

## **ANSWERS TO WRITTEN QUESTIONS FOR ESSILORLUXOTTICA SHAREHOLDERS' MEETING OF JUNE 25, 2020**

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*1. Which of your activities are not compatible with the Paris Agreement (i.e. a climate scenario where the increase in global temperature is kept well under 2°C with continuous efforts to further limit the increase in temperature to 1.5°C)? Which actions have been taken to disengage from those activities in 2020?*

Even if EssilorLuxottica's activities are considered to be low carbon intensive, the Company has defined climate change as one of its 6 CSR priority risk categories. In line with the international frameworks and standards, addressing climate change is a priority for EssilorLuxottica. Its commitment to optimizing the use of natural resources and reducing its environmental footprint covers the entire value chain, from manufacturing to distribution, and builds on the progress achieved by its two founding companies over the years. In this regard, Essilor's and Luxottica's efforts to limit and reduce their impact on the climate include investing in energy efficiency programs, the use of clean energy, optimizing their production equipment and logistics flows, the obtainment of environmental management and energy certifications (e.g. ISO 14001 and ISO 50001 standards), monitoring the carbon footprint of their operations while innovating in the field of sustainable raw materials and low-carbon products and services (reference: Section 4.3.2.2 of the EssilorLuxottica 2019 Universal Registration Document available at [essilorluxottica.com](http://essilorluxottica.com)).

Below are some highlights of these efforts. More detailed information is available inside Chapter 4 of the EssilorLuxottica 2019 Universal Registration Document.

**Energy efficiency:** initiatives span from ISO 50001 certified energy management systems at production sites to specific energy efficiency programs and investments pursued at both Essilor and Luxottica.

At Essilor, energy efficiency initiatives are managed within the scope of the Reboost program, which follows a methodology framework including activities such as energy mapping for the main mass production sites and laboratories, installation of smart meters, benchmarking of energy models and medium-term energy reduction plans. At Luxottica, a structured system has been in place for the monitoring of the environmental impact of its manufacturing and distribution activities since 2011. As part of this system, the installation of meters to monitor energy consumption in all its facilities in real time and the use of specific indicators allow Luxottica to identify priority areas and define new projects and improvement plans. This includes investments in the self-generation of renewable energy and the implementation and management of energy efficiency projects at its manufacturing and distributions sites in Italy and China. Energy optimization efforts also involve the directly managed stores through improvements in lighting and HVAC (heating, ventilation and air conditioning).

**Self-generated renewable energy:** examples include:

- in Italy both Luxottica's sites and Essilor's Satisloh Italy development and manufacturing plant benefit from the self-production of renewable energy, such as solar panel systems and biomass heating systems. The gradual roll-out of those plants in Luxottica's factories of Lauriano (Turin), Cencenighe (Belluno) and Agordo (Belluno) has enabled the Company to more than quadruple the quota of self-generated clean energy in Italy between 2015 and 2019. The solar panels installed in the Satisloh Italy plant contributed to 33% of the site's energy consumption in 2019, resulting in an annual reduction of 215 tons of CO<sub>2</sub> emissions;
- since 2018, Essilor's export laboratory in India has been getting 70% of its energy from a neighboring solar farm, and a solar thermal plant for hot water production has been installed at Luxottica's manufacturing site in China.

The levels of energy intensity at Essilor and Luxottica in 2019 further confirm the efficacy of the initiatives above described.

*2. How are your CAPEX/development plans aligned with a climate scenario compatible with the Paris Agreement?*

As shared during the Capital Markets Day in September 2019, embedding sustainability to the core is one of the pillars of EssilorLuxottica's strategic vision, from responsible environmental practices to philanthropic initiatives and employee shareholding.

Nonetheless, the development of the sustainability roadmap follows the integration of EssilorLuxottica and brings together both Essilor's and Luxottica's long history of sustainable development in action. As part of their respective roadmaps, every year both companies allocate investments to advanced technologies, machineries and increasingly effective production processes which guarantee a more efficient use of energy and natural resources. These also include investments in self-generating renewable energy plants close to the manufacturing sites.

As the Company will move forward in terms of integration, the climate change program will be refined. To do so, major standards (CDSB), frameworks (Science Based Targets) and recommendations (e.g. Task Force on Climate-related Financial Disclosures - TCFD) will be taken into account.

*3. How do you analyze the impact of your activities on global and local ecosystems (for instance, biodiversity)? Which are your top 5 impacts on those [ecosystems] (both positive and negative)?*

As part of Essilor's and Luxottica's environmental management systems, EssilorLuxottica plants strictly comply with local regulations and manage their outputs such as waste, wastewater and emissions. The sole objective is to avoid any harm to biodiversity and guarantee the respect of the local ecosystem. Specific studies and assessments are performed on a regular basis in order to verify the effectiveness of the initiatives in place and prioritize future actions. It is worth remembering that reducing energy consumption and water use, reducing waste generation while increasing valorization of waste are at the forefront of the Company's commitment and actions. To learn more, please, see Section 4.3.2 of the EssilorLuxottica 2019 Universal Registration Document.

*4. The coronavirus crisis will strongly affect the economic framework, and in particular SMEs and micro-enterprises. In this context, do you plan to modify the payment terms for your suppliers, and, if yes, in what way and over which geographical areas?*

EssilorLuxottica is conscious of the effects generated by the COVID-19 pandemic on the global economic framework and especially on SMEs and micro-enterprises. To preserve the value of the Company's supply chain and maintain a strong relationship with partners and suppliers, while still efficiently managing payment terms, the Company is currently assessing supply chain financing tools that would allow suppliers to receive immediate payments at a competitive cost.

*5. How does your company prepare its employees to face the transformations of the 21<sup>st</sup> century that are revolutionizing your industry?*

Being equipped for the future means being able to adapt to change, accept new challenges, being able to continuously learn and embrace all of it with never-ending passion.

The Company believes investing in its people is key and that engagement and passion are the biggest enablers to create the conditions for employees to respond not just to this specific challenge but to any challenge the future will bring.

Entrepreneurship and speed are part of the Company's DNA, empowering the employees on taking full accountability with freedom to fail and readjust is part of the Company's culture.

The best investment for the Company is to work on the core of the Company: its people and the right organization to enable them in the realization of the strategy.

One of the biggest investments done to support the employees in this ever-changing world are training programs. The Company develops and adapts its initiatives in consistency with the new business scenarios, the technology evolution and digitalization in order to guarantee a steady growth of skills and competences and ensure the Company's sustainability in the medium-long term.

In particular, Essilor and Luxottica invest in the development of new skills and enrichment of professional and human soft skills through different training programs, which have expanded over the past year.

At Essilor, the global Learning and Development team continuously adds new content and courses to support the organization's evolving business challenges and transformation needs:

- online training, including Essilor U, LinkedIn and other platforms, connects employees from all the Essilor group across the world. At the end of 2019, 43,257 employees were connected, achieving 59% of the 2020 target of reaching 100% of employees;
- business management and leadership programs managed at the corporate level offer training;
- opportunities for employees and managers at each career step to improve their business, strategy and leadership skills. In total, 512 employees and managers participated in the corporate training programs conducted in 2019;
- local trainings for production staff and all other management positions, conducted at entity level in every region. These include local onboarding training and on-the-job training to help employees gain the necessary competences and grow within the company. In 2019, more than 900,000 hours of local training were performed (+25%), with 68% benefiting production staff.

Since 2017, Essilor has also rolled out a Reverse Mentoring program in France, under which an experienced executive (the Mentee) receives several sessions of one-to-one support from a young

Essilor executive (the Mentor) with strong digital skills. This program helps promote digital literacy at Essilor by making experienced and top executives feel more comfortable with digital technologies. It also helps foster relationships between people who would not normally have the opportunity of working together.

At Luxottica, the introduction or development of new skills, the opportunity to improve existing competences and the support to expansive ways of thinking have always been a core element of its learning & development approach globally. In 2019, approximately 1 million hours of training were provided to employees, managers and directors around the world through learning initiatives offered online and in a classroom setting, up by 52% from 2018.

Luxottica University, which is the only incubator for all Luxottica's training initiatives, continued to invest in the digital platform, now covering all Luxottica's offices and stores worldwide. In 2019, 78% of employees completed a learning event on the platform. In addition, Luxottica University provides on-the-job training for specific retail competences, from selling techniques to soft skills on how to better serve the customer.

*6. Do you have a definition of “decent wage” that is not limited to the legal minimum wage? If yes, what is your definition? How does your company guarantee its employees a decent salary, notably in its main countries?*

The Company adopts a remuneration policy aimed to ensure that all the compensation packages of its employees are aligned or above market practices in their reference country.

Moreover, the company believes in sharing the results with the employees, for example through the employees share ownership program (Boost), and it is always looking for new initiatives in terms of welfare and wellbeing for employees, especially considering the current tough period due to Covid-19.

*7. Do the incentive schemes/frameworks applicable to French employees consider environmental and social criteria? If yes, how and in which proportion?*

Profit-sharing schemes at Essilor are based on criteria related to financial and economic performance: revenue growth and adjusted operating profit of EssilorLuxottica.

The employees of Essilor International in France and the French subsidiaries of Essilor International can choose to invest their incentive bonuses in two funds fully invested in EssilorLuxottica shares and four diversified funds, one of which has been awarded a responsible investment label (“Amundi Label Harmonie Solidaire ESR - E”).

The employees of Luxottica's French subsidiaries can invest their incentive bonuses in four diversified funds, two of which have been awarded at least one responsible investment label: “Multipar Monétaire Socialement Responsable” and “Multipar Solidaire Oblig Socialement Responsable”.

The variable compensation of the Executive Corporate Officers includes CSR objectives in 2020. In 2019, 10% of the variable compensation of Essilor managers was based on objectives relating to the Company's Mission.

*8. In the context of your employee savings plan, what is the share of funds having a “responsible” label (CIES, Finansol, Greenfin, ISR)?*

EssilorLuxottica employee savings plans almost exclusively comprise funds invested in EssilorLuxottica shares. Of the eight diversified funds proposed to EssilorLuxottica employees, three have been awarded at least one responsible investment label.

*9. Is the breakdown of taxes paid country by country discussed by the entire board of directors and/or by the audit and risk committee? Do you plan to make this information public?*

Main country by country profit before taxes breakdown has been provided and discussed with EssilorLuxottica audit and risk committee during 2019.

Any future public information on this matter would be provided when required by law and/or IFRS accounting standards.

*10. Are social cohesion problems related to differences in remuneration discussed by the board of directors? Are they subject to a company policy?*

The Board of Directors, upon proposal of the Nomination and Compensation Committee, makes sure that the compensation policy applicable to executive corporate officers takes account of employees' compensation and employment conditions. It must be consistent with that of the other senior executives and employees of EssilorLuxottica in terms of structure and progression.

The Board of Directors, upon proposal of the Nomination and Compensation Committee, makes sure that the variable compensation of the executives (annual variable and long-term incentive) strengthens alignment between long-term interest of the executives and those of all stakeholders (notably employees and shareholders) and enables the best execution of EssilorLuxottica strategy.

The 2019 Universal Registration Document shows in page 127 the evolution of the ratios between the compensation of each Executive Corporate Officer and the average and median compensation of the Company's employees over the past five years. EssilorLuxottica voluntarily calculated these ratios on a broad scope (more than 3,800 employees from the Company's French entities) to guarantee the relevance and consistency of the ratios. These ratios have been presented to the Nomination and Compensation Committee.

Moreover, employee shareholding is central to EssilorLuxottica's corporate culture. It strengthens employee commitment, aligning their long-term interests with those of the Company and other shareholders and enabling employees to be fully involved in EssilorLuxottica's value creation and success.

In 2019, performance shares were awarded to some 15,000 EssilorLuxottica employees. The 2019 award is the first long-term incentive plan common to employees of Essilor, Luxottica and the holding company EssilorLuxottica. The plan will enable EssilorLuxottica employees to share a common objective of creating lasting value for the first time.

In addition, in 2019, EssilorLuxottica launched its first employee shareholding initiative common to both Essilor and Luxottica. Subscriptions to the initiative attained a record rate of over 67%, paving the way for deployment on a global scale, enabling Luxottica employees in Italy to become employee shareholders for the first time. Thanks to this employee shareholding operation and the company savings plans, more than 64,000 employees held EssilorLuxottica shares at the end of 2019, representing 4.3% of the capital.

*11. Is the policy to ensure equality between women and men in term of remuneration, carrier and access to senior positions as well as the target to be reached discussed by the board of directors?*

At the very core of EssilorLuxottica are its people, who bring the Company's assets to life and are the key drivers of its success. Based on the principle that everyone's talent makes a difference, both Essilor and Luxottica recruit and engage their employees with a long-term perspective in which training, development and ensuring equal opportunities for everyone everywhere play a core role throughout the employee's career.

At EssilorLuxottica, equal opportunities are guaranteed for employees at all levels irrespective of gender, age, nationality or origin, religion, sexual orientation, marital status, union affiliation or disability. The organization does not tolerate any form of discrimination, intimidation or harassment. The Company is firmly committed to building a work culture that is inclusive and that nurtures diversity to allow unique perspectives and novel ideas to flourish.

Essilor and Luxottica are involved in initiatives aimed at sharing best practices, identifying common actions in the field of gender equity and enhancing women's leadership. Among these are the EVE program in France, the Manifesto for Female Employment (Valore D) in Italy and the Optical Women's Association (OWA) in North America. In 2019, several women professionals at Essilor and Luxottica were honored among Vision Monday's "Most Influential Women in Optical", a wide-ranging industry recognition of their diverse and extensive background in the optical industry in North America.

Also in 2019, Essilor was awarded the title of "Diversity Leader 2020" by the Financial Times and recognized in the publication's new annual ranking of diversity and inclusion in the workplace.

*12. Do you intend to publish the opinion of your social partners on your Non-financial statement?*

Stakeholder engagement is an important component of EssilorLuxottica's approach to sustainable development along the value chain. To this regard, please refer to Section 4.1.2 of Chapter 4 of the EssilorLuxottica 2019 Universal Registration Document.

Stakeholder relations and transparent communication with them are key for the Company, as they provide valuable insights into our business.

As we continue the harmonization journey between Essilor and Luxottica's sustainability approaches, we'll progressively capitalize on their feedbacks and viewpoints in order to build EssilorLuxottica's Sustainability program and improve its reporting year after year.

In 2020 the corporate sustainability teams of Essilor and Luxottica are working together on the following priorities while executing their respective roadmaps:

- advance Company CSR risks management, particularly by defining policies and associated key performance indicators that will apply to the EssilorLuxottica perimeter, in coordination with Risk Management and other departments involved in the Company's risk assessment;
- expand and strengthen sustainability reporting;
- further engage dialogue with stakeholders.

The result will be a progressive expansion in the disclosure of sustainability goals and achievements year after year.