

## Executive Corporate Officers' compensation

**Charenton-le-Pont, France, (March 17, 2021)** – On March 11, 2021, on the recommendation of the Nominations and Compensation Committee, the Board of Directors approved:

1. the 2020 bonus of Leonardo Del Vecchio and Hubert Sagnières
2. the 2021 compensation policy for corporate officers

At the meeting, the Board of Directors also noted the verification of the conditions for:

3. the delivery of the retention plan set up by Luxottica Group S.p.A. on December 15, 2017

### **1. 2020 bonus of Leonardo Del Vecchio and Hubert Sagnières**

The Board of Directors approved a variable component of €220,382 for Leonardo Del Vecchio and Hubert Sagnières. The 22.9% achievement rate reflects the impact of the Covid-19 crisis on the Company's results.

Detailed calculations are provided in Appendix 1.

Payment of the variable component due for 2020 is subject to the approval of the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2020.

### **2. 2021 compensation policy for corporate officers**

The Board of Directors approved the 2021 compensation policy. This policy follows on from the previous one, which was approved by the vast majority of shareholders.

For reasons of clarity and transparency towards the shareholders, two resolutions will be proposed at the Annual Shareholders' Meeting:

- one for the period from January 1, 2021 until the Annual Shareholders' Meeting, during which the Company's governance structure will follow the principles set out in the combination agreement;
- one for the period after the Annual Shareholders' Meeting, when the governance structure provided for in the combination agreement will no longer apply.

### 2021 compensation

The compensation of the Corporate Officers has been set as follows:

<i>Gross amounts, full-year basis</i>	Period from January 1 until the Annual Shareholders' Meeting		Period from the Annual Shareholders' Meeting		
	Chairman of the Board	Chief Executive Officer and Deputy Chief Executive Officer	Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer
Fixed compensation	€500,000	€1,250,000	€500,000	€1,500,000	€1,250,000
Variable annual compensation	-	Target: 100% Max.: 200%	-	Target: 100% Max.: 200%	Target: 100% Max.: 200%
Performance shares (number)	-	No awards	-	50,000 in October 2021*	35,000 in October 2021*

\* Award for the 2021 calendar year

The Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officer are eligible for compensation for their duties as Directors.

Until the Annual Shareholders' Meeting, the amounts actually paid to the Corporate Officers will be strictly in line with the compensation policy approved in 2020:

- Chairman of the Board: will not receive any fixed compensation before the Annual Shareholders' Meeting. Subject to the shareholders' approval of the 2021 compensation policy, a payment will be made after the Annual Shareholders' Meeting, to reach the gross annual amount of €500,000 for the reference period which runs from January 1, 2021 to the date of the Annual Shareholders' Meeting;
- Chief Executive Officer and Deputy Chief Executive Officer: will receive fixed monthly gross compensation corresponding to fixed annual gross compensation of €1,000,000 until the Annual Shareholders' Meeting. Subject to the shareholders' approval of the 2021 compensation policy, an additional payment will be made after the Annual Shareholders' Meeting, to reach the gross annual amount of €1,250,000 for the reference period between January 1 and the Annual Shareholders' Meeting.

### 2021 bonus

The Board of Directors approved a variable compensation based exclusively on quantifiable objectives, including 90% of financial objectives and 10% related to the reduction in greenhouse gas emissions.

<b>Objectives</b>	<b>Weighting</b>
Growth in adjusted net earnings per share*	50%
Revenue growth**	20%

Unlocking of synergies	20%
Reduction in greenhouse gas emissions	10%

\* adjusted, notably for the exchange rate impact

\*\* at constant exchange rates, excluding strategic acquisitions

As in 2020, the variable component includes a "clawback" clause.

The targets decided by the Board of Directors for each criterion are not disclosed for confidentiality reasons. However, the achievement rate will be disclosed ex-post.

Pursuant to Article L. 22-10-8 of the French Commercial Code (*Code de commerce*), the compensation policy for corporate officers will be submitted for approval at the 2021 Annual Shareholders' Meeting. It will be presented in the Universal Registration Document, which will be published on the Group's website as from March 26, 2021, in section 2.3 "Compensation of corporate officers" of Chapter 2 "Report on Corporate Governance".

#### Long-term compensation

The Board of Directors decided on the following principles for the Fall 2021 award:

- The performance shares awarded will be subject to two performance conditions, both measured over a three-year period, and to a presence condition;

<b>Objectives</b>	<b>Rationale</b>
<b>Main criterion: annualized growth in the share price</b>	EssilorLuxottica's growth strategy must create shareholder value in the medium to long term. The shares must therefore vest in direct proportion to the growth in the share price and the gain that this represents for shareholders.
<b>Penalty in the event of under-performance in relation to the EuroStoxx 50 index</b>	EssilorLuxottica must outperform the EuroStoxx 50 index, otherwise a penalty is applied with respect to the number of shares that actually vest.

- The award limits applicable to corporate officers remain unchanged compared to the 2020 compensation policy.

### **3. Delivery of the retention cash-settled plan converted into free shares**

On December 15, 2017, the Board of Directors of Luxottica Group S.p.A. approved the implementation of a retention plan. Delivery of shares under the plan was subject to:

- the completion of the combination between Essilor and Luxottica before December 31, 2018, and
- a condition of presence within the Group for a period of three years.

On March 7, 2019, on the recommendation of the Nominations and Compensation Committee and following the approval of the 9<sup>th</sup> resolution by the Extraordinary Shareholders' Meeting on November 29, 2018, the Board of Directors of EssilorLuxottica approved the conversion of the cash retention plan into a free share plan.



The Board of Directors' meeting of March 11, 2021 noted the verification of the presence condition on March 7, 2021. A total of 780,750 shares will be delivered to beneficiaries on March 18, 2021 (including 37,150 to Francesco Milleri, Chief Executive Officer of EssilorLuxottica since December 17, 2020).

Appendix 1: 2020 bonus of Leonardo Del Vecchio and Hubert Sagnières

Target bonus from January 1 to December 17, 2020: €962,366 (or €1,000,000 on a full-year basis, approved by the Shareholders' Meeting of June 25, 2020).

Weighting	Description	% achievement from 0% to 200% of target	Weighted % achievement	Achievement in €
P		R	P x R	P x R x target (in euros)
<b>85%</b>	<b>Financial objectives</b>			
50%	Growth in adjusted/restated net earnings per share*	0%	0%	€0
25%	Revenue growth**	0%	0%	€0
10%	Unlocking of synergies	72%	7.2%	€69,290
<b>15%</b>	<b>Specific objectives</b>			
10%	Strategic alignment	150%	15%	€144,355
5%	Corporate social responsibility	14%	0.7%	€6,737
<b>100%</b>			<b>22.9%</b>	<b>€220,382</b>

\* adjusted, notably for the exchange rate impact

\*\* at constant exchange rates, excluding strategic acquisitions

The scales for the quantitative objectives (financial and non-financial) were set by the Board of Directors on March 5, 2020 and have not been revised.

The "strategic alignment" objective comprised the five following sub-objectives:

- Present the future organization of EssilorLuxottica to the Board of Directors before the end of 2020;
- Present a joint reinforcement plan to the Board of Directors in July;
- Monitor the implementation of employee shareholding plans (Boost operation, long-term incentive plans, etc.);
- Build a talent pool of senior executives by evaluating the Group's Top 50. Present policy to the Nominations and Compensation Committee in October;
- Harmonize the Essilor and Luxottica compensation policies. Present policies to the Board of Directors in July.

The assessment scale was defined as follows:

- none or 1 objective met, 0% achievement;
- 2 objectives met, 50% achievement;
- 3 objectives met, 100% achievement;
- 4 objectives met, 150% achievement;
- 5 objectives met, 200% achievement.

The Nominations and Compensation Committee considered that four sub-objectives had been met, representing an achievement rate of 150% for the strategic alignment objective.

The "corporate social responsibility" objective comprised the two following sub-objectives:

- Create +10.7 million wearers at the Base of the Pyramid in 2020 through inclusive business and philanthropic actions;
- Create sustainable access to vision care for over 500 million people in developing communities by 2020.

The assessment scale was as follows:

- less than 80% achievement against target (10.7 million or 500 million), 0% achievement;
- 100% achievement against target, 100% achievement;
- more than 120% achievement against target, 200% achievement;
- Linear interpolation between limits.

The Nominations and Compensation Committee noted that the pandemic had had a considerable impact on the speed of scale-up of actions.

*EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more, be more and live life to its fullest by addressing their evolving vision needs and personal style aspirations. The Company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux® and Transitions®, and world-class retail brands including Sunglass Hut and LensCrafters are part of the EssilorLuxottica family.*

*In 2020, EssilorLuxottica had over 140,000 employees and consolidated revenues of Euro 14.4 billion. The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP.*

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