

Executive corporate officers' compensation

On March 18, 2019, pursuant to the recommendation of the Nomination and Compensation Committee, the Board of Directors of EssilorLuxottica approved:

1. the variable component due to the executive corporate officers for 2018;
2. the executive corporate officers' compensation for 2019, as well as the compensation policy applicable to the executive corporate officers for 2019.

1. Executive corporate officers' variable component for 2018

A. Period prior to the combination with Luxottica: January 1, 2018 – October 1, 2018

Hubert Sagnières and Laurent Vacherot served as Chairman and Chief Executive Officer and President and Chief Operating Officer of the Company, respectively, from January 1 to October 1, 2018. Pursuant to the recommendation of the Nomination and Compensation Committee, the variable component for this period was set by the Board of Directors of the Company on February 28, 2018, as follows:

	Hubert Sagnières Chairman and Chief Executive Officer	Laurent Vacherot President and Chief Operating Officer
Financial objectives	25% organic growth Essilor	30% organic growth Essilor
	25% restated net EPS Essilor	30% restated net EPS Essilor
Specific objectives	50% (4 objectives)	40% (4 objectives)

The organic growth and restated net EPS objectives were set for the full year 2018 and the four specific objectives were common to both Hubert Sagnières and Laurent Vacherot.

The review of 2018 performance reveals:

- an achievement rate of 150% for Hubert Sagnières, i.e., a gross pro-rata amount of Euro 900,000;

Hubert Sagnières' pro-rated target bonus came in at Euro 600,000.

Weighting	Description	%achievement from 0 to 200% of target	Weighted % achievement	Achievement in €
W		A	W x A	W x A x target in €
50%	Financial objectives Essilor	140%	70%	€420,000
25%	Essilor organic growth	200%	50%	€300,000
25%	Essilor restated EPS *	80%	20%	€120,000
50%	Specific objectives Essilor	160%	80%	€480,000
100%			150%	€900,000

* restated in particular for the exchange rate impact

- an achievement rate of 152% for Laurent Vacherot, i.e., a gross pro-rata amount of Euro 741,000;

Laurent Vacherot's pro-rated target bonus came in at Euro 487,500.

Weighting	Description	%achievement from 0 to 200% of target	Weighted % achievement	Achievement in €
W		A	W x A	W x A x target in €
60%	Financial objectives Essilor	140%	84%	€409,500
30%	Essilor organic growth	200%	60%	€292,500
30%	Essilor restated EPS *	80%	24%	€117,000
40%	Specific objectives Essilor	170%	68%	€331,500
100%			152%	€741,000

* restated in particular for the exchange rate impact

A table showing the review of the specific objectives is provided in appendix 1.

B. Period after the combination with Luxottica: October 1, 2018 – December 31, 2018

From October 1, 2018, following the combination between Essilor and Luxottica:

- Leonardo Del Vecchio was appointed Executive Chairman;
- Hubert Sagnières was appointed Executive Vice-Chairman with equal powers to those of the Executive Chairman;
- Moreover, Laurent Vacherot's term of office as President and Chief Operating Officer expired on October 1, 2018, together with his term as Director.

Pursuant to the recommendation of the Nomination and Compensation Committee, the variable component for EssilorLuxottica's two executive corporate officers, Leonardo Del Vecchio and Hubert Sagnières, for this period was set by EssilorLuxottica's Board of Directors on November 29, 2018, as follows:

	Leonardo Del Vecchio Executive Chairman	Hubert Sagnières Executive Vice-Chairman
Financial objectives*	30% restated net EPS Luxottica	30% restated net EPS Essilor
	20% growth Luxottica	20% organic growth Essilor
Specific objectives	50% (5 objectives)	

*Based on the objectives approved by the Boards of Directors of the Company and Luxottica at the start of the year and assessed separately for each Director.

The review of 2018 performance reveals:

- an achievement rate of 75% for Leonardo Del Vecchio, i.e., a gross pro-rata amount of Euro 215,625;

Leonardo Del Vecchio's pro-rated target bonus came in at Euro 287,500.

Weighting	Description	% achievement from 0 to 200% of target	Weighted % achievement	Achievement in €
W		A	W x A	W x A x target in €
50%	Financial objectives Luxottica	75%	40%	€115 000
20%	Luxottica growth	50%	10%	€28 750
30%	Luxottica restated EPS *	100%	30%	€86 250
50%	Specific objectives EssilorLuxottica	70%	35%	€100 625
100%			75%	€215 625

* restated in particular for the exchange rate impact

- an achievement rate of 99% for Hubert Sagnières, i.e., a gross pro-rata amount of Euro 284,625.

Hubert Sagnières' pro-rated target bonus came in at Euro 287,500.

Weighting	Description	% achievement from 0 to 200% of target	Weighted % achievement	Achievement in €
W		A	W x A	W x A x target in €
50%	Financial objectives Essilor	140%	64%	€184,000
20%	Essilor organic growth	200%	40%	€115,000
30%	Essilor restated EPS *	80%	24%	€69,000
50%	Specific objectives EssilorLuxottica	70%	35%	€100,625
100%			99%	€284,625

* restated in particular for the exchange rate impact

The total variable component due to Hubert Sagnières for 2018 is therefore Euro 900,000 (period prior to the combination with Luxottica) + Euro 284,625 (period after the combination with Luxottica) = Euro 1,184,625.

A table showing the review of the specific objectives is provided in appendix 2.

Payment of the variable component for 2018 is subject to the approval of the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018.

2. 2019 compensation and 2019 compensation policy applicable to executive corporate officers

The Board of Directors decided to maintain the Executive Chairman's and Executive Vice Chairman's fixed annual compensation at Euro 1,150,000.

It also approved the compensation policy for EssilorLuxottica's executive corporate officers for 2019. Pursuant to Article L. 225-37-2 of the French Commercial Code (*Code de commerce*), this policy will be subject to the approval of the Annual Shareholders' Meeting of May 16, 2019.

When the corporate officers' compensation policy was being drawn up, the Nomination and Compensation Committee looked at ways of adapting the policy with the aim of encouraging ongoing improvement. The Committee relied, in particular, on the AFEP-MEDEF corporate governance code, the report of the French High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), the AMF's report on corporate governance and executive compensation in listed companies, the expectations put forward by all of the players concerned, the approval rates of resolutions on the compensation of the Company's executive corporate officers as compared with those of other companies, and an analysis of the market practices of comparable European and international companies. Therefore, although this policy, like the previous ones, is designed to encourage the creation of lasting value, the following changes have, in particular, been made:

- Publication of the composition of panels used for the purpose of the market practice benchmarking study as well as the compensation levels of these panels;

- Change in the annual variable component structure with a return to the preponderance of financial indicators in the annual variable component structure and the inclusion of non-financial/CSR criteria in the specific objectives;
- Explanation of the philosophy of long-term incentive compensation and reduction of the annual cap on the number of performance shares that may be granted to executive corporate officers;
- Details on the performance conditions required for payment of any termination benefit.

The principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind which may be awarded to the Company's executive corporate officers for 2019 are set out in section 2.3, "Compensation and benefits" of Chapter 2, "Corporate governance" of the 2018 Registration Document, available on the Group's website as from April, 2019.

Regarding the variable component for 2019, the Board of Directors decided, pursuant to the recommendation of the Nomination and Compensation Committee, to set a structure for each executive corporate officer comprising financial objectives for 80% and specific objectives for 20%. Compared with 2017 and 2018, when specific objectives represented 50% of the variable component of such fiscal years in light of the importance of the combination between Essilor and Luxottica, financial objectives are brought back to the fore in the executive corporate officers' variable component structure for 2019.

	Executive Chairman and Executive Vice-Chairman
Financial objectives	80%
- <i>Restated net EPS*</i>	<i>50%</i>
- <i>Growth*</i>	<i>30%</i>
Specific objectives	20%

* in particular for the exchange rate impact

Appendix 1: specific objectives for the period prior to the combination with Luxottica

Specific objective	2018 results
<p>Finalize the combination project with Luxottica with a view to optimizing future development of the combined group</p>	<p>Planned combination authorized by the antitrust authorities, including the European Commission, the Federal Trade Commission (United States) and SAMR (China); Delfin, Luxottica's majority shareholder, contributed its 62.42% interest in Luxottica to Essilor on October 1, 2018.</p>
<p>Ensure the continuity of Essilor's culture (Mission, Principles & Values, Employee Shareholding)</p>	<p>Raising awareness about the importance of good eyesight Partnership formed with the Australian government to roll out the Eye Mitra program in Bangladesh, with the Queen Elizabeth Diamond Jubilee Trust in order to meet the Commonwealth's visual care needs, and with the Royal Government of Bhutan "Road Safety Starts with Good Vision" campaign launched in partnership with the <i>Fédération Internationale de l'Automobile</i> (FIA) "Put Vision First™" campaign rolled out in 55 countries on World Sight Day</p> <p>Inclusive business models At end-2018, the Group had created 8,963 vision care providers (achieving over 35% of its target for 2020) and 2,385 "Vision Ambassadors" in nine countries 2.5NVG products now distributed in over 50 countries. 8 million people were wearing 2.5NVG eyewear in 2018 (3.3 million in 2017)</p> <p>Strategic charitable initiatives Vision For Life™ fund injected with €49 million (2020 target = €30 million) to support the charitable initiatives of Essilor's foundations in the United States, China, India and Australia At end-2018, the Group had achieved more than 46% of its 2020 target, with over 23 million people having received a pair of glasses since 2013</p> <p>Employee shareholding Boost 2018 international offering rolled out in 43 countries: at end-2018, over 46,000 employees had subscribed, i.e., 68% of Essilor International's workforce (2020 target = 35%) External recognition: GEO and FAS Grand Prix for efficient employee shareholding plans</p> <p>Commitment Community of 21 "Engagement Champions" created. 280 meetings organized with 8,000 employees Essilor's Principles and Values presented to nearly 45,000 Group employees</p>
<p>Continue building Essilor's long-term growth drivers (including Online, China, Bolon & MJS)</p>	<p>Organic growth: Online business up 15%, Sun & Readers division up 8.1%, above 10% in Greater China</p>
<p>Continue strengthening compliance and internal control to support the growth</p>	<p>20% increase in audits carried out in 2018 vs 2017, thanks to expansion of teams Department scope extended, with an increase in the number of correspondents (20 in 2018 versus 15 in 2017) IT tool deployed for real-time monitoring of action plan progress Quarterly meetings chaired by Laurent Vacherot set up to monitor internal control and compliance across the Group Two new audit procedures introduced in the area of compliance (anti-corruption, OFAC) and sustainable development (non-financial reporting and human rights protection) Project rolled out to ensure continuous improvement in personal data protection (GDPR) across the Group</p>

Achievement rate:

- Hubert Sagnières: 160%
- Laurent Vacherot: 170%

Appendix 2: specific objectives for the period after the combination with Luxottica

Specific objective	2018 Results
EssilorLuxottica holding company organization	Appointment of two Co-CFOs and the Secretary of the Board of Directors Organization of the Finance function
Preparation of the synergy plan to be implemented from 2019	Appointment of two Chief Integration Officers Organization of 20 workstreams
Successful implementation of EssilorLuxottica's new governance structure via the effective cooperation of each company's teams	Approval of all the resolutions submitted to the November 28, 2018 Shareholders' Meeting thanks to the combined work of the Essilor and Luxottica teams Holding of three EssilorLuxottica Board of Directors' meetings
Implementation of the principle of equal powers between two executive corporate officers and ability to solve problems effectively	
Roll-out within the future group of EssilorLuxottica's Mission and employee shareholding	Approval of the employee shareholding policy for the next three years at the Board of Directors' meeting of October 1, 2018 Approval of resolutions authorizing the implementation of the employee shareholding policy at the November 29, 2018 Shareholders' Meeting Implementation of employee shareholding plans for Essilor and tentative approval to convert the Luxottica cash retention plan prior to the combination

Achievement rate:

- L. Del Vecchio: 70%
- H. Sagnières: 70%

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 see more, be more and live life to its fullest, by addressing consumers' visual protection and correction needs and personal style aspirations.

EssilorLuxottica 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.

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 2018, EssilorLuxottica had nearly 150,000 employees and pro forma consolidated revenues of approximately €16 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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