

## **Proposed complementary resolutions submitted by shareholders for inclusion on the agenda of the May 16, 2019 General Meeting**

**Charenton-le-Pont, France (April 19, 2019)** - EssilorLuxottica received from some of its shareholders requests for inclusion on the agenda of the General Meeting of May 16, 2019 of the three draft resolutions listed below.

### **Resolution A**

The following proposed resolution was added to the agenda at the request of Baillie Gifford, Comgest, Edmond de Rothschild Asset Management, Fidelity International, Guardcap, Phitrust and Sycomore Asset Management

#### **“Appointment of Wendy Evrard LANE as a Director”**

The General Meeting, determining the quorum and majority conditions required for ordinary general meetings, after noting the filing request for the resolution sent to the Chairman of the Board, decides to appoint Wendy Evrard Lane as a board member.

This term of office is conferred for a period of three years that will expire at the outcome of the General Meeting in 2022 called to vote on the 2021 accounts.

### **Rationale**

The following rationale was transmitted by Baillie Gifford, Comgest, Edmond de Rothschild Asset Management, Fidelity International, Guardcap, Phitrust and Sycomore Asset Management in support of the proposed resolution:

The combination of Essilor International and Luxottica, announced in January 2017, became effective on 1 October 2018. The transaction led to the creation of an undisputed industrial leader in the design and manufacturing of eyewear – both in optical glasses and frames, with a portfolio of strong brands and an international distribution network. This ambitious combination holds significant potential in creating shared value: with a clear mission, it brings together two complementary European companies with extraordinary paths in the optical sector.

In the Initial term following the closing of the combination until the date of the AGM called to approve the 2020 annual accounts, the governance structure of the Board of Directors is based on balanced principles. The Board is composed of sixteen members, including eight members proposed by Essilor and eight members proposed by Delfin. At the Annual General Meeting in May 2017, Essilor shareholders largely supported the composition of this board, which was based on a clear agreement between the two companies and its two executives that was presented a few months earlier.

Today, this project is being undermined by a major crisis of governance. In March 2019, the Executive Chairman and the Executive Vice-Chairman – both of equal powers – publicly and disconcertingly clashed with each other through the press and media. Mr. Leonardo Del Vecchio even mentioned an arbitration he necessitated to settle these differences, leading to the opening of proceedings before the International Chamber of Commerce in Paris. EssilorLuxottica’s shares have since underperformed significantly. A long-lasting governance stalemate would weaken the company – its reputation,

employee motivation, its ability to attract top leaders, and finding new potential partners – and, would thus be harmful for all stakeholders.

The process of recruiting an outstanding CEO is a key element to the success of the EssilorLuxottica group and should also aim to clarify the company's governance. It seems unlikely, however, that this recruitment is proceeding soundly – as long as the arbitration procedure continues between the group's two sets of Directors.

Following the deterioration driven by the current deadlock, we believe that the General Meeting of 16 May 2019 could create an opportunity to exit the crisis, on-top. Through two resolutions for the Shareholders' Meeting, we propose the appointment of two additional independent directors, which would bring the number of Board members to eighteen, as the articles of the company permit.

Both candidate directors have solid experience in management and supervision of multinational companies. They have strong strategic, financial and governance expertise. Additionally, both have good knowledge of business in the North American continent, which accounts for more than half of EssilorLuxottica's sales. Finally, they both carry an independent perspective and have shown a real interest in helping EssilorLuxottica out of its governance crisis.

The purpose of this vote is to give the Board the means to carry out its mission, its legal tasks, as well as contribute to a safe exit from the governance crisis and, more generally, reintroduce a constructive and serene spirit within the Board. Breaking the deadlock is one of the prerequisites for EssilorLuxottica's to achieve its long-term ambitions in strategic, industrial, financial, and sustainable development areas.

The resolution proposes the appointment of Wendy Evrard Lane as a board member for three years out till the General Meeting of 2022:

- Born in 1951 and a US national, Ms Lane has been Chairman of Lane Holdings, Inc., an investment company, since 1992. Before 1992, Ms Lane was Managing Director at Donaldson, Lufkin and Jenrette Securities, an investment banking services company where she worked from 1981 to 1992. She began her career in the investment bank at Goldman Sachs.
- Since January 2016, Wendy Evrard Lane has been a board member of Willis Towers Watson, which is a listed company created through the merger of equals between Willis and Towers Watson. She chairs the remuneration committee and sits on the risk committee. In 2012, as a member of the Willis Board, Ms Lane was a member of the ad-hoc committee in charge of the CEO Search.
- Ms Lane is a board member of MSCI Inc., another listed US company, until April 25. She sits on the remuneration committee of this board.
- Ms Lane is a board member and member of the remuneration committee at MSCI Inc., a listed US company until January 25<sup>th</sup> 2019;
- She is a board member and chairman member of the audit and risks committee at Al Dabbagh Group (industrial shareholdings), a Saudi private company.
- Ms Lane has been a board member of various companies, such as UPM-Kymmene, a Finnish company listed in Helsinki, where she sat on the Audit committee. From 1996 to 2014, she has also been a board member of Laboratory Corporation of America, which is a company listed on the NYSE. Over this period, Ms Lane has been alternatively a member of the audit committee and the remuneration committee, as well as the nomination committee and the ethics and quality control committee. and an audit committee member at UPM-Kymmene, a Finnish listed company, and a member of the Board of Directors and of the appointments

and corporate governance committee and chairman of the audit committee at Laboratory Corporation of America

- Over the last 25 years, Ms Lane has also been a board member of the following listed companies: Tyco International, Watts Industries, Rexnord and Data Translation.
- She was a member of board of the Willis before its merger with Towers Watson.
- Wendy Evrard Lane does not own any share in EssilorLuxottica.
- Ms Lane has a BA in mathematics and French from Wellesley College and an MBA from Harvard Business School.
- Ms Lane does not own any shares in EssilorLuxottica.

### **Resolution B**

The following proposed resolution was added to the agenda at the request of Baillie Gifford, Comgest, Edmond de Rothschild Asset Management, Fidelity International, Guardcap, Phitrust and Sycomore Asset Management

#### **“Appointment of Jesper Brandgaard as a Director”**

The General Meeting, determining the quorum and majority conditions required for ordinary general meetings, after noting the filing request for the resolution sent to the Chairman of the Board, decides to appoint Jesper Brandgaard as a Board member.

This term of office is conferred for a period of three years that will expire at the outcome of the General Meeting in 2022 called to vote on the 2021 accounts.

### **Rationale**

The following rationale was transmitted by Baillie Gifford, Comgest, Edmond de Rothschild Asset Management, Fidelity International, Guardcap, Phitrust and Sycomore Asset Management in support of the proposed resolution:

The combination of Essilor International and Luxottica, announced in January 2017, became effective on 1 October 2018. The transaction led to the creation of an undisputed industrial leader in the design and manufacturing of eyewear – both in optical glasses and frames, with a portfolio of strong brands and an international distribution network. This ambitious combination holds significant potential in creating shared value: with a clear mission, it brings together two complementary European companies with extraordinary paths in the optical sector.

In the Initial term following the closing of the combination until the date of the AGM called to approve the 2020 annual accounts, the governance structure of the Board of Directors is based on balanced principles. The Board is composed of sixteen members, including eight members proposed by Essilor and eight members proposed by Delfin. At the Annual General Meeting in May 2017, Essilor shareholders largely supported the composition of this board, which was based on a clear agreement between the two companies and its two executives that was presented a few months earlier.

Today, this project is being undermined by a major crisis of governance. In March 2019, the Executive Chairman and the Executive Vice-Chairman – both of equal powers – publicly and disconcertingly clashed with each other through the press and media. Mr. Leonardo Del Vecchio even mentioned an arbitration he necessitated to settle these differences, leading to the opening of proceedings before the

International Chamber of Commerce in Paris. EssilorLuxottica's shares have since underperformed significantly. A long-lasting governance stalemate would weaken the company – its reputation, employee motivation, its ability to attract top leaders, and finding new potential partners – and, would thus be harmful for all stakeholders.

The process of recruiting an outstanding CEO is a key element to the success of the EssilorLuxottica group and should also aim to clarify the company's governance. It seems unlikely, however, that this recruitment is proceeding soundly – as long as the arbitration procedure continues between the group's two sets of Directors.

Following the deterioration driven by the current deadlock, we believe that the General Meeting of 16 May 2019 could create an opportunity to exit the crisis, on-top. Through two resolutions for the Shareholders' Meeting, we propose the appointment of two additional independent directors, which would bring the number of Board members to eighteen, as the articles of the company permit.

Both candidate directors have solid experience in management and supervision of multinational companies. They have strong strategic, financial and governance expertise. Additionally, both have good knowledge of business in the North American continent, which accounts for more than half of EssilorLuxottica's sales. Finally, they both carry an independent perspective and have shown a real interest in helping EssilorLuxottica out of its governance crisis.

The purpose of this vote is to give the Board the means to carry out its mission, its legal tasks, as well as contribute to a safe exit from the governance crisis and, more generally, reintroduce a constructive and serene spirit within the Board. Breaking the deadlock is one of the prerequisites for EssilorLuxottica's to achieve its long-term ambitions in strategic, industrial, financial, and sustainable development areas.

The resolution proposes the appointment of Jesper Brandgaard as a board member for three years out till the General Meeting of 2022:

- Born in 1963 and Danish, Jesper Brandgaard has been Executive Vice-President and CFO at Novo Nordisk, a Danish listed company, from 2000 to 2018. In 2018, Mr. Brandgaard became Executive Vice-President of Biopharm and of Global Legal & Patents at Novo Nordisk until April 2019. Mr. Brandgaard does not hold any executive responsibilities at Novo Nordisk since then.
- Mr. Brandgaard is currently Vice-Chairman of the Board of Directors at Chr. Hansen Holding A/S, Denmark, of which he is also member of the audit committee. He has sat on this board since 2017.
- Mr. Brandgaard has also been Chairman of the Board of Directors at SimCorp A/S (Denmark) until March 2019. He joined that board in 2008.
- Mr. Brandgaard has been the Chairman of the board of NNIT A/S from 2002 to 2017. He oversaw the IPO process of the company in 2015.
- Since April 9<sup>th</sup>, 2019, Jesper Brandgaard is a member of the Board of the William Demant Foundation, and has joined the William Demant Invest A/S as Vice-Chairman.
- Mr. Brandgaard is also a member of the board at the Novo Nordisk Haemophilia Foundation.
- Mr. Brandgaard holds a master's degree in economics and an MBA from Copenhagen Business School (Denmark).
- Mr. Brandgaard does not hold any EssilorLuxottica shares.

### Resolution C

The following proposed resolution was added to the agenda at the request of FCPE Valoptec International

#### **“Appointment of a Director of the Company”**

The General meeting, acting under the conditions of quorum and majority required for ordinary general meetings, decides to appoint with immediate effect from this date, **Mr. Peter James Montagnon** as Director, for a period expiring at the end of the Annual general meeting to be held in 2022 to approve the financial statements for the fiscal year ending on 31 December 2021. Mr. Peter James Montagnon has indicated that he accepts this mandate and that he meets the conditions and obligations required by the regulations in force.

### Rationale

The following rationale was transmitted by the FCPE Valoptec International in support of the proposed resolution:

The Supervisory Board of Valoptec International FCPE expresses its deep disappointment about the governance blocking situation faced by the combination of Essilor and Luxottica. As a result, the EssilorLuxottica group faces daily situations that are prejudicial to it and affect its customers, employees and all its shareholders, including Valoptec International FCPE. In this context, the Supervisory Board of Valoptec International FCPE proposes to submit to the vote of the shareholders of EssilorLuxottica, the appointment of Mr. Peter James Montagnon as a new director. Mr. Peter James Montagnon, who would act as an independent director, has the skills and the reputation which seem, in our view, totally appropriate to help in resolving the dysfunctions observed in the governance of EssilorLuxottica and to enable the Board of directors to benefit from a constructive perspective to promote the integration of the two companies.

#### **Peter James MONTAGNON – Curriculum Vitae**

**Address:** Dormans Cross House, Hollow Lane, Dormansland, Lingfield, Surrey RH7 6NU

**Date of Birth:** May 29 1950

**Nationality:** British

#### **Career summary**

**2010 to 2013:** Senior Investment Adviser, Financial Reporting Council, with responsibility for addressing corporate governance policy, especially within Europe, and strengthening the FRC’s understanding of the investor community.

**2000 to 2010:** Director of Investment Affairs, Association of British Insurers. Responsibilities included: management of corporate governance policies for the industry, facilitation of dialogue on contentious governance issues between companies and investors, and delivery of a voting advisory service covering all general meetings of FTSE All Share companies. They further included: representing the public policy interests of insurers as large wholesale investors to government, regulators, and other relevant bodies and the public in the UK and Europe.

**1980 to 2000:** Senior journalist with Financial Times (see above)

**1972 to 1980:** Economic and financial journalism with Reuters, including postings in Hong Kong, Switzerland and Washington, preceded by trainee postings to Paris and Frankfurt.

**Education** Cambridge University, MA in Modern and Medieval Languages (French, German and Italian), Class II, 1 (1972). Secondary school education at St Paul's School, London.

#### **Publications**

1. European Competition Policy, Royal Institute for International Affairs, 1990, pp135, editor and contributor.
2. Credit, where credit is due, a study of micro-credit, Centre for the Study of Financial Innovation, 1996.
3. Contribution of a chapter on the role of shareholders to The Business Case for Corporate Governance, Cambridge University Press 2008
4. Contribution of a chapter on narrative reporting to A Practical Guide to Corporate Governance Sweet & Maxwell 2014
5. Contribution of a chapter on the role of shareholders to Risk Culture & Effective Risk Governance Incisivebooks 2014
6. A series of Board Briefings for the Institute of Business Ethics on ethics, risk and governance, the role of conduct and sustainability committees, executive remuneration, internal audit, indicators of corporate culture, and ethical challenges facing pension fund trustees.

#### **Professional affiliations: 2014- Present**

Fellow of the Institute of Chartered Secretaries and Administrators, fellow of CFA Institute

**Languages:** good French, German, moderate Italian, basic Greek

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As a reminder, the shareholders had until April 18, 2019 to file a request for the inclusion of items or draft resolutions on the agenda of this General Meeting.

The Board of Directors of EssilorLuxottica will review these draft resolutions at a meeting to be held before the publication in the *Bulletin des Annonces Légales et Obligatoires* (BALO) of the notice convening the General Meeting of May 16, 2019.

*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 2018, EssilorLuxottica had nearly 150,000 employees and pro forma consolidated revenues of approximately Euro 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.*

## CONTACTS

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