom & Ireland, where there is a nil headroom with allocation of approximately 80% probability to Scenario W and 20% to Scenario U.

In the fair value less costs of disposal method based on the sales multiple, the sales multiple and the adjusted average sales used are the sensitive key assumptions. A 10% reduction of the sales multiple used in the Group impairment test would not result in an impairment (2019: no impairment).

14. Other Intangible Assets

Accounting Policy
Other intangible assets contain customer databases, trademarks, software and others.

Customer databases

Customer databases are only recognized as an intangible asset if the Group has a practice of establishing relationships with its customers and when the Group is able to sell or transfer the customer database to a third party. The customer databases are initially recognized at fair value using the discounted cash flow method or multi-period excess earnings method for the acquisitions. The fair value is subsequently regarded as cost. Customer databases have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but no longer than 15 years.

Trademarks

Trademarks acquired in business combinations are initially recognized at fair value using the relief-from-royalty approach. The fair value is subsequently regarded as cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated, using the straight-line method over the estimated useful life but not longer than 15 years (with exceptions of certain older trademarks).

Software

Acquired software is capitalized based on the costs incurred to acquire and to bring to use the specific software. Software is amortized when the product is put in operation, using the straight-line method, based on an estimated useful life in range of 3-5 years.

Costs incurred on development projects (i.e. internally developed software) are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

The expenditure that is capitalized includes purchases and the directly attributable employee costs. Development costs previously recognized as an expense, are not recognized as an asset in a subsequent period.

Other

Other intangible assets are mainly related to a concession agreement, reacquired rights, and franchise contracts.

The concession agreement is an identifiable intangible asset that the acquirer recognizes separately from goodwill. It relates mainly to the rights to operate optical stores in the El Corte Ingles department stores until years 2040 - 2048.

These rights are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight-line basis over the duration of the concession agreement.

A reacquired right is an identifiable intangible asset that the acquirer recognizes separately from goodwill. As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognized or unrecognized assets. An example of such rights includes a right to use the acquirer's trade name under a franchise agreement. Reacquired rights are initially valued at the present value of the expected future cash flows, which is subsequently used as cost and amortized on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

Franchise contracts acquired in a business combination are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight line basis over its useful life, being the remaining duration of the franchise contract without considering contractual extension possibilities, but not exceeding 10 years.

Movements in Other Intangible Assets are as follows:

in thousands of EUR	Notes	Customer databases	Trademarks	Software	Other	Total
At 1 January 2019						
Cost		173,057	291,547	261,011	44,575	770,190
Accumulated amortization and impairment		- 44,476	- 187,404	- 157,730	- 30,257	- 419,867
Carrying amount		**128,581**	**104,143**	**103,281**	**14,318**	**350,323**
Movements in 2019						
Acquisitions		14,589	21,111	624	54,847	91,171
Additions		487	-	56,905	27	57,419
Disposals		-	-	- 533	- 104	- 637
Amortization charge	6	- 18,340	- 11,042	- 33,485	- 8,074	- 70,941
Impairment	6	-	-	- 21,193	-	- 21,193
Reclassification		- 5	- 20	355	- 9	321
Exchange differences		5,014	2,493	1,106	45	8,658
At 31 December 2019		**130,326**	**116,685**	**107,060**	**61,050**	**415,121**
At 1 January 2020						
Cost		194,806	317,408	312,721	100,353	925,288
Accumulated amortization and impairment		- 64,480	- 200,723	- 205,661	- 39,303	- 510,167
Carrying amount		**130,326**	**116,685**	**107,060**	**61,050**	**415,121**
Movements in 2020						
Acquisitions		266	-	-	1,397	1,663
Additions		114	-	44,285	302	44,701
Disposals		-	-	- 251	-	- 251
Amortization charge	6	- 17,878	- 11,389	- 33,641	- 7,606	- 70,514
Impairment	6	- 29,564		- 323	- 4,118	- 34,005
Reclassification		-	-	167	-	167
Exchange differences		- 2,486	- 2,605	- 1,771	- 292	- 7,154
At 31 December 2020		**80,778**	**102,691**	**115,526**	**50,733**	**349,728**
Cost		188,952	307,213	344,009	99,729	939,903
Accumulated amortization and impairment		- 108,174	- 204,522	- 228,483	- 48,996	- 590,175
Carrying amount		**80,778**	**102,691**	**115,526**	**50,733**	**349,728**

Customer database and trademarks
In 2019, the increase in customer database and trademarks related mainly to the acquisitions of McOptic and Óptica2000 (in Other Europe segment).

In 2020, the customer databases related to Tesco (UK, part of G4 segment), ForEyes (US, part of Americas & Asia segment), and the Randazzo acquisition (Italy, part of Other Europe segment) were (partially) impaired following the historically lower performance of the stores in these chains, compared to the expectations at their acquisitions. The majority of the customer database impairment relates to the Tesco customer database.

Impairment Test of Tesco customer database
The customer database relating to Tesco stores acquired in 2017 in the UK is amortized over 14 years. It has a carrying amount of €23,700 at the end of reporting period, after impairment of €20,548. The recoverable amount for the impairment test purposes was determined based on a fair value less costs of disposal model (level 3). The model includes discounted cash inflows based on future revenue from customers 'acquired' as part of the transfer of the Tesco Opticians database, together with the costs incurred in meeting that demand. The projections cover a twelve-year period (remaining useful life of the customer database). Key assumptions used are as follows: (a) expected revenue growth of 2%; (b) a churn rate; (c) post-tax discount rate of 5.7%.

The most sensitive key assumption in the impairment test of the Tesco customer database relates to revenue growth rate. A reduction of the expected revenue growth to the level of 1%, with all other factors used in calculating the fair value less costs of disposal remaining unchanged, would lead to an additional impairment of €4.0 million. In light of the significant impact of the COVID-19 pandemic on the economic outlook and business forecasts, the impact of Brexit has remained immaterially low. For more details on the (expected) implications of Brexit on the operations refer to note 13.

Software
During 2020, GrandVision continued its investment program on its strategic initiatives. Additions mainly related to the development of the omnichannel capabilities and other investments in IT.

In 2019, software was impaired mainly at the corporate level following changes in the strategy related to the implementation of global e-commerce platforms and ERP system.

Other
The other intangible assets mainly comprise the concession agreement, recognized following acquisition of Óptica2000 during 2019 in Spain of €42,032 (2019: €43,846).

15. Inventories

Accounting Policy
Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. A new assessment of the net realizable value is made in each subsequent period. When the circumstances that previously caused inventories to be written down below cost are no longer existing or when there is clear evidence of an increase in the net realizable value because of changed economic circumstances, the amount of the write-down is reversed. Costs of inventories include gains/losses on qualifying cash flow hedges transferred from equity at the moment of initial recognition of inventories.

The composition of the inventories is as follows:

in thousands of EUR	31 December 2020	31 December 2019
Finished goods	334,056	378,482
Provision for obsolete inventory	- 23,651	- 22,223
	310,405	356,259

An amount of €15,329 (2019: €15,881) has been recognized in the consolidated Income Statement relating to obsolete inventories in 'Cost of sales and directly related costs'.

16. Trade and Other Receivables

Accounting Policy

At initial recognition, financial assets are classified as either measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The Group does not have assets measured at fair value through other comprehensive income.

Financial assets are initially recognized on the trade date, the date on which the Group commits to purchase the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Upon derecognition any gain or loss are recognized in the consolidated Income Statement.

Financial assets at amortized cost

Financial assets at amortized cost are financial assets held within a business model aimed at holding the asset in order to collect contractual cash flows. Timing of these cash flows is determined in the contract and comprise solely payments of principle and interest. Assets measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. For trade receivables, the transaction price is deemed to be equal to the fair value. Subsequently, these assets are carried at amortized cost using the effective interest method less any allowance for expected credit losses.

Interest income on assets is recognized in the consolidated Income Statement.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses on financial assets measured at amortized cost and at fair value through other comprehensive income. The resulting allowance is generally based on a 12-month expected credit loss. When credit risk on an asset increases significantly the calculation of the expected credit loss is based on the full lifetime of the financial asset.

The Group applies judgement in its assessments of credit risk and expected credit losses based on current and historical data as well as forward-looking estimates. Changes in the allowance are recorded in the consolidated Income Statement with a reduction to the carrying value of financial assets measured at amortized cost, as an expected credit loss provision.

The Group applies the full lifetime credit loss method to trade receivables that have a maturity of one year or less. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables (i.e. provision matrix).

For financial assets measured at amortized cost, the Group applies the general approach under IFRS 9. The resulting allowance is generally based on a 12-month expected credit loss. When credit risk on an asset increases significantly the calculation of the expected credit loss is based on the full lifetime of the financial asset. The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. A significant increase in credit risk is presumed if a debtor is past due in making a contractual payment for a period outside of normal business practices. A default on a financial asset occurs when the counterparty fails to make contractual payments for a period significantly outside of normal business practices.

When using the general approach, for financial assets measured at amortized cost other than trade receivables with a low risk of default and a strong capacity to meet contractual cash flows, a 12-month expected credit loss provision is recognized. For financial assets measured at amortized cost other than trade receivables with a significant increase in credit risk and debtors that have defaulted, the expected credit loss provision is recognized based on lifetime expected credit losses. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial assets measured at amortized cost are written off when there is no reasonable expectation of recovery. This is generally the case when the Group determines that the debtor does not have any assets or other sources of income that could generate sufficient cash flows to repay the relevant amount.

Impairment losses on financial assets measured at amortized cost are included in the selling and marketing costs in the consolidated Income Statement. Subsequent recoveries of amounts previously written off are also credited against the same line item.

The table below shows trade and other receivables:

in thousands of EUR	Notes	31 December 2020		31 December 2019	
		Current	Non-current	Current	Non-current
Trade receivables		158,020	10,793	165,044	-
Less: provision for impairment of trade receivables		- 17,257	-	-15,861	-
Trade receivables – net		140,763	10,793	149,183	-
Finance lease receivables	12	15,965	47,572	16,080	48,090
Receivables related to consumer insurances		38,627	-	40,976	-
Taxes and social security		27,319	-	30,089	-
Supplier and other receivables		29,031	8,177	34,458	8,629
Rental deposits		640	25,003	1,081	25,415
Receivables from related parties	30.1	2,733	-	4,165	-
Less: provision for impairment of other receivables		- 809	-	-414	-
Other financial assets measured at amortized cost - net		113,506	80,752	126,435	82,134
Financial assets measured at amortized cost - total		254,269	91,545	275,618	82,134
Financial assets at fair value through profit or loss		-	1,590	-	1,410
		254,269	93,135	275,618	83,544

The carrying value less provision for impairment approximates the fair value of the assets.

Non-current trade receivables relate to optical subscriptions arrangements mainly in Sweden and Denmark. Current part of these arrangements is equal to €25.3 million (2019: €5 million) and included in current trade receivables.

Impairment of Financial Assets

The Group has two types of financial assets that are subjective to the expected credit loss model:

- Trade receivables
- Other financial assets measured at amortized cost

Trade receivables

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss provision for trade receivables is determined as follows:

in thousands of EUR	31 December 2020			31 December 2019		
	Expected loss rate (%)	Gross Amount	Provision	Expected loss rate (%)	Gross Amount	Provision
Not past due	0%	126,475	582	0%	130,716	59
Past due up to 3 months	32%	13,819	4,382	10%	15,681	1,587
Past due between 3 and 6 months	38%	4,008	1,528	23%	4,247	990
Past due between 6 and 9 months	64%	4,767	3,068	79%	3,596	2,854
Past due after 9 months	86%	8,951	7,697	96%	10,804	10,371
	11%	158,020	17,257	10%	165,044	15,861

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost generally arise from transactions outside the trade activities of the Group and relate mainly to rental deposits, lease receivables, taxes and social security, other business receivables and loans to management. Business receivables include mainly receivables related to commissions earned on consumer insurances sold and supplier receivables.

Management considers these financial assets to have a low credit risk since based on limited historical credit losses, these financial assets have low risk of default and have a strong capacity to meet their contractual cash flow obligations in the near term. At reporting date, there is no significant increase of credit risk since initial recognition and as such, the Group measured the expected credit loss provision at an amount equal to 12-month expected credit losses.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Movements on the provision for the impairment of trade receivables and other financial assets measured at amortized cost are as follows:

in thousands of EUR	Trade receivables	Other financial assets at amortized cost	Trade receivables	Other financial assets at amortized cost
	2020		2019	
At 1 January	**15,861**	**414**	**13,433**	**444**
Additions to provision for expected credit losses	8,335	528	7,228	-
Receivables written off during the year as uncollectible	- 2,681	- 368	-3,375	-
Unused amounts reversed	- 3,233	- 158	-1,612	- 28
Exchange differences	- 1,025	393	187	- 2
At 31 December	**17,257**	**809**	**15,861**	**414**

The carrying amounts of the Group's trade receivables, including provision, by currency :

in thousands of EUR	31 December 2020	31 December 2019
Euro (EUR)	63,162	70,846
Swedish Krona (SEK)	20,845	11,583
Danish Krone (DKK)	17,925	10,003
British Pound Sterling (GBP)	6,764	15,101
Norwegian Krone (NOK)	6,114	6,783
Turkish Lira (TRY)	5,897	8,852
Brazilian Real (BRL)	5,085	4,415
Chilean Peso (CLP)	4,845	7,413
Swiss Franc (CHF)	2,470	1,980
Other	7,656	12,207
Total	140,763	149,183

17. Cash and Cash Equivalents

Accounting Policy
Cash and cash equivalents comprise bank balances including cash pool assets, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand. These are carried in the consolidated Balance Sheet at face value.

Cash and cash equivalents can be specified as follows:

in thousands of EUR	31 December 2020	31 December 2019
Cash at bank and in hand	138,770	145,343
Short-term bank deposits and marketable securities	16,543	17,556
	155,313	162,899

Cash and cash equivalents by currency:

in thousands of EUR	31 December 2020	31 December 2019
Euro (EUR)	71,742	55,349
British Pound Sterling (GBP)	17,062	12,704
Chilean Peso (CLP)	15,991	10,104
Mexican Peso (MXN)	13,267	9,986
Turkish Lira (TRY)	10,230	12,379
United States Dollar (USD)	4,633	17,372
Norwegian Krone (NOK)	4,375	4,876
Swiss Franc (CHF)	3,206	12,588
Brazilian Real (BRL)	2,607	6,260
Other	12,200	21,281
Total	155,313	162,899

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

in thousands of EUR	Notes	31 December 2020	31 December 2019
Cash and bank balances		155,313	162,899
Bank overdrafts	22	- 2,577	- 28,658
		152,736	134,241

Bank overdrafts include drawings on the uncommitted bilateral overdraft and money market facilities.

18. Share Capital, Share Premium and Treasury Shares

Accounting Policy
Ordinary shares are classified as equity attributable to the equity holders. Costs directly attributable to the issuance of new shares are deducted from the proceeds and recognized in equity. Amounts received above the nominal is recorded as a share premium.

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled or re-issued. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in the shareholders' equity.

The movements in the number of shares outstanding and share capital can be specified as follows:

	Number of shares outstanding at par value of EUR 0.02	Share capital (in thousands of EUR)	Share premium (in thousands of EUR)	Treasury shares (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2019	**253,767,648**	**5,089**	**69,455**	**- 14,068**	**60,476**
Purchase of treasury shares	- 195,000	-	-	- 3,814	- 3,814
Share-based payments	82,330	-	3,125	1,647	4,772
At 31 December 2019	**253,654,978**	**5,089**	**72,580**	**- 16,235**	**61,434**
At 1 January 2020	**253,654,978**	**5,089**	**72,580**	**- 16,235**	**61,434**
Share-based payments	94,619		2,957	1,892	4,849
At 31 December 2020	**253,749,597**	**5,089**	**75,537**	**- 14,343**	**66,283**

The authorized share capital consists of 254,443,840 ordinary shares at a par value of €0.02 each.

In 2020, the share-based payment plan movements within share premium of €4,849 relate to the periodic expenses and settlements of the share-based payment plans (2019: €4,772).

GrandVision transferred 94,619 shares to the eligible LTIP-participants in relation to the share-based payment plans following the vesting in 2020 (2019: 82,330 shares). The number of shares held in treasury at 31 December 2020 were 694,243 (2019: 788,862 shares).

19. Other Reserves

Accounting Policy

Other reserves include the cash flow hedge reserve, remeasurement of post-employment benefit obligations and the cumulative currency translation reserve.

The cash flow hedge reserve contains the effective part of the accumulated change in the fair value of cash flow hedges, net of tax, related to the foreign currency forwards and interest rate derivatives. See note 23 for more details on the Group's derivatives and hedge accounting. Transfer from the cash flow hedge reserve to the carrying value of inventory at initial recognition, is presented separately from consolidated Other Comprehensive Income.

Remeasurement of post-employment benefit obligations contains remeasurement of gains and losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions. See note 24 for more details on the Group's post-employment benefit obligations.

The cumulative currency translation reserve includes all exchange differences resulting from the translation of the financial statements of foreign entities.

The movements in Other Reserves can be specified as follows:

in thousands of EUR	Cash flow hedge reserve	Remeasurement of post-employment benefit obligations	Cumulative currency translation reserve	Total Other reserves
At 1 January 2019	**- 2,567**	**- 9,355**	**- 145,126**	**- 157,048**
Other comprehensive income	- 3,269	- 17,266	13,857	- 6,678
Hedge results transferred to the carrying value of inventory purchased during the year	- 3,896	-	-	- 3,896
At 31 December 2019	**- 9,732**	**- 26,621**	**- 131,269**	**- 167,622**
At 1 January 2020	**- 9,732**	**- 26,621**	**- 131,269**	**- 167,622**
Other comprehensive income	- 2,143	- 7,631	- 46,361	- 56,135
Hedge results transferred to the carrying value of inventory purchased during the year	59	-	-	59
At 31 December 2020	**- 11,816**	**- 34,252**	**- 177,630**	**- 223,698**

In 2020, the negative impact of exchange difference on the currency translation reserve resulted from the translation of the financial statements of foreign entities mainly in the UK (G4 segment), Mexico and Turkey (Americas & Asia segment).

The movement in the cash flow hedge reserve per risk category can be specified as follows:

	Interest risk	Currency risk	Total	Attributable to the equity holders	Non- controlling interest
At 1 January 2019	**- 4,013**	**1,504**	**- 2,509**	**- 2,567**	**58**
Changes in fair value	- 8,931	1,504	- 7,427	- 7,415	- 12
Reclassified to profit or loss	3,170	3	3,173	3,165	8
Income tax	1,472	- 451	1,021	1,012	9
Exchange differences	-	- 29	- 29	- 31	2
Other comprehensive income	**- 4,289**	**1,027**	**- 3,262**	**- 3,269**	**7**
Amount transferred to the cost of inventory	-	- 5,503	- 5,503	- 5,289	- 214
Income tax	-	1,428	1,428	1,393	35
	-	- 4,075	- 4,075	- 3,896	- 179
At 31 December 2019	**- 8,302**	**- 1,544**	**- 9,846**	**- 9,732**	**- 114**
At 1 January 2020	**- 8,302**	**- 1,544**	**- 9,846**	**- 9,732**	**- 114**
Changes in fair value	- 3,296	- 2,912	- 6,208	- 6,262	54
Reclassified to profit or loss	3,213	47	3,260	3,260	-
Income tax	20	878	898	897	1
Exchange differences		- 44	- 44	- 38	- 6
Other comprehensive income	**- 63**	**- 2,031**	**- 2,094**	**- 2,143**	**49**
Amount transferred to the cost of inventory	-	- 65	- 65	166	- 231
Income tax	-	- 60	- 60	- 107	47
	-	- 125	- 125	59	- 184
At 31 December 2020	**- 8,365**	**- 3,700**	**- 12,065**	**- 11,816**	**- 249**

20. Retained Earnings

Accounting Policy
Dividends are recognized in equity in the reporting period in which they are declared.

The movements in Retained Earnings can be specified as follows:

in thousands of EUR	2020	2019
at 1 January	**1,283,340**	**1,188,943**
Result for the year	- 66,893	178,483
Share-based payments	- 256	43
Dividends paid	-	- 83,743
Acquisition of non-controlling interest	-	- 386
At 31 December	**1,216,191**	**1,283,340**

GrandVision will not propose at this time a dividend for the fiscal year 2020.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision confirms its intention to propose a dividend for the amount of €88,779 (€0.35 per share) for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

In 2019 , a total dividend of EUR 0.33 per share was paid out for a total of €83,743 for the year 2018.

21. Non-Controlling Interest

Accounting Policy
The transactions with non-controlling interests are accounted for as equity transactions.

Significant Accounting Estimates and Judgments

Consolidation of the Synoptik Group
The Company's ownership interest in the Synoptik Group is 63.29%. The agreement between the Company and the partner stipulates that the partner has certain affirmative votes in order to protect the variable returns of their investment. Resulting from contractual arrangements between the Company and the partner on key operational, procurement and organizational activities, the Company has the ability to execute power over the relevant activities of Synoptik, which directly affects Synoptik's returns. Following this assessment, the Company concluded that it has control and the Synoptik Group is consolidated. At each reporting date this assessment is reconsidered.

The movements in Non-Controlling Interest can be specified as follows:

in thousands of EUR	2020	2019
at 1 January	**87,109**	**88,384**
Result for the year	22,171	16,888
Dividends paid	- 10,747	- 16,681
Acquisition of non-controlling interest	-	- 33
Remeasurement of post-employment benefit obligation	- 880	- 2,955
Cash flow hedge reserve	49	7
Hedge results transferred to the carrying value of inventory purchased during the year	- 184	- 179
Currency translation differences	- 1,774	1,678
At 31 December	**95,744**	**87,109**

The financial information for the Synoptik Group (non-controlling interest of 36.71%) is as follows:

in thousands of EUR	31 December 2020	31 December 2019
Summarized Balance Sheet:		
Non-current assets	184,565	181,891
Current assets	158,217	117,615
Equity	177,457	152,261
Non-current liabilities	66,625	69,332
Current liabilities	98,700	77,913

The accumulated non-controlling interest for the Synoptik Group amounts to €65,144 (2019: €55,895).

The financial information for operations in Switzerland (non-controlling interest of 21%) is as follows:

in thousands of EUR	31 December 2020	31 December 2019
Summarized Balance Sheet:		
Non-current assets	295,847	310,592
Current assets	28,140	36,632
Equity	34,551	46,211
Non-current liabilities	227,212	244,554
Current liabilities	62,224	56,459

The accumulated non-controlling interest in Switzerland amounts to €7,313 (2019: €9,778).

The financial information for operations in Mexico (non-controlling interest of 30%) is as follows:

in thousands of EUR	31 December 2020	31 December 2019
Summarized Balance Sheet:		
Non-current assets	76,987	98,210
Current assets	49,700	64,954
Equity	26,760	45,341
Non-current liabilities	49,403	62,931
Current liabilities	50,524	54,892

The accumulated non-controlling interest in Mexico amounts to €8,238 (2019: €13,856).

22. Borrowings

Accounting Policy

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently recognized at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated Income Statement during the term of the borrowing using the effective interest method. Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for, or the liability is due to be settled at least 12 months after the balance sheet date.

Borrowings of the Group are as follows:

in thousands of EUR	31 December 2020	31 December 2019
Non-current		
Bank and other borrowings	326,206	385,817
	326,206	385,817
Current		
Bank overdrafts	2,577	28,658
Commercial paper	345,000	453,000
Bank and other borrowings	2,448	35,672
	350,025	517,330
Total borrowings	**676,231**	**903,147**

Bank facilities

The Group has a committed Revolving Credit Facility (RCF) of €1.2 billion with maturity in July 2024, that can be extended two times by one year at the end of the first and second anniversary (5 + 1 + 1). The interest rate on the drawings consists of the margin and the applicable rate (i.e. for a loan in euros, the EURIBOR), however the applicable rate can never be below zero percent. In addition, a sustainability feature has been added to the facility, whereby the margins are linked to the Group’s sustainability performance.

GrandVision also has a committed additional Liquidity Facility of €400 million, which will be available in the event that the RCF is fully drawn. The term is one year, with maturity in June 2021 with an additional year available at GrandVision's discretion. Under this facility the Group is restricted to pay a dividend to external shareholders upon consent from the banks.

In addition to the committed facilities, the Group has uncommitted bilateral overdraft and money market facilities for a total of €329 million (2019: €375 million).

At the end of 2020 the Group also had multiple bank guarantee facilities for a total amount of €70.1 million (2019: €58.1 million).

Commercial paper

GrandVision has a commercial paper program under which it can issue commercial paper up to the value of €500 million. As of 31 December 2020, the amounts outstanding under the commercial paper program totaled €345 million (2019: €453 million) and have maturity dates of less than 12 months.

Movements in liabilities from financing activities are as follows:

in thousands of EUR	Bank borrowings	Commercial paper	Other borrowings	Interest derivatives	Total
At 1 January 2019	**388,731**	**418,000**	**3,974**	**5,433**	**816,138**
Changes from financing cash flows					-
Proceeds from borrowings	167,899	35,000	297	-	203,196
Repayments of borrowings	- 141,152	-	- 19	-	- 141,171
Interest swap payments		-	-	- 3,126	- 3,126
Interest	- 1,921	952	-	-	- 969
Other movements					-
Acquisitions	345	-	-	-	345
Amortization/interest accrual	2,612	- 952	277	3,170	5,107
Exchange differences	208	-	238	-	446
Other comprehensive income (before tax)	-	-	-	5,761	5,761
At 31 December 2019	**416,722**	**453,000**	**4,767**	**11,238**	**885,727**
Non-current	381,987	-	3,830	7,935	393,752
Current	34,735	453,000	937	3,303	491,975
At 31 December 2019	416,722	453,000	4,767	11,238	**885,727**
At 1 January 2020	**416,722**	**453,000**	**4,767**	**11,238**	**885,727**
Changes from financing cash flows					
Proceeds from borrowings	601,764	-	79	-	601,843
Repayments of borrowings	- 695,989	- 108,000	- 332	-	- 804,321
Interest swap payments	-	-	-	- 3,218	- 3,218
Interest	- 3,412	302	-	-	- 3,110
Other movements	-	-	-	-	-
Amortization/interest accrual	5,705	- 302	182	3,213	8,798
Exchange differences	- 330	-	- 502	-	- 832
Other comprehensive income (before tax)	-	-	-	83	83
At 31 December 2020	**324,460**	**345,000**	**4,194**	**11,316**	**684,970**
Non-current	322,833	-	3,373	8,174	334,380
Current	1,627	345,000	821	3,142	350,590
At 31 December 2020	324,460	345,000	4,194	11,316	**684,970**

The interest on commercial paper relates to the effect of negative effective interest rates. Interest paid in the consolidated Cash Flow Statement also includes commitment and utilization fees related to bank borrowings, interest paid related to overdraft and cash pool facility.

Movements in lease liabilities are disclosed in note 12.

The maturity of the borrowings of the Group is as follows:

in thousands of EUR	Within 1 year	1-2 years	2-5 years	Total
At 31 December 2020				
Borrowings	5,025	3,204	323,002	331,231
Commercial paper	345,000	-	-	345,000
	350,025	3,204	323,002	676,231
At 31 December 2019				
Borrowings	64,330	3,477	382,340	450,147
Commercial paper	453,000	-	-	453,000
	517,330	3,477	382,340	903,147

The fair value of the borrowings is approximately equal to the carrying amounts since these loans have a floating interest rate.

The weighted average effective interest rates of the borrowings and the related hedges under the revolving credit facility, the commercial paper program and the bilateral overdraft and money market facilities for 2020 were 1.44% (2019: 0.70%)

Interest rates on variable-rate borrowings are mainly EURIBOR-based, increased by a certain margin. The margin is determined based on the leverage ratio (note 3.1.3) and can be further adjusted based on the yearly sustainability performance of the Group.

The Group has the following undrawn borrowing facilities:

in thousands of EUR	31 December 2020	31 December 2019
- Expiring within one year	872,889	369,683
- Expiring beyond one year	875,000	815,000
	1,747,889	1,184,683

23. Derivatives

Accounting Policy

The Group uses derivatives in the management of its interest and foreign currency cash flow risks. Derivatives are only used for economic hedging purposes and not as speculative investments.

Derivatives are initially recognized in the consolidated Balance Sheet at fair value on the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is derived from valuations performed by financial institutions and other third parties, using valuation techniques such as mathematical models (Black-Scholes). The Group uses its judgment to make assumptions that are mainly based on market conditions existing at each reporting date.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized immediately in the consolidated Income Statement as finance income and finance costs.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Hedge accounting

The Group designates certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedges);
- hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges).

The Group assesses and documents, both at the inception of the transaction and on an ongoing basis through periodic prospective effectiveness assessments, the existence of an economic relationship between the hedging instrument and hedged item based on the amount and timing of the respective cash flows. The Group also documents its risk management objective and strategy for undertaking various hedge transactions.

When all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. The changes in the forward element of the foreign currency forwards are recognized in the consolidated Income Statement.

Cash flow hedge

On the date a derivative contract is entered into, the Group designates interest rate swaps and foreign currency forwards (hedge instruments) as a hedge of the exposure to the fluctuations in the variable interest rates on borrowings and foreign currency exchange rates on future transactions, respectively (hedged items).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the consolidated Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated Income Statement. Amounts accumulated in the consolidated Other Comprehensive Income are recycled in the consolidated Income Statement in the periods when the underlying hedged item affects profit or loss.

However, when the projected transaction that is hedged, results in the recognition of a non-financial asset (for example inventory), the gains and losses previously deferred in the consolidated Other Comprehensive Income are transferred from equity and included in the initial measurement of the cost of the asset as a basis adjustment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the consolidated Other Comprehensive Income at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated Income Statement or for a non-financial asset, within the cost of the asset. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in the consolidated Other Comprehensive Income is immediately transferred to the consolidated Income Statement in finance costs or finance income.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated Income Statement as finance costs or finance income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of the derivatives is as follows:

in thousands of EUR	31 December 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Interest rate derivatives – cash flow hedges	-	8,174	-	7,935
	-	8,174	-	7,935
Current				
Interest rate derivatives – cash flow hedges	-	3,142	-	3,303
Currency derivatives – cash flow hedges	728	7,246	1,581	2,803
	728	10,388	1,581	6,106
Total derivatives	**728**	**18,562**	**1,581**	**14,041**

The Group's risk management strategy has not changed due to the COVID-19 pandemic. During 2020, GrandVision considered the impact of COVID-19 on its existing hedges on a Group level, in particular, whether the currency derivatives continued to meet the criteria for hedge accounting. The accounting treatment depends on the conclusion on the probability of the forecasted transactions occurring. Based on the analysis, all the effectiveness criteria continued to be met and thus, GrandVision continued to apply Hedge Accounting for all the currency derivatives throughout the year.

In both 2020 and 2019, the derivatives met the requirements for hedge accounting in full. There has not been any ineffectiveness on the hedges in 2020 and 2019.

In note 3.1.3 the maturity of the expected cash flows of the derivatives to occur is shown.

Interest rate derivatives

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's policy is to maintain a minimum of 60% of its net debt on a forward looking 12 months basis, related to interest rate risk at fixed rate, using floating-to-fixed interest rate swaps. The Group also uses 0% floors to hedge its exposure to negative interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the interest rate, reset dates, payment dates, maturities and notional amount. As the Group only hedges 60% of the cash flows related to interest rate risk, the hedged items are therefore identified as a proportion of the outstanding borrowings up to the notional amount of the swaps.

The nominal amount of the bank borrowings (see note 22) hedged by interest rate derivatives amounts to €425 million (2019: €475 million) which includes €325 million (2019: €375 million) of 0% floors to hedge the impact of negative interest rates.

The effects of the interest rate swaps on the Group's consolidated Balance Sheet and consolidated Income Statement are as follows:

in thousands of EUR	31 December 2020	31 December 2019
Carrying amount (liabilities)	- 11,316	- 11,238
Notional amount	425,000	475,000
Maturity Date	March 2021 - December 2026	September 2020-December 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	- 79	- 5,805
Change in value of hedged item used to determine hedge effectiveness	79	5,805
Weighted average hedged rate for the year	0.60%	0.59%

Currency derivatives

The Group has transactional cash flows relating to future commercial transactions and recognized assets and liabilities denominated in multiple currencies which are exposed to the volatility of these currencies against the euro. The treasury policy is to hedge between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast using foreign currency forward contracts. Foreign currency forwards are aimed at reducing the exposure to adverse currency change by hedging the spot component.

For hedges of foreign currency purchases, the Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the notional amounts, the foreign currency spot components, payment dates and maturities.

The foreign currency related hedging instruments are as follows:

in thousands of EUR	31 December 2020	31 December 2019
Carrying amount (assets)	728	1,581
Carrying amount (liabilities)	- 7,246	- 2,803
Notional amount of outstanding foreign exchange contracts:		
-United States Dollar (USD)/Euro (EUR)	94,829	84,215
-British Pound Sterling (GBP)/ Euro (EUR)	19,148	22,986
-Norwegian Krone (NOK)/Danish Krone (DKK)	3,788	2,377
-Swedish Krona (SEK)/Danish Krone (DKK)	6,209	4,497
-Other/Euro (EUR)	45,593	88,405
-Other /United States Dollar (USD)	6,511	6,305
Maturity Date	January 2021 - December 2021	January 2020 - December 2020

The weighted average hedge rates for the 2020 and 2019 years can be specified as follows:

	2020	2019
-United States Dollar (USD)/Euro (EUR)	1.1654	1.1479
-British Pound Sterling (GBP)/ Euro (EUR)	0.9000	0.8937
-Norwegian Krone (NOK)/Danish Krone (DKK)	1.4474	1.3579
-Swedish Krona (SEK)/Danish Krone (DKK)	1.4035	1.4365

24. Post-Employment Benefits

Accounting Policy

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans as well as post-employment medical plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit of obligations at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms of maturity approximating the terms of the related pension obligation. Remeasurement of gains and losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions are recognized in equity in Other Comprehensive Income in the period in which they arise. Past service costs are recognized immediately in the consolidated Income Statement.

In a number of countries, the Group runs defined contribution plans, including a multi-employer plan in the Netherlands. The contributions are recognized as employee benefit expense when they are due. The Group has no further payment obligations once the contributions have been paid.

Other post-employment obligations

Some entities within the Group provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and includes the estimation that (former) employees will make use of this arrangement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as the defined benefit pension plans.

Significant Accounting Estimates and Judgments

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions are most sensitive for the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit pension obligations.

The Group determines the appropriate discount rate at year-end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds with a duration and currency consistent with the term and currency of the related defined benefit pension obligation.

The amounts recognized in the consolidated Balance Sheet are determined as follows:

in thousands of EUR	31 December 2020	31 December 2019
Present value of benefit obligation	145,616	134,165
Fair value of plan assets	- 82,582	- 79,531
Net position	63,034	54,634
Present value of unfunded obligation	87,443	81,478
Provision in the Balance Sheet	150,477	136,112

The most recent actuarial valuations were performed in December 2020.

The defined benefit obligation of the unfunded plans mainly relates to:

- A pension arrangement, in addition to the state pension provided in Germany, for employees already employed with Apollo prior to 1994 (2020: €62.9 million; 2019: €60.5 million). Every service year of the employees in the plan adds an amount of 1% of their pensionable salaries to the plan. This occurs for a maximum of 25 years and is maximized in terms of pay-out.
- The Italian Trattamento di Fine Rapporto program (2020: €4.1 million; 2019: €4.3 million) for service years until 2012. For service years since 2013 the Trattamento di Fine Rapporto is paid to a pension fund or a state agency as a defined contribution.
- An end-of-employment plan for French employees (2020: €18.3 million; 2019: €16.4 million). This is based on service years and calculated according to the estimated remuneration in the last year of employment.

These plans are unfunded and thus both the pay-out and the actuarial risks are the responsibility of the Group.

The net defined benefit obligation of the funded plans mainly relates to the Swiss pension plan of €57.7 million (2019: €48.8 million). The assets of the plan at 31 December 2020 are €79.8 million (2019: €76.4 million) and the obligations of the plan at 31 December 2020 are €137.5 million (2019: €125.2 million). The pension arrangements (occupational pension plans) of Swiss activities are funded plans, providing benefits upon retirement, death, disability and termination. Those arrangements are the base of the second pillar of the Swiss social security system. Both employer and employees pay contributions to the pension plan. To comply with legal requirements Visilab and McOptic are affiliated to the Fondation BCV deuxième pilier ("the Foundation") which is a collective pension fund (group administration plan) under the supervision of the Supervisory Authority in the canton of Vaud. Pension arrangements are subject to the mandatory insurance requirements according to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Funds (LPP/BVG). Should the Foundation become underfunded according to Swiss Law, the Foundation Board must decide on recovery measures that will allow the coverage ratio to return to 100% within an appropriate time horizon. The latest known coverage ratio of the Foundation was 108.6% as at 31 December 2019 (102.6% as at 31 December 2018).

The remainder of the assets and obligations of the funded plans mainly relate to defined benefit plans in Mexico.

The risks of these plans are mainly related to changes in the discount rate applied to determine the defined benefit obligation.

The amounts recognized in the consolidated Income Statement are as follows:

in thousands of EUR	Notes	2020	2019
Current service costs		9,162	5,919
Interest expense		1,232	1,818
Plan amendments/curtailments/settlements		- 811	- 1,720
Other		370	342
Total defined benefit costs	6	9,953	6,359

The movement in the defined benefit obligation over the year was as follows:

in thousands of EUR	Present value of obligation	Fair value of plan assets	Total
At 1 January 2019	**145,028**	**- 48,829**	**96,199**
Acquisitions	32,880	- 21,906	10,974
Current service costs	5,919	-	5,919
Interest expense/ (income)	2,436	- 618	1,818
Employee contributions	2,487	- 2,487	-
Employer contributions	-	- 3,005	- 3,005
Experience adjustments	120	-	120
Change in financial assumptions	25,816	-	25,816
Change in demographic assumptions	1,926	-	1,926
Plan amendments and curtailments	- 1,750	30	- 1,720
Return on plan assets, excluding amounts in interest	-	- 1,762	- 1,762
Benefits paid	- 3,362	1,322	- 2,040
Reclassification	-	266	266
Exchange effect	4,143	- 2,542	1,601
At 31 December 2019	**215,643**	**- 79,531**	**136,112**
At 1 January 2020	**215,643**	**- 79,531**	**136,112**
Current service costs	9,162	-	9,162
Interest expense/ (income)	1,383	- 151	1,232
Employee contributions	3,273	- 3,273	-
Employer contributions	-	- 3,753	- 3,753
Experience adjustments	137	-	137
Change in financial assumptions	7,285	-	7,285
Change in demographic assumptions	4	-	4
Plan amendments and curtailments	- 811	-	- 811
Return on plan assets, excluding amounts in interest	-	3,380	3,380
Benefits paid	- 2,411	539	- 1,872
Reclassification	-	352	352
Exchange effect	- 606	- 145	- 751
At 31 December 2020	**233,059**	**- 82,582**	**150,477**

Assumptions

The principal actuarial assumptions used were as follows on a weighted average basis:

	2020	2019
Discount rate	0.5%	0.7%
Expected return on plan assets	0.05%	0.1%
Future salary increases	1.6%	1.6%
Future inflation	1.3%	1.4%

In 2020 and 2019 the expected return on plan assets relates mainly to the post Swiss employment benefit plan. The difference between the discount rate and the expected return on plan assets was caused by the weighted impact of funded and unfunded plans.

The most recent available mortality tables have been used in determining the pension liability. Experience adjustments have been made. The assumptions are based on historical experiences. The expected return on plan assets is based on the expected return on high-quality corporate bonds.

The below sensitivity analyses are based on changing one assumption while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Sensitivity analyses :

Assumptions	Increase (+)/ decrease (-) in defined benefit obligation
Change in discount rate of +1.00%	-17%
Change in discount rate of -1.00%	+23
Change in salary of +0.25%	+1%
Change in life expectancy of +1 year	+2%
Change in inflation of +1%	+7%

Plan assets are comprised as follows:

in thousands of EUR	2020	2019
Insurance contracts	81,782	78,285
Debt instruments	677	1,058
Equities	123	188
Total	82,582	79,531

The plan assets for the Swiss pension plan qualify for the level 2 fair value category. See note 3.3 for a description of the different levels of valuation categories.

The expected maturity of the undiscounted pension and post-employment benefits is:

in thousands of EUR	2020	2019
Less than 1 year	9,118	7,325
Between 1 and 2 years	7,596	8,157
Between 2 and 5 years	17,849	17,776
Over 5 years	247,309	238,945
Total	281,872	272,203

The expected contributions in 2021 to the defined benefit plans amount to €3,753.

25. Share-based Payment Plans

Accounting Policy
Certain members of senior management participate in share-based payment plans. The Group operates the following types of share-based payment plans.

Equity plan

The equity plan provides for the purchase of shares in the Company by eligible participants and is subject to a vesting term and holding conditions. Vesting of awards made under the equity plan is subject to a service condition that can vary between 3-5 years following the date of grant. The plan has been classified as an equity-settled share-based payment arrangement.

The equity plans are no longer granted since the listing of the Company's shares. In 2019 the last outstanding shares have been settled and became unrestricted.

Long-term incentive plan (LTIP) – cash settled

In 2018, a new cash-settled plan was issued in a subsidiary to qualifying employees, representing conditional option awards. These option awards are in the form of cash-settled share appreciation rights, meaning that at exercise the participant receives cash which is in total equal in value to the total value of the exercised options.

For cash-settled share-based payment transactions, the fair value of the liability for the awards made is measured at each reporting date and at the settlement date. The fair value is recognized over the vesting period. The amount of expense recognized takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions underlying each share and option award granted.

Long-term incentive plan (LTIP) – equity settled

LTIP awards can consist of shares and/or options, which contain a service condition of 3-5 years and can contain additional performance conditions based on the results of certain predetermined Group related financial performance targets, which are treated as non-market vesting conditions. The option awards have a maximum term of 5 years.

The long-term incentive plan (LTIP) represents conditional share and option awards. Option awards are in the form of equity-settled share appreciation rights, meaning that at exercise the participant receives shares which are in total equal in value to the total value of the exercised options.

The fair value at grant date of equity-settled share-based payment transactions is expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate of the number of shares expected to vest under the service and performance conditions.

The table below shows the total expense of the share-based payment plans as well as the movements in liability and equity.

in thousands of EUR	Long-term incentive plan		Equity plan
	Liability	Equity	Equity
At 1 January 2019	**786**	**5,536**	**2,529**
Charges to Income Statement	- 609	5,636	-
Settlements/ Vesting	-	- 2,913	- 2,529
Exchange differences	17	- 10	-
At 31 December 2019	**194**	**8,249**	**-**
At 1 January 2020	**194**	**8,249**	**n.a**
Charges to Income Statement	- 191	5,868	-
Settlements/ Vesting	-	- 3,574	-
Exchange differences	- 3	- 4	-
At 31 December 2020	**-**	**10,539**	**n.a**

The number of participants of the share-based payment plans per year-end 2020 is 175 (2019: 160).

The table shows the valuation method of the Group's share-based payment plans:

Classification	Share awards	Option awards	Equity plan
Cash-settled	Share price at 31 December	Black-Scholes-Merton option model	n/a
Equity-settled	Share price at grant date	Black-Scholes-Merton option model	Share price at grant date

Equity plan

During 2019 the full balance of equity plan of employees was settled.

	Employees
At 1 January 2019	**145,410**
Settled	- 145,410
At 31 December 2019	**-**

Long-term incentive plan (LTIP)

The plan includes a clause governing the consequences of a change of control event: If a fundamental change takes place in the management and structure of GrandVision, due to a merger, acquisition, sale or similar transaction, the awards shall vest on a pro rata basis for the period from the commencement of the LTIP until the date that the transaction is completed definitely. Following the announced acquisition of GrandVision shares by EssilorLuxottica the company applied this clause to the non-vested LTIP, resulting in additional expenses in 2020 of €522 (2019: €1,379).

The table below shows the movements in the long-term incentive plan for (former) key management and employees:

	Management Board	Management Board (former members)	Employees	Total LTIP awards
At 1 January 2019	**120,538**	**144,461**	**1,166,965**	**1,431,964**
Granted	60,421	-	395,779	456,200
Settled	-	- 7,935	- 112,354	- 120,289
Forfeited	-	- 136,526	- 211,046	- 347,572
At 31 December 2019	**180,959**	**-**	**1,239,344**	**1,420,303**
At 1 January 2020	**180,959**	**-**	**1,239,344**	**1,420,303**
Granted	50,780	-	364,953	415,733
Settled	-	-	- 198,074	- 198,074
Forfeited	-	-	- 187,209	- 187,209
At 31 December 2020	**231,739**	**-**	**1,219,014**	**1,450,753**

The table below shows the movements in the number of awards of the long-term incentive plan:

	Share awards	Option awards	Weighted average exercise price in EUR per share (equity settled)	Weighted average exercise price in EUR per share (cash settled)
At 1 January 2019	**696,356**	**735,608**	**24.05**	**242.43**
Granted	456,200	-	-	-
Settled	- 120,289	-	-	-
Forfeited	- 115,651	- 231,921	24.45	247.09
At 31 December 2019	**916,616**	**503,687**	**23.87**	**247.09**
At 1 January 2020	**916,616**	**503,687**	**23.87**	**247.09**
Granted	415,733	-		
Settled	- 144,383	- 53,691	24.59	
Forfeited	- 87,248	- 99,961	26.41	226.21
At 31 December 2020	**1,100,718**	**350,035**	**23.87**	**226.21**

In 2020 option awards of LTIP 2015 plan have been exercised. The weighted average share price used for the exercise of the option awards during 2020 was 24.59. Of those option awards outstanding at 31 December 2020, none were exercisable (2019: none).

As at 31 December 2020 the weighted average remaining contractual life for outstanding option awards was 1.8 years (2019: 2.4 years). No option awards are granted from 2019 onwards.

As a result of LTIP plans being settled,145,370 shares were delivered to participants or became unrestricted in 2020 (2019:270,507).

Fair value measurement

The fair value of the option awards is based on the Black-Scholes-Merton option pricing model. The following assumptions were used:

Option awards	LTIP 2015 (equity settled)	LTIP 2016 (equity settled)	LTIP 2017 (equity settled)	LTIP 2018 (equity settled)
Number of options outstanding	-	48,048	103,806	192,171
Exercise price in EUR	24.59	27.47	25.43	20.61
Share price in EUR	22.72	23.32	23.50	20.80
Volatility	24.0%	25.2%	24.1%	23.7%
Dividend yield	1.4%	1.6%	1.7%	1.9%
Expected remaining option life in years	0.00	0.37	1.37	2.37
Annual risk-free interest rate %	0.15%	-0.36%	-0.28%	-0.07%

The option awards can only be exercised at vesting and at distinct moments 1 and 2 years after vesting. Therefore, no impact of early exercise is included in the valuation model. Volatility is determined by calculating a weighted average of historical volatility of closing prices of the company itself and, due to limited historical share price data of GrandVision N.V., its peer group.

Since 2019 no new option awards have been granted at corporate level. The weighted average fair value of the option awards granted at corporate level in 2018 at grant date is €3.32. The weighted average fair value of the option awards granted at subsidiary level in 2018 at grant date is €333.73.

The weighted average fair value of the share awards granted in 2020 at grant date is €23.58 (2019: €19.30).

The cash-settled option awards relate to a share-based payment plan of a subsidiary of the Group. The main inputs used in the fair value measurement include the number of options outstanding of 6,000 with an expected remaining option life of 1.36 years, share price and exercise price of €162,99 and €226,21 respectively, as well as assumptions on certain future performance conditions. The share price and exercise prices represent those of the underlying subsidiary.

The table below shows the terms and conditions of outstanding share-based awards:

Outstanding share-based awards	Award	Status per 31 December 2020	Vesting year	Holding period end	Performance conditions
GrandVision NV - LTIP 2017	Shares	Conditional	2020	2022	0-150% on Rev/EPS 2017-2019
GrandVision NV - LTIP 2017	Options	Unconditional	2022	-	No
GrandVision NV - LTIP 2018	Shares	Conditional	2021	2023	0-150% on Rev/EPS 2018-2020
GrandVision NV - LTIP 2018	Options	Unconditional	2023	-	No
GrandVision NV - LTIP 2019	Shares	Conditional	2022	2024	0-150% on Rev/EPS 2019-2021

The option awards under GrandVision NV - LTIP 2018 and GrandVision NV - LTIP 2017 are not conditional on meeting performance targets.

26. Provisions and Contingent Liabilities

Accounting Policy

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to postpone settlement for, or the provision is due to be settled at least 12 months after the balance sheet date.

Legal and regulatory provisions

Legal and regulatory provisions are recognized for possible claims mainly related to governmental institutions.

Warranty provisions

Provisions for rectifying and replacement defects are classified as warranty provisions. The provision is based on past experience and future expectations of warranty claims. Warranty costs are recognized in the consolidated Income Statement under cost of sales and directly related costs.

Employee-related provisions

Employee-related provisions are mainly related to jubilee, termination benefits and retention bonuses. Jubilee benefits are paid to employees upon completion of a certain number of years of service. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Other provisions

Other provisions are mainly related to restructuring provisions.

Restructuring provisions comprise costs related to returning a store or office to its original state.

Bank borrowings to franchisees of the Group are often secured by a guarantee given by the Group to the landlord. The guarantees given are secured by the activities, store rental contracts, the inventories and store furniture of the franchisees. When a cash outflow is likely, a provision is recognized, being the present value of the expected cash outflow. If a cash outflow is not likely, the guarantee is included in the contingent liabilities.

Contingent liabilities

Contingent liabilities are possible or present obligations of sufficient uncertainty that it does not qualify for recognition as a provision, unless it is assumed in a business combination. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable.

Significant Accounting Estimates and Judgments

The recognition of provisions requires estimates and judgment regarding the timing and the amount of outflow of resources. The main estimates relate to the probability ('more likely than not') of the outflow of resources. If the outflow of resources is 'more likely than not' a best estimate of the outflow is recognized. Otherwise, it is disclosed as a contingency.

If a provision is recognized, it is measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The expected expenditures are uncertain future cash flows for which management uses its knowledge, experience and judgment to determine if a corresponding provision should be recognized.

Movements in provisions are as follows:

in thousands of EUR	Legal and regulatory	Warranty	Employee-related	Share based payments	Other	Total
At 1 January 2019	**18,514**	**3,727**	**8,932**	**786**	**1,710**	**33,669**
Movements in 2019						
Addition to provision	2,142	3,140	8,715	149	3,555	17,701
Reversal of provision	- 490	- 162	- 1,241	- 758	- 379	- 3,030
Utilized during the year	- 375	- 2,630	- 2,180	-	- 655	- 5,840
Exchange differences	- 135	8	- 163	17	-	- 273
At 31 December 2019	**19,656**	**4,083**	**14,063**	**194**	**4,231**	**42,227**
Non-current	11,257	355	5,974	194	413	18,193
Current	8,399	3,728	8,089	-	3,818	24,034
At 31 December 2019	**19,656**	**4,083**	**14,063**	**194**	**4,231**	**42,227**
At 1 January 2020	**19,656**	**4,083**	**14,063**	**194**	**4,231**	**42,227**
Movements in 2020						
Addition to provision	2,970	2,824	14,759	-	1,684	22,237
Reversal of provision	- 145	- 77	- 1,565	- 194	- 95	- 2,076
Utilized during the year	- 135	- 3,052	- 3,515	-	- 3,405	- 10,107
Exchange differences	- 436	- 8	- 92	-	- 295	- 831
At 31 December 2020	**21,910**	**3,770**	**23,650**	**-**	**2,120**	**51,450**
Non-current	12,619	340	8,891	-	809	22,659
Current	9,291	3,430	14,759	-	1,311	28,791
At 31 December 2020	**21,910**	**3,770**	**23,650**	**-**	**2,120**	**51,450**

Legal and regulatory

Legal and regulatory provision mainly relates to the investigation initiated by a dawn raid undertaken by the French Competition Authority (Autorite de la Concurrence or ADLC) of the GrandVision France offices on June 24, 2009. Solaris was not part of the dawn raid. The ADLC also raided suppliers (e.g. Luxottica, Safilo) and other distributors (e.g. Afflelou, Centrale des Opticiens, Alliance Optique, Optic 2000, Krys). The ADLC was looking for information on resale price maintenance. In Sept/Oct 2011 a number of GrandVision employees were heard and some documents were provided to the ADLC. After a long silence, we received a questionnaire from the ADLC in this matter on May 9, 2014 and provided our answers on September 29, 2014, in accordance with the deadline imposed by the ADLC. On May 27, 2015 we were formally served with a Notice of Objections from the ADLC, formally accusing us, and all other defendants, of resale price maintenance in France during 2004-2009. The Notice of Objections is a confidential document and does not contain a fine. We submitted an initial response to this Notice of Objections on July 27, 2015 with the assistance of Linklaters France. On July 22, 2016 we received the official Rapport, which is the next procedural step, from the ADLC. The Rapport did not contain any surprises and confirmed our assumptions with respect to the calculation of the fine. We submitted our official response to this Rapport on October 26, 2016. An Audience (confidential hearing) was held by the ADLC on December 15, 2016 allowing the defendants to defend their legal position. On February 24, 2017, the College of the ADLC sent the matter back to the case handlers. After a long period of inaction, on April 19, 2019 an additional Notice of Objections was received by a number of defendants, not including GrandVision. Another Audience was held before the ADLC on January 13, 2021. The ADLC has not yet reached a decision following this Audience.

Secondly, the provision relates mainly to the Group's ongoing tax risk management process in which it determines potential fiscal claims on VAT and other taxes in various countries. The additions in 2019 mainly relate to VAT and other tax risks in Germany and Austria.

Employee-related
The additions in 2020 and 2019 relate mainly to jubilee benefits to employees upon completion of a certain number of years of service, employee expenses related to the announced acquisition of GrandVision shares by EssilorLuxottica and severance costs of certain employees as a part of restructuring activities.

Other
In 2020, provision related to restructuring of activities in China, recognized in 2019, was utilized.

Summary of Group's contingent liabilities

As a multinational company being present in many jurisdictions the Group is involved in a number of tax proceedings. One of such proceedings is that in November 2015 the Group received a report from the German tax authorities following their tax audit covering Apollo-Optik in the years 2008-2012. This report included findings and viewpoints of the tax authorities on German VAT aspects. The Group is contesting the viewpoints of the German tax authorities on the tax position and will defend its position vigorously, if needed in court. As the Group is sufficiently confident to sustain its position on this matter, no provision has been recognized in the consolidated financial statements. If the Group is unsuccessful in resolving this matter, the exposure, including the period after 2012, is €34.5 million. The matter remains pending while formalities have not been further processed by authorities during 2020.

27. Trade and Other Payables

Accounting Policy
Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Trade and Other Payables can be specified as follows:

in thousands of EUR	Notes	31 December 2020	31 December 2019
Trade payables		191,306	207,979
Accrued expenses		124,828	104,588
Employee related payables		115,371	116,087
Other taxes and social security		88,591	74,765
Payables to related parties	30.1	7,374	9,242
Contingent consideration		1,700	1,943
Other payables		50,996	55,024
		580,166	569,628

In 2020, increase in Other taxes and social security mainly relate to deferrals of payroll tax liability in Sweden and Denmark in line with the local government tax ruling, which is being partially settled every month as from August 2020.

In 2019, a contingent consideration of €19,540 (CHF 21,714) was paid in July 2019 in relation to the increase of the Group's shareholding in Visilab S.A. from 70% to 79%.

The carrying value of the items in the above table is assumed to approximate the fair value due to their short-term nature.

28. Cash Generated from Operations

in thousands of EUR	Notes	2020	2019
Result before tax		9,232	274,548
Adjusted for:			
Depreciation and impairments	11, 12	510,002	488,833
Amortization and impairments	13, 14	177,655	143,272
Share-based payments expense	25	5,677	5,027
Rent reductions		- 33,122	-
Result from sale of (in)tangibles		2,830	27
Net financial result	8	50,360	49,421
Other non- cash adjustments		- 567	511
Changes in working capital:			
- Inventories		28,146	- 11,710
- Trade and other receivables		- 6,589	5,507
- Trade and other payables and contract liabilities		46,598	44,089
Changes in provisions		4,321	1,338
Cash generated from operations		794,543	1,000,863

Changes in working capital and provisions exclude exchange differences and the effect of acquisitions.

29. Auditor Fees

The general and administrative expenses include the fees and services provided by PricewaterhouseCoopers Accountants N.V. and its member firms. Fees for audit services include the audit of GrandVision N.V. consolidated and parent company financial statements, as well as the statutory financial statements of subsidiaries.

in thousands of EUR	2020	2019
Audit fees	3,954	3,924
Tax advisory fees	29	71
Other non-audit fees	79	59
	4,062	4,054

30. Related Parties

30.1. Transactions and positions with Related Parties
During 2020 GrandVision acquired goods from Safilo (a group company of HAL Holding N.V.) for an amount of €43,827 (2019: €55,215).

Other positions with Related Parties are as follows:

in thousands of EUR	Notes	2020	2019
Other receivables:			
Safilo		2,733	4,165
	16	2,733	4,165
Trade and other payables:			
Safilo		5,017	7,097
HAL Optical Investments B.V.		1,886	1,886
Other HAL subsidiaries		471	259
	27	7,374	9,242

30.2. Loans to/ from Related Parties
No advance payments, guarantees or other loans have been provided to key management.

The Group has received loans from non-controlling interests holders of €3,373 (2019: €3,830), with interest rates ranging between 3.0% and 6.7%.

30.3. Remuneration

Management Board

Key management includes the Management Board, which consists of the CEO (S. Borchert) and CFO (W. Eelman).

The remuneration for (former) key management:

in thousands of EUR	2020	2019
Salary and other short-term benefits	1,452	1,470
Post-employment benefits	30	70
Short-term variable remuneration	673	788
Share-based payments	379	201
Other short-term benefits	2,744	551
	5,278	3,080

Share-based payment plan benefits represent the amounts recognized in the consolidated Income Statement. For the movements in the share-based payment plan please refer to note 25.

Other short-term benefits relate to retention bonuses for management. For more information in relation to the retention bonuses please refer to note 26.

Supervisory Board Remuneration

The total remuneration paid or payable to the Supervisory Board amounted to €303 (2019: €346), which comprises short-term benefits. No loans, advance payments or guarantees have been provided to the Supervisory Board.

31. Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITA and adjusted EBITA (refer to note 4). These are non-GAAP measures not calculated in accordance with IFRS.

The table below presents the relationship with IFRS measures, the operating result and GrandVision non-GAAP measures, i.e. EBITA.

in thousands of EUR	2020	2019
Adjusted EBITA	**266,380**	**475,195**
Non-recurring items	- 63,097	- 62,632
EBITA	**203,283**	**412,563**
Amortization & impairments	- 143,691	- 88,594
Operating result	**59,592**	**323,969**
Adjusted earnings per share, basic (in EUR per share)	- 0.07	0.91
Adjusted earnings per share, diluted (in EUR per share)	- 0.07	0.90

Adjusted earnings per share is calculated by dividing the result for the year excluding the effect of non-recurring items (net of tax) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

32. Principal Subsidiaries, Joint Ventures and Associates

The indicated shareholding reflects the legal ownership of the shareholding by GrandVision N.V. directly or indirectly in the subsidiary and joint venture.

Company	2020	2019	Country of incorporation
La Optica S.A.	100%	100%	Argentina
Pearle Österreich GmbH	100%	100%	Austria
Grand Opticiens Belgium N.V.	100%	100%	Belgium
Fotoptica Ltda	100%	100%	Brazil
Superlente Franqueadora Ltda	100%	100%	Brazil
VE Bulgaria EOOD	100%	100%	Bulgaria
Opticas GrandVision Chile Ltda.	100%	100%	Chile
LAFAM S.A.S.	100%	100%	Colombia
GrandVision Cyprus Ltd.	100%	100%	Cyprus
GV CZ s.r.o.	100%	100%	Czech Republic
Synoptik A/S	63.29%	63.29%	Denmark
Instrumentarium Optika OÚ	100%	100%	Estonia
Instru Optiikka Oy	100%	100%	Finland
GrandVision France S.A.S.	100%	100%	France
Solaris S.A.S.	100%	100%	France
Apollo Optik Holding GmbH & Co KG **	100%	100%	Germany
GrandVision TechCentre Deutschland GmbH **	100%	100%	Germany
Robin Look GmbH **	100%	100%	Germany
GrandVision Hellas S.A.	100%	100%	Greece
LGL Ltd.	100%	100%	Guernsey
GrandVision Hungary Kft.	100%	100%	Hungary
Reliance-Vision Express Private Ltd*	50%	50%	India
Vision Express Ireland Ltd.	100%	100%	Ireland
GrandVision Italy Srl.	100%	100%	Italy
GrandVision Luxembourg S.a.r.l.	100%	100%	Luxembourg
Administradora Lux, S.A de C.V.	70%	70%	Mexico
GVMV, S.A de C.V.	70%	70%	Mexico
Optica Lux, S.A de C.V.	70%	70%	Mexico
Precision Optica, S.A.	70%	70%	Mexico
Tide Ti, S.A. de C.V.	70%	70%	Mexico
GrandOptical Monaco S.a.r.l.	100%	100%	Monaco
Solaris Monaco S.a.r.l.	100%	100%	Monaco
Brilleland AS	63.29%	63.29%	Norway
Interoptik AS	63.29%	63.29%	Norway
Topsa Peru SAC	100%	100%	Peru
Vision Express SP Sp.z.o.o.	100%	100%	Poland
GrandOptical Portugal S.A.	100%	100%	Portugal
GrandVision Portugal, Unipessoal Lda.	100%	100%	Portugal
GrandVision Supply Chain (Portugal) S.A.	100%	100%	Portugal
Solaris Portugal S.A.	100%	100%	Portugal
Lensmaster OOO	100%	100%	Russia
GrandOptical Slovakia s.r.o.	100%	100%	Slovakia
GrandVision Spain Grupo Optico S.A.U.	100%	100%	Spain
Synoptik Sweden AB	63.29%	63.29%	Sweden
VisilabGroup S.A.	79%	79%	Switzerland
Visilab Magasins S.A.	79%	79%	Switzerland
Kochoptik GmbH	79%	79%	Switzerland
Mc Optik (Schweiz) AG	79%	79%	Switzerland
Brilmij Groep B.V.	100%	100%	Netherlands

Company	2020	2019	Country of incorporation
GrandVision Finance B.V.	100%	100%	Netherlands
GrandVision IT Services B.V.	100%	100%	Netherlands
GrandVision Retail Holding B.V.	100%	100%	Netherlands
GrandVision Supply Chain B.V.	100%	100%	Netherlands
Optical Retail Group B.V.	100%	100%	Netherlands
Charlie Temple Europe B.V.	67%	67%	Netherlands
Vision Ventures B.V.	100%	100%	Netherlands
Atasun Optik Perakende Ticaret Anonim Şirketi	100%	100%	Turkey
GrandVision Tech Centre UK Ltd.	100%	100%	United Kingdom
Vision Express (UK) Ltd.	100%	100%	United Kingdom
For Eyes Optical Co. of California, Inc.	100%	100%	United States
For Eyes Optical Co. of Coconut Grove, Inc	100%	100%	United States
For Eyes Optical Co., Inc.	100%	100%	United States
GrandVision USA Retail Holding Corporation	100%	100%	United States
Insight Optical Manufacturing Co. of Florida, Inc.	100%	100%	United States
Tylor S.A.	100%	100%	Uruguay

* joint venture

** Apollo-Optik Holding GmbH & Co. KG (Schwabach), GrandVision TechCentre Deutschland GmbH (Schwabach) and Robin Look GmbH (Berlin) are included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provisions of Section 264 b HGB (German Commercial code) and Section 264 Abs. 3 Nr. 5 HGB (German Commercial code) for financial year 2020. The statutory duty to prepare consolidated financial statements and a group management report does not apply to the subgroup of Apollo-Optik Holding GmbH & Co. KG pursuant to Section 291 HGB in conjunction with Section 1 et seqq. KonBefrV because Apollo-Optik Holding GmbH & Co. KG and its subsidiaries (GrandVision TechCentre Deutschland GmbH and Robin Look GmbH) are included in the consolidated financial statements of GrandVision N.V.

Parent Company Financial Statements

Income Statement

in thousands of EUR	Notes	2020	2019
Net income	2	6,539	6,047
General and administrative costs	3	- 6,539	- 6,291
Operating result		-	- 244
Net financial result	4	-1,950	- 742
Result before tax		-1,950	- 986
Income tax		-455	1,029
Result from subsidiaries after income tax		- 64,488	178,440
Result for the year		-66,893	178,483

The accompanying notes are an integral part of these parent company financial statements.

Balance Sheet (Before Appropriation of Result)

in thousands of EUR	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Right-of-use assets	5	4,000	4,405
Financial fixed assets	6	1,144,956	1,265,520
Deferred income tax assets		1,177	1,122
		1,150,133	1,271,047
Current assets			
Trade and other receivables	7	65,733	55,702
Current income tax receivables		10,037	5,261
Cash and cash equivalents		18	567
		75,788	61,530
Total assets		**1,225,921**	**1,332,577**
EQUITY AND LIABILITIES			
Equity			
Share capital	8	5,089	5,089
Share premium	8	62,362	59,405
Treasury shares	8	- 14,343	- 16,235
Legal reserves	8	- 118,285	- 121,759
Retained earnings	8	1,190,846	1,072,169
Result for the year	8	- 66,893	178,483
		1,058,776	1,177,152
Non-current liabilities			
Lease liabilities	5	3,655	4,110
Deferred income tax liabilities		1,000	978
		4,655	5,088
Current liabilities			
Lease liabilities	5	812	773
Other liabilities	11	161,678	149,564
		162,490	150,337
Total equity and liabilities		**1,225,921**	**1,332,577**

The accompanying notes are an integral part of these parent company financial statements.

Notes to the Parent Company Financial Statements

1. Accounting Principles

The parent company financial statements of GrandVision N.V. have been prepared in accordance with Generally Accepted Accounting Principles in The Netherlands and compliant with the requirements included in Part 9, Book 2 of the *Dutch Civil Code*.

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its parent company financial statements, GrandVision makes use of the option provided in Article 362(8) of Part 9, Book 2 of the *Dutch Civil Code*. This means that the principles for recognition and measurement of the parent company financial statements are the same as those applied for the consolidated IFRS financial statements.

Investments in consolidated subsidiaries are stated at net asset value. Net asset value is based on the measurement of assets (including goodwill), provisions, and liabilities and the determination of profit based on the principles applied in the consolidated financial statements.

For the accounting policies for the company Balance Sheet and Income Statement, reference is made to the notes to the consolidated Balance Sheet and Income Statement.

All amounts are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated.

2. Net Income

Net income relates to management fees received from subsidiaries.

3. General and Administrative Costs

in thousands of EUR	2020	2019
Salaries & wages	2,913	3,185
Share-based payments	295	418
Social security	46	-33
Pension costs	45	86
Other employee-related costs	803	289
Professional fees	1,325	1,593
Depreciation	784	686
Other costs	328	67
	6,539	6,291

4. Net Financial Result

The interest expense relating to subsidiaries amounts to €1,939 (2019: €1,327).

5. Leases

For the accounting principles for Lease liabilities and Right-of-use assets, refer to note 12 to the consolidated financial statements for more details.

The lease contract relates to several floors in an office building.

The movements in the Right-of-use Assets are as follows:

in thousands of EUR	Notes	2020	2019
At 1 January			
Cost		5,091	5,802
Accumulated depreciation and impairment		- 686	-
Carrying amount		4,405	5,802
Movements			
Additions		422	374
Reassessments/modifications		- 43	- 1,085
Depreciation charge		- 784	- 686
At 31 December		**4,000**	**4,405**
Cost		5,470	5,091
Accumulated depreciation and impairment		- 1,470	- 686
Carrying amount		4,000	4,405

The movements in the Lease liabilities are as follows:

in thousands of EUR	2020	2019
At 1 January	4,883	6,313
Additions	422	355
Reassessments/modifications	- 43	- 1,085
Payments	- 773	- 762
Rent reductions	- 82	-
Accrued interest	60	62
At 31 December	**4,467**	**4,883**
Non-current	3,655	4,110
Current	812	773
At 31 December	4,467	4,883

6. Financial Fixed Assets

The movements in financial fixed assets are as follows:

in thousands of EUR	Investments in consolidated subsidiaries
At 1 January 2020	1,265,520
Movements in 2020	
Exchange differences	- 46,361
Other Comprehensive Income	- 9,715
Net result for current year	- 64,488
At 31 December 2020	**1,144,956**

The Company's direct investments in subsidiaries consist of the following:

Company	2020	2019
GrandVision Group Holding B.V., the Netherlands	100%	100%
Central Vision II B.V., the Netherlands	100%	100%
GrandVision France S.A.S, France	100%	100%

7. Trade and other receivables

Trade and other receivables include receivables from subsidiaries for amount of €65,375.

8. Shareholders' Equity

The shareholders' equity in the parent company financial statements equals the shareholders' equity presented in the consolidated financial statements, except that legal reserves and undistributed result are presented separately.

in thousands of EUR	Share capital	Share premium	Treasury shares	Legal reserve	Retained earnings	Result for the year	Total
At 1 January 2020	**5,089**	**59,405**	**- 16,235**	**- 121,759**	**1,072,169**	**178,483**	**1,177,152**
Appropriation of the result					178,483	- 178,483	-
Result for 2020						- 66,893	- 66,893
Dividends paid							
Purchase of treasury shares							
Other direct equity movements				3,474	- 59,550		- 56,076
Share-based payments		2,957	1,892		- 256		4,593
Total movements	-	2,957	1,892	3,474	118,677	- 245,376	- 118,376
At 31 December 2020	**5,089**	**62,362**	**- 14,343**	**- 118,285**	**1,190,846**	**- 66,893**	**1,058,776**

For the share-based payment plan refer to note 25 to the consolidated financial statements. Refer to note 18 to the consolidated financial statements for details on the number of issued shares.

The legal reserve cannot be used for dividend distribution and consists of reserves of subsidiaries.

9. Appropriation of Result

GrandVision will not propose at this time a dividend for the fiscal year 2020.

Contingent upon the Company's financial position not being materially worsened due to the impact of the second wave of COVID-19 in 1Q 2021, GrandVision confirms its intention to propose a dividend for the amount of €88,779 (€0.35 per share) for the fiscal year 2019 at the Annual General Meeting on 23 April 2021.

For 2018, a total dividend of EUR 0.33 per share was paid out in the first half year of 2019 for a total of €83,743.

10. Borrowings

The borrowings relate to the bank overdraft.

11. Other liabilities

Other liabilities include liabilities to subsidiaries for amount of €159,773.

12. Employees

The average number of employees of the Company in full-time equivalents during 2020 was 4.0 (2019: 4.4). Of these employees, none were employed outside the Netherlands (2019: none).

13. Contingencies

The Company is liable, as intended in Article 403, Book 2, of the *Dutch Civil Code* for:

List of subsidiaries	
Brilmij Groep B.V.	GrandVision Supply Chain B.V.
Central Vision II B.V.	GrandVision Turkey B.V.
GrandVision Baltics B.V.	Optical Retail Group B.V.
GrandVision Benelux B.V.	The Vision Factory B.V.
GrandVision Finance B.V.	GrandVision Argentina & Uruguay B.V.
GrandVision Group Holding B.V.	GrandVision Brazil B.V.
GrandVision India B.V.	GrandVision Chile B.V.
GrandVision IT Services B.V.	GrandVision Colombia B.V.
GrandVision Italy B.V.	GrandVision Latam B.V.
GrandVision Portugal B.V.	GrandVision Mexico B.V.
GrandVision Retail Holding B.V.	GrandVision Peru B.V.
	Vision Ventures B.V.

The Company forms an income tax group with all the entities above, except for GrandVision Baltics B.V. Under the standard conditions, the members are liable for income taxes payable by the income tax group.

For bank guarantee facilities refer to note 22 of the consolidated financial statements.

Schiphol, 25 February 2020

Management Board
S. Borchert, CEO
W. Eelman, CFO

Supervisory Board
C.J. van der Graaf (Chairman)
M.F. Groot (Vice-Chairman)
P. Bolliger
J.A. Cole
R. Meijerman

Subsequent events

On 22 February 2021, the public hearing in the appeal case of EssilorLuxottica against decision of the District Court made on 24 August 2020, was held at the Amsterdam Appeal Court.

CHAPTER

Other information

Independent auditor’s report

To: the General Meeting and the Supervisory Board of GrandVision N.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- GrandVision N.V.’s Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- GrandVision N.V.’s Parent Company Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of GrandVision N.V. (‘the Company’), Haarlemmermeer. The financial statements include the Consolidated Financial Statements of GrandVision N.V. and its subsidiaries (‘the Group’) and the Parent Company Financial Statements.

The Consolidated Financial Statements comprise:

- the Consolidated Balance Sheet as at 31 December 2020;
- the following statements for 2020: the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement; and
- the Notes to the Consolidated Financial Statements, comprising the significant accounting policies and other explanatory information.

The Parent Company Financial Statements comprise:

- the Balance Sheet (Before Appropriation of Result) as at 31 December 2020;
- the Income Statement for the year then ended; and
- the Notes to the Parent Company Financial Statements, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the Consolidated Financial Statements and Part 9 of Book 2 of the Dutch Civil Code for the Parent Company Financial Statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of GrandVision N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

GrandVision N.V. is a global (optical) retail company. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

COVID-19 characterised the 2020 financial year; this relates to both the financial statements and the audit thereof. In section 2.2 of the notes to the Consolidated Financial Statements the Company reflected on the impact of COVID-19 on the operations. As part of designing our audit, we considered the impact of COVID-19 as follows:

- in the determination of materiality as described in the section 'Materiality';
- in the determination of certain focus areas for the audit (both at group and the component team level) including but not limited to the valuation of assets, accounting for government grants and deferred tax accounting;
- the adherence to internal control activities considering working remotely.

The majority of the audits for the Group and components is carried out remotely. This means that in the execution of our group audit, no physical visits have been performed to the components. Instead we conducted all the meetings and performed our file reviews virtually. We have been able to physically perform the inventory count procedures. Despite that, meetings with local management and component teams were held virtually instead of physically. This has proven to be an effective and efficient approach. Through the combination of our procedures, the impact of COVID-19 did not lead to any omission in the execution of the audit.

We assessed the risks of material misstatement in the financial statements. In particular, we considered where the Management Board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain, including the impact of COVID-19.

In section 2.8 of the notes to the Consolidated Financial Statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty, the impact of COVID-19 and the related higher inherent risks of material misstatement in the valuation of goodwill and other intangible assets, we considered this matter as key audit matter as set out in the section 'Key audit matter' of this report.

Last year, we considered the recognition of a right of use asset and a lease liability as part of first-year adoption of the lease standard (IFRS 16) as a key audit matter. As this was completed in 2019, we no longer consider this to be a key audit matter. In addition, no (significant) acquisitions were completed in 2020 neither were there any significant accounting matters with respect to (uncertain) tax positions. As such, also both of these items were not considered as key audit matters for 2020.

Another area of focus, that was not considered a key audit matter, was the risk of fraud in revenue recognition. As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the management board that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a global (optical) retail company. We therefore included specialists in the areas of IT, corporate income taxes and accounting as well as valuations and actuarial experts in our team.

The outline of our audit approach was as follows:

Materiality
• Overall materiality: €14.1 million.

Audit scope
• We conducted audit work at 26 components in 34 countries.
• As a result of COVID-19, no physical site visits were conducted by the group audit team. We fulfilled our oversight obligations through (amongst others) virtual site visits to 9 components: Apollo (Germany), Vision Express (the United Kingdom), GrandVision Benelux (the Netherlands), GrandVision France, GrandVision Italy, MasVision (Spain), Opticas GrandVision Chile, For Eyes (United States) and GrandVision Mexico.
• Audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters
• Assessment of valuation of goodwill and other intangible assets

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€14.1 million (2019: €17.2 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 5% of a three years average of profit before tax, adjusted for impairment losses.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that profit before tax is an important metric for the financial performance of the Group. Historically, we used profit before tax, adjusted for impairment losses, as our basis for determining materiality. In 2020, the results of GrandVision are significantly impacted by COVID-19. Accordingly, 2020 results are not considered to be a fair representation of the general business performance of GrandVision. We evaluated alternative benchmarks for the determination of the materiality such as EBITDA and revenue, which would have led to a higher overall materiality, which we consider to be less in accordance with the stakeholders needs. As such, we applied an average profit before tax for a period of three years (2018-2020), adjusted for impairment losses, as the benchmark to determine materiality for 2020.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between €0.5 and €8.0 million.

We also took misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €250,000 (2019: €250,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

GrandVision N.V. is the parent company of a group of entities. The financial information of this group is included in the Consolidated Financial Statements of GrandVision N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the Consolidated Financial Statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit primarily focussed on the four significant components: Apollo (Germany), Vision Express (the United Kingdom), GrandVision Benelux (the Netherlands) and GrandVision France. These four components were subject to audits of their complete financial information, as these components are individually financially significant to the Group. Additionally, and as agreed with the Management Board and Supervisory Board, 22 components were selected for audits of complete financial information to achieve appropriate coverage on the Consolidated Financial Statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	100%
Total assets	100%
Profit before tax	100%

For all Dutch holding entities, as included in note 32 of the Consolidated Financial Statements, the group engagement team performed the audit work. For all other locations that are in scope of the group audit, we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the financial statements as a whole.

We issued audit instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year and upon conclusion of their work. The group engagement team attended the virtual meetings of the component teams with local and group management in which the outcome of the component audit was discussed. During these meetings, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the Consolidated Financial Statements. The group engagement leader or senior members of the group engagement team reviewed all reports regarding the audit approach and findings of the component auditors.

The group engagement team held virtual site visits with the component teams and local management of Apollo (Germany), Vision Express (the United Kingdom), GrandVision Benelux (the Netherlands) and GrandVision France, together referred to as segment ‘G4’, given the relative size of the locations. For each of these locations, we reviewed the selected working papers of the component auditors. In addition, on a rotational basis, the group engagement team virtually visited local management and component auditors of other components. In 2020, the components virtually visited were GrandVision Italy, MasVision (Spain), Opticas GrandVision Chile, For Eyes (United States) and GrandVision Mexico.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex items at the Company’s head office. These include the goodwill impairment test, accounting for the long term incentive plan, the testing of certain central IT systems, the tax position and the discount rates with respect to IFRS 16.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group’s financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	***Our audit work and observations***
Assessment of valuation of goodwill and other intangible assets *Refer to notes 2.8, 13 and 14 of the financial statements for the management board's accounting policies and underlying assumptions* The goodwill on the balance sheet of GrandVision N.V. amounts to €1,061 million as at 31 December 2020. Of this, €495 million relates to the countries in 'the G4' segment, €517 million to 'Other Europe' and €49 million to 'Americas and Asia'. Next to that, the other intangible assets on the balance sheet of GrandVision amount to €350 million as at 31 December 2020. The measurement of the recoverable amount of groups of CGUs in this segment is based on the highest of the value in use (VIU) or the fair value less cost of disposal (FVLCOD). Each of those groups of CGUs represents the Group's investment in a country or group of countries. This is the lowest level at which the goodwill is monitored for management purposes. The key assumptions in the discounted cash flow are the assumed growth rates, the margin improvements and the discount rates. Moreover, the scenario analysis made by management, reflecting the uncertainties of recoverability after COVID-19 is an important sensitive assumption as well. The discounted cash flow is highly dependent on the future achievability of the assumed growth rates and margin improvements. For some CGUs the FVLCOD is based on the sales multiple for which the key assumption is the sales multiple. In 2020, an impairment of €73.1 million on goodwill was recognised, of which the majority related to the CGU United States which is part of the segment 'Americas & Asia' and to the CGU Italy which is part of the segment 'Other Europe'. Furthermore, an impairment on the intangible asset relating to the Tesco customer database of €20.5 million was recognised (part of the segment 'G4'). Given the high level of management judgement regarding the aforementioned assumptions in the impairment assessment of goodwill and other intangible assets, we considered this area to be important for our audit.	We evaluated the Management Board's policies and procedures to determine future cash flow forecasts under respective scenarios and considering the impact of COVID-19, the process by which they were drawn up and we also assessed design effectiveness of controls over the impairment process. Following certain triggering events identified as of June 2020, an impairment test was performed on seven CGUs. We mainly focussed on 'United Kingdom & Ireland' within the segment 'G4', 'United States' within the segment 'Americas & Asia' and 'Italy' within the segment 'Other Europe'. For these entities the management board prepared a value-in-use by using the expected cash flow method. Together with our valuation experts, we assessed the key assumptions made in respective scenarios on the recovery of the business to the pre-pandemic level, including growth rates and anticipated profit improvements. Furthermore, with assistance of our valuation experts, we evaluated the methodology applied in management's calculation of the discount rate. We compared the discount rate used by management to our independently calculated discount rate and found it to be within an acceptable range. Our procedures also included the sensitivity of the assumptions made in determining value in use by using the expected cash flow method. We compared the growth rates to the management board's proven track record of improving performance by leveraging economies of scale and marketing. In relation to the annual goodwill impairment test, we especially focused our audit effort on the segments 'Other Europe' and 'Americas and Asia', in which some countries have either shown impairment charges, or were subject to global economic challenges due to COVID-19, and/or had limited headroom in prior year(s). We evaluated and challenged management's most sensitive cash flow assumptions, including but not limited to the scenarios, the growth rates and the COVID-19 implications to the business and compared them to long-term and strategic plans approved by the supervisory board. Also, we assessed the reasonableness of management's valuation models used and verified the mathematical accuracy. We involved valuation experts to evaluate the discount rates applied for each group of cash-generating units. Based on our procedures, we consider management's key assumptions to be sufficiently supported by available evidence. In addition, we have evaluated the adequacy of the related disclosures.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report which includes the sections 'GrandVision by the numbers', 'Vision, mission, strategy', 'Our customer journey', 'GrandVision at a glance', 'A message from our CEO', 'Business and strategy', 'Our progress in 2020', 'Corporate governance (including remuneration report)', 'Shareholder information' and 'Other information';
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board's report and the other information in accordance with Part 9 of Book 2 and the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of GrandVision N.V. on 14 October 2014 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 14 October 2014. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 6 years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 29 to the Consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 25 February 2021
PricewaterhouseCoopers Accountants N.V.

S. Laurie de Hernandez RA

Appendix to our auditor’s report on the financial statements 2020 of GrandVision N.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board’s use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Consolidated Financial Statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.


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Transparency appendix

Organization of GrandVision CSR

We believe in integrating Corporate Responsibility and Sustainability (CSR) into our daily processes. Together with our local retail brands, we make a difference by ensuring that our Environmental, Social and Governance (ESG) priorities are tangible, visible and manageable.

Structure and responsibilities
The Management Board has the overall responsibility for our business and CSR strategy, sets targets and monitors our CSR performance.

The CEO takes overall responsibility for GrandVision's CSR, while the execution of the strategy is managed by the Vice President Operations and the Head of CSR, who are supported by a CSR steering committee. The Head of CSR advises the Management Board and GrandVision's Steering Committee on strategy developments, monitors the integration of CSR into management processes and oversees the company's ESG targets and overall performance. The committee is chaired by GrandVision's CEO and includes the CFO, Vice President of HR, COO and Vice President of CX&D. It maintains an external perspective and regularly reviews input from value chain partners and other stakeholders. The local organization of CSR at our Operating Companies has a similar structure.

Currently, one Management Board member and one Management Team member have ESG-performance related objectives included in their remuneration targets.

About this report

The aim of this Annual Report is to inform our stakeholders about our financial and non-financial developments during the 2020 calendar year. It also presents our performance in relation to material topics. These are topics that are determined in conjunction with our stakeholders. Material topics provide the boundary of our non-financial reporting. The process for defining materiality, the content of this integrated Annual Report and a full list of material topics are described in the materiality determination.

Scope of non-financial information
The purpose of this Annual Report is to inform our stakeholders of our positive and negative impacts on economic, social and environmental developments. In the report, we disclose our impact in connection with our main strategic objectives and targets.

The scope of the non-financial report is determined based on the identified material topics.

The materiality matrix shows the topics' importance to stakeholders and their importance to GrandVision. Topics that are most important to our stakeholders and form our business perspective are included in this report. It covers the 2020 fiscal year, which ran from 1 January to 31 December, 2020.

The scope of our ESG performance includes all entities for which GrandVision holds management responsibility. Unless stated otherwise, the scope of our ESG data encompasses all GrandVision's activities. This means subcontractors are not included.

Reporting criteria non-financial information

This integrated Annual Report was published on 9 March, 2021.

GrandVision reports on CSR in accordance with the GRI Standards 'Core' version of the Global Reporting Initiative (GRI). Worldwide, these are the most commonly-applied reporting guidelines. GRI is based on the principle of materiality and requires organizations to disclose their management approach to their most material topics. For further details about these guidelines, please refer to the 'GRI Content Index' section in this report. General information about GRI can be found at GlobalReporting.org.

The option core of the GRI Standards means that GrandVision reports on all general standard disclosures and a minimum of one specific standard disclosure relates to identified material topics. The process for defining material topics, is described in the 'Materiality and stakeholder communication' section of this report.

The results of this assessment (list of material topics for GrandVision, including their reporting priority) determine which GRI indicators are set out in the integrated report. The overview can be found in the 'GRI Content Index' section of this report. The GRI Content Index specifies the aspect boundaries and omitted indicators where relevant (including clarifications).

Apart from GRI, a voluntary guideline, GrandVision is legally required to report on specific topics related to non-financial and diversity information. This is part of the EU Directive Non-Financial Reporting, with which we comply.

No assurance on non-financial data is given in 2020.

Our emission scopes

Split by scopes	Business operations	2019	2020	Unit
Scope 1	Store network (gas)	6.55	6.38	kilotons CO_2
	Manufacturing sites (gas)	0.76	0.73	kilotons CO_2
Scope 2	Store network (electricity)	48.42	27.49	kilotons CO_2
	Manufacturing sites (electricity)	2.65	2.15	kilotons CO_2
Scope 3	Air travel	1.31	0.17	kilotons CO_2
	Rail travel	0.01	0.00	kilotons CO_2
	Employee commuting	0.15	0.05	kilotons CO_2
	Inbound transport	2.71	3.54	kilotons CO_2
	Outbound transport	0.16	0.40	kilotons CO_2
Total	**Total**	**62.73**	**40.90**	**kilotons CO_2**

We report on our carbon emissions in line with the GHG Protocol Corporate Standard, which classifies a company's GHG emissions into three 'scopes.'

- Scope 1: Direct emissions from owned or controlled sources
- Scope 2: Indirect emissions from the generation of purchased energy
- Scope 3: All indirect emissions that occur in the value chain, including both upstream and downstream emissions

In 2020, we saw a decrease in both our Scope 2 and 3 emissions. The decrease in Scope 2 was mainly driven by temporary store closures, as well as an increased use of renewable electricity across our store network and at our manufacturing sites (25.9%). The decline in Scope 3 emissions mainly resulted from reduced employee commuting and business travel.

Non-financial and diversity information

Requirements EU Directive	Subtopic	Chapter/section reference
A brief description of the business model	Business environment	Business and strategy: The environment in which we operate, p. 15-16
	Organization and structure	Governance and compliance: Structure and responsibilities, p. 86-87
	Our market	Business and strategy: The environment in which we operate, p. 15-16 Our progress in 2020: Our financial performance, 4.4 Segment performance, p. 76-81
	Strategy and objectives	Business and strategy: Our business strategy, p. 19-21
	Long-term market drivers	Business and strategy: The environment in which we operate, p. 15-16
Relevant social and personnel topics	A description of the policies pursued	Our progress in 2020: Our people, p. 29-35
	The outcome of these policies	Our progress in 2020: Our people, p. 29-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42
	Principle risks in own operations and within the value chain	Corporate Governance: Risk Management, p. 98-102
	How risks are managed	Corporate Governance: Risk Management, p. 98-102
	Non-financial key performance indicators	Our progress in 2020: Our people, p. 29-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42 Other information: Connectivity table, p. 202-203
Relevant environmental topics	A description of the policies pursued	Our progress in 2020: Our Product Value Chain, 2.4 Manufacturing and dedicated production lines, p. 43-46 Our progress in 2020: Our Product Value Chain, 2.5 Efficient transportation process, p. 47-48 Our progress in 2020: Our presence, 3.1 Our many customer touchpoints, p. 51-52
	The outcome of these policies	Our progress in 2020: Our Product Value Chain, 2.4 Manufacturing and dedicated production lines, p. 43-46 Our progress in 2020: Our Product Value Chain, 2.5 Efficient transportation process, p.47-48 Our progress in 2020: Our presence, 3.1 Our many customer touchpoints, p. 51-52
	Principle risks in own operations and within the value chain	Corporate Governance: Risk Management, p. 98-102
	How risks are managed	Corporate Governance: Risk Management, p. 98-102
	Non-financial key performance indicators	Our progress in 2020: Our Product Value Chain, 2.4 Manufacturing and dedicated production lines, p. 43-46 Our progress in 2020: Our Product Value Chain, 2.5 Efficient transportation process, p. 47-48 Our progress in 2020: Our presence, 3.1 Our many customer touchpoints, p. 51-52 Our progress in 2020: Our Product Value Chain, Our CO_2 impact, at-a-glance, p. 50 Other information: Connectivity table, p. 202-203
Relevant human rights topics	A description of the policies pursued	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42
	The outcome of these policies	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42
	Principle risks in own operations and within the value chain	Corporate Governance: Risk Management, p. 98-102
	How risks are managed	Corporate Governance: Risk Management, p. 98-102
	Non-financial key performance indicators	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42 Other information: Connectivity table, p. 202-203
Addressing anti-corruption and bribery	A description of the policies pursued	Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42 Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62
	The outcome of these policies	Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42 Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62
	Principle risks in own operations and within the value chain	Corporate Governance: Risk Management, p. 98-102
	How risks are managed	Corporate Governance: Risk Management, p. 98-102
	Non-financial key performance indicators	Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42 Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62 Other information: Connectivity table, p. 202-203
Addressing board diversity	A description of the policies pursued	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Corporate Governance: Our Supervisory Board's report, p. 84-85
	Diversity objectives	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Corporate Governance: Our Supervisory Board's report, p. 84-85
	Implementation of policy	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Corporate Governance: Our Supervisory Board's report, p. 84-85
	Results of the diversity policy	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35 Corporate Governance: Our Supervisory Board's report, p. 84-85

Materiality and stakeholder communication

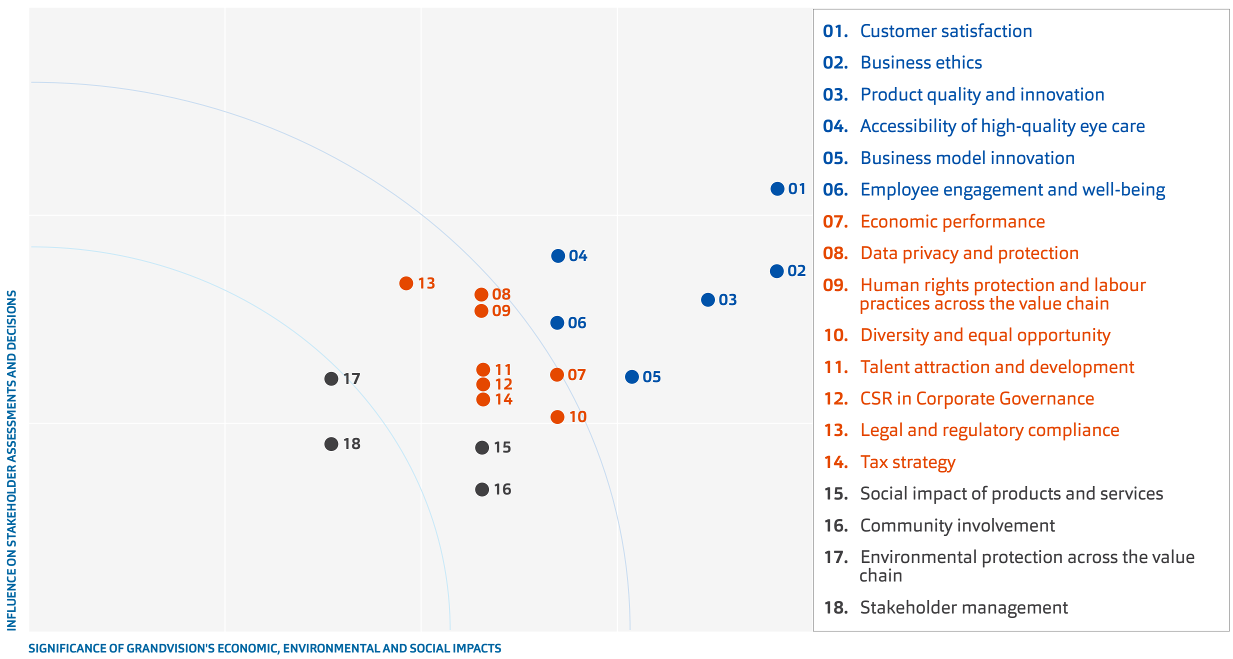
In this report, we present our performance in relation to our goal to integrate ESG considerations into our business model and strategy. This goal, and therefore the content of this report, are based on both an internal value chain analysis and on ongoing communication with relevant stakeholders. Our most relevant stakeholders are our employees, customers, suppliers, investors and shareholders, the public sector and regulatory authorities, and broader society and communities where we are present. These stakeholders were selected because we have a direct influence on their interests. To enhance our awareness of the world around us and our impact on it, and to narrow down the focus of the report, we created a materiality analysis in late 2018. The next update is expected in 2021. This presents the most relevant topics that GrandVision has an impact on to our stakeholders. The assessment was approved by the Management Board and consisted of three steps.

Step 1. Determine relevant topics

GrandVision has identified a shortlist of relevant topics based on internal (strategy and risk related) and external (context related) developments. Relevant topics are those with which GrandVision has or can have an impact, inside the organization and in the value chain or society. During an internal consultation, the Head of CSR validated the updated shortlist and where relevant, topics were further defined and missing topics were added.

Step 2. Determine reporting priority

The topics determined as relevant are assessed in terms of their influence on GrandVision's ability to impact society and influence stakeholders' decisions. To this end, we carried out several consultations. To prioritize the topics from the stakeholders' perspectives, a stakeholder consultation was performed in 2018 through an online survey, including our most important stakeholder groups: employees, investors, customers, suppliers and analysts. These stakeholders were selected because GrandVision directly influences their interests. An internal consultation was held with the Management Board to adjust the prioritization of topics from GrandVision's perspective. The outcome is presented in the materiality matrix below.



The combination of the horizontal axis, which represents the impact that GrandVision can make on the topic, and the vertical axis, which represents priorities from stakeholders' perspectives, helps us determine the most material topics. GrandVision implements the outcomes of this assessment as follows:

- For the 'high' and 'medium' material topics, GrandVision aims to create impact along our value chain by monitoring our performance in relation to our impact and develop future targets to maintain sustainable business operations.
- The 'high' material topics are aligned with GRI – we report one specific standard disclosure related to these topics (GRI Content Index) to meet stakeholders' information needs.
- The 'lower' material topics are those where GrandVision wants to demonstrate our social responsibility.

Overview of high material topics

Topic	Definition	Scope	KPI	Results 2020	Target
Customer satisfaction	Continuously taking into account and improving GrandVision's services to achieve a high level of customer satisfaction.	Customers	NPS	70	n/a
Business ethics	Providing a business environment in which people adhere to the Code of Conduct, are transparent, honest and do not demonstrate fraudulent conduct and behavior.	GrandVision organization	% of employees taking the GV Code of Conduct training through e-learning annually	94%	100% by 2025
Product quality and innovation	Assuring the highest possible quality and safety of our eyecare products and investing in innovative technological products and services to fulfil changing customer needs and demand.	Customers	Meet requirements of Regulation EU 2017/745	In line with target	2020
Accessibility of high-quality eyecare	Making high-quality eyecare products and services accessible to more and more people around the world.	Customers, community	Store network	7,260	≥1% average by 2023
Business model innovation	Staying up-to-date with ongoing industry developments due to megatrends and innovations (digitization, omnichannel, etc.).	Customers	E-commerce share of total sales	In line with target	10% by 2023
Employee engagement and well-being	Guaranteeing a safe and healthy work environment where GrandVision's employees feel engaged and are empowered to deliver their best performance.	GrandVision organization	eNPS	*Measured and addressed locally	n/a

Step 3. Implementation

Based on the outcomes of the materiality assessment approved by the Management Board, GrandVision determines the topics to be addressed in this integrated Annual Report, including the scope and boundaries of topics. Business lines and local divisions are informed and involved so these topics are acted on and reported.

In the future, we will continue to engage with our stakeholders to gain further insights into the materiality of topics and prioritize these in greater detail. We will conduct a materiality topics update in 2021.

Data collection process

The ESG data set found in this report has been partially collected through a standardized Excel reporting format. It was sourced from information management systems at GrandVision business lines and local divisions. ESG data on People and Culture, Legal and the store network was collected using our FP&A data management system. Once collected, it was consolidated and subject to a trend analysis. In case trends deviated significantly, information was contextualized and verified with the relevant data provider.

The ESG data for this report was quantified. Where no data was available, it was estimated. No uncertainties or inherent limitations to the data were identified as a result of measurement, estimation or calculation.

The GrandVision Internal Audit and Corporate Control departments used consistency and the availability of supporting evidence as the basis of their assessment of the data reported.

Our ESG KPIs are presented in this report. Significant changes in definitions and measurement methods compared to previous reporting periods are explained where relevant. In 2020, no changes regarding our material topics or topic boundaries were made. We have further integrated our CSR ambition with our business strategic priorities to update our integrated CSR strategy.

Reporting benchmarks

Rating agency	2016	2017	2018	2019	2020
Carbon Disclosure Project (CDP)	N/A	Rank: n/a Score: C-	Rank: 30/89 (in NL) Score: C	Rank: 25/77 (in NL) Score: B	Rank: 20/88 (in NL) Score: B
Transparency Benchmark (Dutch Ministry of Economic Affairs)	Rank: 161/500 Points: 76/200	Rank: 84/500 Score: 147/200	N/A	Rank: 52/487 Score: 59.2/100	N/A
Tax Transparency Benchmark (Association of Investors for Sustainable Development, or VBDO)	Rank: 41/68 Score: 11/39	Rank: 35/76 Score: 14/37	Rank: 17-21/76 Score: 17/35	Rank: 21-25 Score: 20/35	Rank: 13-15 Score: 25/35
Sustainalytics	N/A	Rank: n/a Score: 60/80	Rank: 6/139 Score: 74/80	Rank: 6/131 Score: 75/100	Rank: 2/131 Score: 80/100
FTSE4Good	N/A	N/A	Rank: 83% Score: 3.8/5	Rank: 72% Score: 3.4/5	Rank: 80% Score: 3.5/5

Every year, our sustainability performance is benchmarked by various rating agencies. We believe benchmarking is a good way to improve sector-wide performance and therefore actively participate in the CDP, the Dutch Transparency Benchmark, the VBDO Tax Transparency benchmark, Sustainalytics and FTSE4Good.

The table above is an overview of benchmarks we have participated in over recent years along with our scores, rankings and progress.

In July 2019, we refinanced our Revolving Credit Facility and we added a sustainability feature to it, whereby the margins are linked to our sustainability ranking by Sustainalytics.

In July 2020, we confirmed that we increased our Sustainalytics score by five points, from 75 to 80. Thanks to a score improvement of more than four points, we were able to receive a 2.5 basis point discount on our Sustainability Linked Loan margin mentioned above.

Connectivity table

The following table shows an overview of how our strategic priorities and activities link with global challenges, as well as the UN Sustainable Development Goals and their sub-targets. Where applicable, we have set measurable, longterm targets and we visualize our performance compared to these targets.

OUR LONG-TERM IMPACT ON SOCIETY		THE VALUE WE CREATE	
SDG	**Relevant SDG subtargets**		**Our output**
3 GOOD HEALTH AND WELL-BEING	3.8. Achieve universal health coverage, including access to quality essential health-care services, medicines and vaccines for all.	Awareness of eye health in communities where we operate and improvement of customers' quality of life	Improved quality of life of a growing number of people around the world through our eyecare platform and services, as well as charitable activities
	3.C. Increase health financing and the recruitment, development, training and retention of the health workforce in developing countries.		
	3.6. By 2020, halve the number of global deaths and injuries from road traffic accidents.		
8 DECENT WORK AND ECONOMIC GROWTH	8.2. Increase economic productivity through diversification, technological upgrading and innovation. 8.6. Reduce the proportion of youth not in employment, education or training.	Sustainable employability and employee well-being	High-quality, permanent and fairly-paid employment opportunities for our diverse highly qualified workforce, offering best-in-class eyecare service globally
	8.8. Protect labor rights and promote safe and secure working environments for all workers.	Protection of labor rights across our supply chain	Well-maintained balance between social and environmental performance and operational excellence
7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	Reduction of environmental impact along value chain	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5. Reduce waste generation through prevention, reduction, recycling and reuse.		

OUR RESULTS

Our KPIs	Targets	Results			On track with target
		2018	2019	2020	
% growth in numbers of stores in reporting year	>1% yearly	1.3%	4.4%	-2.0%	Not on track
# training hours per FTE	No target	16.9	17.3	23	n/a
# of operating companies that participate in our global eye health awareness activities	No target	n/a	12	30+	n/a
# of employees (in FTEs)	No target	32,400	34,143	33,542	n/a
# of operating companies that offer apprentice programs	No target	n/a	18+	18+	n/a
% of employees signing the annual Code of Conduct training	100% in 2025	86%	87%	94%	On track with target
% of strategic non-OECD-based suppliers signed our Supplier Code of Conduct or equivalent	100% in 2025	83%	100%	100%	On track with target
% of strategic non-OECD-based suppliers audited	100% in 2025	91%	84%	100%	On track with target
% of strategic OECD-based suppliers that signed Supplier Code of Conduct	100% in 2025	83%	100%	100%	On track with target
Scope 1 + 2 emissions	30% reduction in 2025 relative to 62,002 tons in base year 2018	62,002	58,380	37,370	39.7% reduction compared to base year
% reduction of CO_2 emissions per processed spectacle	20% reduction in 2025 relative to 284 grams per spectacle in base year 2016	266	267	265	Almost on track
% reduction of CO_2 emissions per transported spectacle	30% reduction in 2025 relative to 355 grams in base year 2016	328	225	261	26.5% reduction compared to base year
% of stores fully equipped with LED lighting	100% of stores in 2025	40%	53%	58%	Not on track
% production centralized in manufacturing sites	85% of production centralized in manufacturing sites by 2025	69.8%	70.2%	72.2%	Almost on track
% of water consumption reduction per processed spectacle	15% reduction in 2025 relative to 2.21 liters in base year 2016	1.94	1.82	2.24	1.4% increase compared to base year

Stakeholder dialog

GrandVision has a diverse set of stakeholders with specific interests and motivations whose input is key to determining the focus and attention of our organization's efforts. We strive to stay in continuous dialog with them. These dialogs take place on different levels within our organization and are often a part of our daily business. Our Management and Supervisory Board members attend the most important stakeholder dialogs, in which a variety of stakeholders are present. This approach enables us to effectively identify and address their interests and concerns, and to develop and maintain a holistic approach towards our CSR strategy.

To increase visibility and transparency around these interactions, we introduced the table below to provide insight into our stakeholder groups and how we interacted with them in 2020.

Stakeholder group	What they expect	How we engage (incl. frequency)	Main topics in 2020	Our response
Employees	Safe and respectful work environment, equal development and growth opportunities, fair compensation	Established culture of regular dialog through our biannual appraisal process, as well regular employee satisfaction surveys throughout the whole organization	Attracting, developing and nurturing talent in eyecare and customer service; Developing high-quality, permanent and fairly-paid employment opportunities; Strengthening talent management; Ensuring employee safety via new ways of working and procurement of PPE during COVID-19 pandemic	We focused on strengthening succession planning, internal recruitment, developing desired leadership culture, increasing continuous performance feedback and more talent development opportunities (training).
Customers	In 2020, we identified the following consumer megatrends: 1. 'Save Time': Seeking convenience 2. 'Save Money': Smart customer behavior is on the rise; Save where you can and spend a more generous budget where you prioritize it 3. 'Save Me': Customers are increasingly health aware 4. 'Save the World': Sustainability is a key topic and will impact future consumer behavior even more 5. 'Let me be me': Individualization is on the rise	We connect regularly with our customers in-person throughout our store network, and instore communications, as well as through our highly personalized digital CRM approach, and last but not least through our regular communications via our digital platforms (websites, social media, others). Please read more on this in our dedicated case studies and chapters: • GrandVision's Eye Care Council reinforces our industry leadership • 3.2 'Accelerate omnichannel and digitally empower customer experiences'	Optimized omnichannel customer journey; High-quality affordable product assortment - global catalog; Eyecare blogs/ info; Ensuring customer safety via new ways of working and procurement of PPE during COVID-19 pandemic; Sustainable products and business practices	We were flexible to adopt new channels to offer access to eyecare/eye health advice and products, as well as to adjust our global product offering, including more sustainable products and recycling opportunities. We further strengthened the work and outreach of our Eye Care Council as a source of expertise for the entire GrandVision retail network and to ensure we deliver a high-level retail experience, including the latest eyecare developments, and expert advices across multiple channels. At the same time, we created a COVID-19 Task Force to ensure our stores across the world had access to PPE and outfitted stores consistently for the most customer safety possible.
Suppliers	Longterm commitment and cooperation, fair and clear contractual agreement, acceptable payment terms, compliance with laws of data protection	Our Strategic Sourcing and Procurement team is responsible of establishing and maintaining a fair, transparent and efficient relationships with our suppliers. They make sure that we work with suppliers that align with our Supplier Code of Conduct and international standards, including the Universal Declaration of Human Rights, and the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work. All suppliers receive and acknowledge a copy of our policy, and we verify their alignment through regular third-party audits. Our employees engaged in procurement take responsibility and accountability for policy compliance.	Human Rights protection in our supply chain	In 2020, we conducted a human rights due diligence exercise to identify and reassess salient human rights issues in our supply chain, particularly among our strategic suppliers. We analyzed our current policies, and based on the outcome, we planned further steps and actions to tackle uncovered human rights risks and opportunities. Read more about this in Section 2.2 'Strategic sourcing and product procurement.'
Investors/ Shareholders	Transparency, profitability, corporate governance, broader value creation	GrandVision communicates with financial markets directly on a regular basis. These exchanges with shareholders,	EssilorLuxottica transaction; Share price; Dividends; Active communication with	We are committed to maintaining regular, transparent communication

		analysts and potential investors are based on publicly available presentations and discuss price sensitive information that is also publicly available. GrandVision organizes conference calls for analysts and investors on a constant basis during the year. Next to that GrandVision holds General Meetings at least once every year.	shareholders related to COVID-19 pandemic measures. Litigation and arbitration processes	with our shareholders. We do this through presentations, conference calls, General Meetings and other proactive communications as needed, for example, broad communication updates on the effects of the COVID-19 pandemic on our business, and the we measures took. Also, we share recurrent updates as needed related to the key events EssilorLuxottica transaction process. In 2020, we held a virtual AGM due to the pandemic restrictions.
Public sector/ Regulatory authorities	Compliance with laws and regulations e.g. Dutch Corporate Governance Code, EU Directives; Transparency in reporting and communications; Responsible tax policies and practices	We engage with regulatory authorities in a variety of ways, e.g. by publishing annual reports, quarterly updates, participated in (ESG) benchmarks, and (depending on circumstances) we work with local governments and authorities. Learn more about this in Section 3.4 'We are a responsible corporate citizen.'	Education of employees and suppliers on GV codes of conduct; information/data privacy and security regulations, MDR compliance	Intensified our Code of Conduct trainings via e-Learn; Achieved GDPR implementation; established Quality Management Systems in line with ISO13485 in order to ensure compliance with EU MDR
Broader society/ Community	Access to affordable high-quality eyecare and eyewear; Cleaner, greener and more transparent ways of doing business; contribution to local communities	We established a yearly plan of actions and communications to raise awareness of the importance of eyecare and eye health, and contribute to local communities via charitable initiatives. Learn more about these in Section 3.3 'Giving back to our communities and reducing environmental impact.' We also strive to improve the environmental performance in our stores, offices and manufacturing sites. We communicate regularly on this via our social media channels, websites, as well as annual reporting.	COVID-19: Keeping our customers and employees safe; supporting communities in need; environmental performance of stores, offices and manufacturing sites; sustainable products and recycling practices	Held charitable mission trips in own countries instead of going abroad; COVID-19 Task Force and updated store and office safety procedures; Made efforts to continue improvement of environmental performance of stores, offices and manufacturing sites; introduced more sustainable products and recycling programs in the markets.

GRI Content Index

GRI 102: General disclosures 2020

Organizational profile

Indicator	Indicator	References
102-1	Name of the organization	Report front cover
102-2	Activities, brands, products and services	Business and strategy: Our business model, p. 17-18
102-3	Location of the organization's headquarters	Contact information and colophon, p. 212
102-4	Number of countries operating	Business and strategy: The environment in which we operate, p. 15-16 Our progress in 2020: Our financial performance, 4.4 Segment performance, p. 76-81
102-5	Nature of ownership and legal form	Corporate Governance: Our corporate governance, explained, p. 83
102-6	Markets served	Our progress in 2020: Our financial performance, 4.4 Segment performance, p. 76-81
102-7	Scale of the reporting organization	2020 at-a-glance (before Table of Contents)
102-8	Information on employees and other workers	GrandVision by the numbers (before Table of Contents) Our progress in 2020: Our people, p. 29-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement, p. 40-42
102-9	Supply chain	Our progress in 2020: Our Product Value Chain, p. 38-50
102-10	Significant changes to the organization and its supply chain	A message from our CEO, p. 8-10
102-11	Precautionary Principle or approach	Risk management: Enterprise Risk Management, p. 99-101
102-12	External initiatives	Business and strategy: Aligning our impact with the UN SDGs, p. 23-24 Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment (ILO, UDHR), p. 32-35 Our progress in 2020: Our Product Value Chain, 2.2 Strategic sourcing and product procurement (SA8000), p. 40-42 Other information: Connectivity table (UN SDGs), p. 202-203
102-13	Memberships of associations	N/A

Strategy

Indicator	Indicator	References
102-14	Statement from senior decision maker	A message from our CEO, p. 8-10

Ethics and integrity

Indicator	Indicator	References
102-16	Values, principles, standards and norms of behavior	Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62 Other information: Organization of GrandVision CSR, p. 196

Governance

Indicator	Indicator	References
102-18	Governance structure	Corporate Governance: Governance and compliance, p. 86-88 Other information: Organization of GrandVision CSR, p. 196

Stakeholder engagement

Indicator	Indicator	References
102-40	List of stakeholder groups	Other information: Materiality and stakeholder communication, p. 199-200 Other information: Stakeholder dialog, p. 204-205
102-41	Collective bargaining agreements	Our progress in 2020: Our people, 1.3 Our inclusive, diverse and ethical work environment, p. 32-35
102-42	Identifying and selecting stakeholders	Other information: Materiality and stakeholder communication, p. 199-200 Other information: Stakeholder dialog, p. 204-205
102-43	Approach to stakeholder engagement	Other information: Materiality and stakeholder communication, p. 199-200 Other information: Stakeholder dialog, p. 204-205
102-44	Key topics and concerns raised	Other information: Materiality and stakeholder communication, p. 199-200 Other information: Stakeholder dialog, p. 204-205

Reporting

Indicator	Indicator	References
102-45	Entities included in the consolidated financial statements	Financial statements: 13. Contingencies, p. 184
102-46	Defining report content and topic boundaries	Other information: About this report, p. 196
102-47	List of material topics	Other information: Materiality and stakeholder communication, p 199-200
102-48	Restatements of information	Other information: About this report, p. 196
102-49	Changes in reporting	Other information: About this report, p. 196
102-50	Reporting period	Reporting period is 1 January - 31 December, 2020
102-51	Date of most recent report	Our most recent Annual Report was published on 9 March, 2021
102-52	Reporting cycle	Other information: About this report, p. 196
102-53	Contact point for questions regarding the report	Contact information and colophon, p. 212
102-54	Claims of reporting in accordance with the GRI Standards	Other information: About this report, p. 196
102-55	GRI Content Index	Other information: GRI Content Index, p. 206-207
102-56	External assurance	Other information: About this report, p. 196

GRI 103: Management disclosures 2020

Material topics GrandVision reports with GRI Specific indicators

Employee engagement and well-being

Indicator	Indicator	References	Omissions
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Our progress in 2020: Our people, p. 29-35 Other information: Transparency appendix, Overview of material topics, p. 199	
	103-2 The management approach and its components	Our progress in 2020: Our people, p. 29-35 Other information: Transparency appendix, p. 196-198	We started aligning the methodologies across all countries in order to have a harmonized indicator for employee engagement, and act locally upon the results. While we work towards a global NPS, we have not set a target on training hours.
	103-3 Evaluation of the management approach	Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62	
404-1 (2016)	Average hours of training per year per employee	Our progress in 2020: Our people, 1.2 How we attract, develop and retain talent, p. 30-32 Other information: Connectivity table, p. 202-203	We are working on implementing a consistent employee engagement approach across all our countries, however, we still do not consolidate the results into a single global NPS score. Yet, each local organization, including GrandVision Headquarters, measures employee NPS, and acts to improve outcomes. (See chapter: Our People, 1.4. Increasing employee satisfaction) To measure our efforts related to employee engagement, we report through GRI 404-1, although a breakdown of training hours by gender is not available.

Business ethics

Indicator	Indicator	References	Omissions
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62 Corporate Governance: Our Corporate Governance, explained, p. 83 Other information: Transparency appendix, Overview of material topics, p. 199	
	103-2 The management approach and its components	Our progress in 2020: Our presence, 3.4 We are a responsible corporate citizen, p. 58-62 Corporate Governance: Risk Management, p. 98-102	
	103-3 Evaluation of the management approach	Corporate Governance: Risk Management, p. 98-102	
419-1 (2016)	Non-compliance with laws and regulations in the social and economic area	There were no significant fines paid by GrandVision in 2020	

Material topics GrandVision reports with own indicators

Business model innovation

Indicator	Indicator	References
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Business and strategy: Our business model, p. 17-18 Other information: Transparency appendix, Overview of material topics, p. 199
	103-2 The management approach and its components	Business and strategy: Our business model, p. 17-18 Our progress in 2020: Our presence, 3.2 Accelerate omnichannel and digitally empower customer experiences, p. 52-54 Other information: Transparency appendix, p. 196-198
	103-3 Evaluation of the management approach	Business and strategy: Our business model, p. 17-18 Our progress in 2020: Our presence, 3.2 Accelerate omnichannel and digitally empower customer experiences, p. 52-54 Corporate Governance: Risk Management, p. 98-102
Own indicator	E-commerce share of total sales	Business and strategy: Our business model, p. 17-18 Other information: Materiality and stakeholder communication, p. 199-200

Product quality and innovation

Indicator	Indicator	References
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Business and strategy: Our business model, p. 17-18 Our progress in 2020: Our Product Value Chain, 2.3 Ensuring safe and high-quality products, p. 43 Other information: Transparency appendix, Overview of material topics, p. 199
	103-2 The management approach and its components	Business and strategy: Our business model, p. 17-18 Our progress in 2020: Our Product Value Chain, 2.3 Ensuring safe and high-quality products, p. 43 Corporate Governance: Governance and compliance, p. 86-88
	103-3 Evaluation of the management approach	Business and strategy: How we create long-term value for our stakeholders, p. 22-25 Our progress in 2020: Our Product Value Chain, 2.3 Ensuring safe and high-quality products, p. 43 Corporate Governance: Risk Management (Compliance risks), p. 98-102
Own indicator	Meet requirements of Regulation EU 2017/745	Our progress in 2020: Our Product Value Chain, 2.3 Ensuring safe and high-quality products, p. 43 Other information: Materiality and stakeholder communication, p. 199-200

Accessibility of high-quality eyecare

Indicator	Indicator	References
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Business and strategy: How we create long-term value for our stakeholders, p. 22-25 Our progress in 2020: Our presence, 3.1. Our many customer touchpoints, p. 51-52 Other information: Transparency appendix, Overview of material topics, p. 199
	103-2 The management approach and its components	Business and strategy: Our business model, p. 17-18 Corporate Governance: Governance and compliance, p. 86-88 Our progress in 2020: Our presence, 3.1. Our many customer touchpoints, p. 51-52
	103-3 Evaluation of the management approach	Our progress in 2020: Our presence, 3.1. Our many customer touchpoints, p. 51-52 Corporate Governance: Risk Management, p. 98-102
Own indicator	Store network	Our progress in 2020: Our presence, 3.1. Our many customer touchpoints, p. 51-52 Other information: Materiality and stakeholder communication, p. 199-200

Customer satisfaction

Indicator	Indicator	References
103 Management Approach (2016)	103-1 Explanation of the material topics and their boundaries	Business and strategy: Our business model, p. 17-18 Other information: Transparency appendix, Overview of material topics, p. 199-200
	103-2 The management approach and its components	Business and strategy: Our business model, p. 17-18 Corporate Governance: Risk Management, p. 98-102 Other information: Transparency appendix, p. 196-198
	103-3 Evaluation of the management approach	Business and strategy: Our business model, p. 17-18 Corporate Governance: Risk Management, p. 98-102 Other information: Transparency appendix, p. 196-198
Own indicator	Customer NPS	Business and strategy: Our business model, p. 17-18 Other information: Materiality and stakeholder communication, p. 199-200

Definitions Table

Definitions

C	
Carbon footprint	An indicator that measures the total carbon emissions emitted by GrandVision. It shows the environmental impact and the contribution to climate change. The carbon footprint as measured in this report comprises the total carbon emissions of transportation (in and outbound) and processing (cutting and edging) at manufacturing sites.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Concentrated spend index is a relative indicator that measures the concentration of spending on (strategic) suppliers.
CSR	Corporate Social Responsibility
E	
ETR	Effective tax rate is a relative indicator that divides income tax by total pre-tax results.
Employees (FTEs)	Total number of full-time equivalents of GrandVision employees during a reporting year.
Employees (headcounts)	Total number of unique GrandVision employees during a reporting year.
Energy efficiency	A relative indicator that measures the amount of energy required to process one spectacle at a manufacturing site. It is calculated by the total amount of energy used by all manufacturing sites divided by the total number of processed spectacles in the reporting year.
Environmental Impact	The impact that an organization has on the environment. This can be in terms of emissions, water use, energy use and waste. GrandVision discloses emissions, water use and energy efficiency.
ESG	Environmental, Social and Governance
F	
FTE	Full-time equivalent is a unit that indicates workload. One FTE equals the workload of one employee who works 40 hours per week for one year.
G	
GRI	Global Reporting Initiative
I	
ILO	International Labor Organization
K	
KPI	Key performance indicator
L	
LED	Light-emitting diodes are an energy efficient light source.
M	
Manufacturing sites	GrandVision has 17 manufacturing sites, made up of TechCenters and an RFH. These sites are strategically-located across countries where we are present and produce a high-quality end product.
Materiality	The degree to which an issue is important for GrandVision and its stakeholders.
N	
NGO	Non-Governmental Organization
O	
OECD	Organization for Economic Co-operation and Development
R	

Regional Fulfilment Hub (RFH)	Highly-automated, strategically-located manufacturing site where GrandVision processes spectacles (cutting and edging, etc.).
S	
SDG	Sustainable Development Goal
T	
TechCenter	Manufacturing site where GrandVision processes spectacles (cutting and edging, etc.).
Training hours	The total number of hours spent on training the total workforce in the reporting year.
Transportation	The transportation process from production facilities to cross-docks, manufacturing sites and retail brands.
Transportation inbound	The transportation process from production facilities to our cross-docks.
Transportation outbound	The transportation process from our cross-docks to our manufacturing sites and retail brands.
U	
UDHR	Universal Declaration of Human Rights
W	
Water efficiency	A relative indicator that measures the amount of water required to process one spectacle in a manufacturing site. It is calculated by the total amount of water used by all manufacturing sites, divided by the total number of processed spectacles in the reporting year.

Contact information and colophon

Contact information

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