Universal Registration Document

2022

EssilorLuxottica

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The Universal Registration Documents, Registration Documents and releases cited as well as this Universal Registration Document are available at: www.essilorluxottica.com @ Investors / Pubblications and Downloads

* Includes the Report on the compensation policy of Executive Corporate Officers subject to the approval of shareholders at the Shareholders' Meeting on May 17, 2023.

The information from the Annual Financial Report (AFR) is clearly identified in the table of contents by the symbol AFR

2022 Universal Registration Document

Including the Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

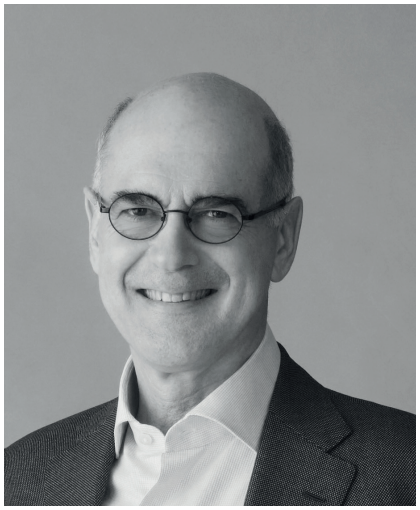
This document is a non-certified translation into English of the Universal Registration Document (including the Annual Financial Report) issued in French, prepared in ESEF format (European Single Electronic Format) and filed on March 10, 2023 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

2022

Message from the Chairman and CEO and Deputy CEO

Francesco Milleri Chairman and CEO



Paul du Saillant Deputy CEO

Dear Shareholders,

We are pleased to report another year full of accomplishments for EssilorLuxottica. Despite ongoing macroeconomic and geopolitical uncertainties, our Company has again proved its resilience and relevance as a world leader. In just twelve months, our consolidated revenue grew by 13.9% to 24.5 billion, up 3 billion compared to 2021, with an adjusted operating margin at 16.8%, an adjusted group net profit amounting to 2.9 billion and a proposed dividend up 29% over last year. Our performance is a reflection of our open, collaborative and omnichannel business model along with our diversified footprint, powerful brand and product portfolio, and the strong bonds we have formed with our customers and consumers. A deep sense of commitment from our almost 200,000 talented and diverse employees brings all of these assets to life.

EssilorLuxottica is an entrepreneurial venture unlike anything the industry has ever seen before. It is the result of a long-cherished dream realized by a true visionary, an inspiring and inspired leader. In less than 60 years, Leonardo Del Vecchio revolutionized the industry, turning a medical necessity into a must-have fashion accessory. Today, our one-of-a-kind Company is uniquely positioned to expand the boundaries of vision and improve the lives of millions of people. As we look ahead, his leadership and values remain an inspiration to us all, and we will honor his memory by dedicating ourselves to growing the Company he loved so much.

In 2017, we shared our vision to combine a global leader in iconic branded frames with the world leader in advanced lens technologies. Less than six years later, EssilorLuxottica represents nearly a quarter of the optical industry and is a reality capable of great things. We delivered on the promise of one unified, fully integrated and robust global organization, and with GrandVision's talents and capabilities now part of our community, we raised this promise to new heights. Today EssilorLuxottica is the only end-to-end player in the industry with a leading presence across all geographies, all business segments and all trade channels, partnering with every player who shares our passion for elevating quality vision care through superior products and services.

Bringing together frames and lenses under one roof, we demonstrated the power of vertical integration pioneering the next generation of vision care offerings for the benefit of customers and consumers. From creative thinking to distribution, we cover each and every step of the value chain, starting with thousands of researchers, engineers and designers committed to making EssilorLuxottica a laboratory for med-tech, innovation and growth. A global manufacturing network brings our culture of excellence to life and a powerful go-to-market strategy combining over 300,000 third-party professionals, 200 e-commerce platforms and an extensive retail network of 18,000 stores, gives us a unique understanding of consumer trends and makes EssilorLuxottica the global leading non-food specialty retailer. All of this provides us with a strong competitive advantage.

Living up to our responsibility as a global leader, we are building a future where eyewear and eyecare are woven seamlessly into consumers' lives, where patients can access a trusted doctor from anywhere and where knowledge unlocks new doors to growth. Our digital transformation, started many years ago, is now anchored by initiatives like Leonardo, our innovative learning platform that puts vision care knowledge front and center for the whole industry to benefit from, and the use of big data which helps us and our customers make more informed and effective business decisions. We are not just pushing the boundaries, but scrapping them altogether with projects like Connect, which reimagines the patient journey by integrating the latest tele-optometry technology, advanced refraction instruments and doctor-patient communication tools into a cohesive and elevated experience. These will all be part of our open model designed to grow the category into the next generation.

As we carry out our late Chairman's vision and further strengthen our open network business model, we remain focused on innovation to expand boundaries and increase desirability of our brands and the entire category, generating growth opportunities for the Company, our customers and the industry at large.

In 2022 we built on strategic levers by reinforcing our long-lasting partnerships and developing new ones to take us into the future. We renewed our historic licensing agreement with the Armani Group for another 15 years, signed agreements with prestigious brands such as Brunello Cucinelli and Swarovski, and took our relationship with Ferrari to the next level through a multi-year license agreement. More recently, we also renewed our long-term licensing agreement with Target, a leading US department store, for our Target Optical network.

We continued to roll out key products and technologies, including a new state-of-the-art coating range for Crizal, with Sapphire HR, and most recently announcing a major innovation in the field of progressive lenses – the Varilux XR series, the first eye-responsive progressive lens that leverages the power of artificial intelligence. And we continued to develop new categories that will grow the industry. In myopia management, we expanded the rollout of the Stellest lens, designed to slow myopia progression in children and considered the most effective spectacle lens in this category. And following the successful introduction of Ray-Ban Stories, we continued to focus on the increasing role of technology in eyecare and eyewear products, leveraging wearable technology and artificial intelligence with investments in technologies like lamination, eye-tracking and waveguide to make smart eyewear a gateway into new worlds and lead the transformation of the industry and beyond. To accelerate our expertise in this field, last year we launched a partnership with Politecnico of Milan for the first joint Smart Eyewear Lab hosting R&D activities aimed at designing the next generation of connected glasses. We did this in close synergy with the Group's Smart Eyewear Technologies Center in Dijon and our dedicated R&D teams around the world.

To stand by our commitment of leading the industry's transformation, EssilorLuxottica's capital expenditures increased by 50% compared to 2021, with strong investments in operations. Fostering capillarity, resilience and adaptability in our supply chain was key to responding to current geopolitical instability, supply difficulties, and energy and transportation cost volatility.

This is why we are extending our footprint across the world, starting with our two historic home countries – Italy and France. Other manufacturing and distribution sites in Mexico and Thailand will also come into operation in the next few months to support the Group's global network of more than 650 production sites for lenses, frames, instruments and prescription laboratory equipment with Satisloh, and maximize system flexibility and reactivity when necessary.

Furthermore, M&A activity has been an integral part of our growth strategy. To complement our footprint, we proudly expanded our family with key acquisitions such as Walman, one of the largest US-based lab networks; Shamir Optical, a leading producer of high-performance lenses, where we acquired the remaining 50% interest; Seeworld and Future Vision, leading players in China in the finished stock lens business; and Fedon, a leader in the production and distribution of eyeglass cases and accessories for eyewear, marking a further step forward in our vertical integration strategy.

This past year, we began to define a new culture and set of values that our global community can call their own. With employee shareholding at the heart of this culture, over 72,000 employees in 85 countries now hold a financial stake in EssilorLuxottica, reflecting their confidence in the Company and its Mission. Taking a decisive step in our ambition to help eliminate uncorrected poor vision by 2050, we created the OneSight EssilorLuxottica Foundation, the largest foundation in the world driving inclusive vision care access. Thanks to the support of the Foundation and its partners, including governments, NGOs, like-minded private sector organizations and Group employees, over the past year we proudly created access to sustainable vision care for 110 million people, created nearly 10.5 million new wearers in developing communities, opened 10 new vision centers and created 3,000 access points, bringing vision care to developing communities where it did not exist before. Our advocacy and philanthropic actions over the years have created over 22,800 vision care access points able to reach 585 million people in underserved communities. Another noteworthy accomplishment includes the ongoing deployment of "Eyes on the Planet", our Company-wide sustainability strategy. Since its launch, we have been implementing projects to advance on each strategic pillar: Carbon, Circularity, World Sight, Inclusion and Ethics. A key highlight in this field is the completion of our first carbon footprint assessment globally, bringing a complete understanding of our direct and indirect CO_2 impacts at each stage of the value chain.

Looking ahead, we recognize that 2023 will come with its share of uncertainties, but we are built to thrive even in challenging environments – we have proven this year after year. With our passionate, agile teams and leading products and brands, we will seize the opportunities that await us and address the changing needs of our growing industry.

Thank you for your ongoing support, and we look forward to celebrating many more achievements to come on this exciting journey.

1

Chapter 1

Presentation of EssilorLuxottica

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1.1 EssilorLuxottica Group Profile

EssilorLuxottica is a global leader in the **design, manufacture and distribution of ophthalmic lenses, frames and sunglasses.** Established in 2018, its Mission is to **help people around the world "see more and be more"** by addressing their vision needs and style aspirations while creating value for employees and communities.

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 create a vertically integrated business that is uniquely positioned to address the world's evolving vision needs. The innovation, design and quality of EssilorLuxottica's products and its strong, well-balanced brand portfolio allow the Company to respond to the global demand of a growing industry.

Proprietary eyewear brands include Ray-Ban, the most loved eyewear brand in the world, Oakley, one of the leading global sport performance brands, Persol, Oliver Peoples, Vogue Eyewear, Arnette, Alain Mikli, Costa, Bolon and Foster Grant. Licensed eyewear brands include Giorgio Armani, Brunello Cucinelli, Bulgari, Burberry, Chanel, Coach, Dolce&Gabbana, Ferrari, Michael Kors, Prada, Ralph Lauren, Starck Biotech Paris, Swarovski, Tiffany & Co., Tory Burch and Versace for eyewear. The Group's portfolio also includes a range of innovative lens technologies, including Varilux, the number one progressive lens brand recommended by eyecare professionals[1], Transitions, the photochromic brand worn by more than 70 million people worldwide, Crizal, Eyezen, Xperio and most recently, Stellest.

Key figures

Revenue
€24.5 bn

Employees
Approximately 190,000

Countries
Over 150

Patents and designs
Over 12,000

Major brands
Over 150

Stores
Approximately 18,000

Employee shareholders
Approximately 72,000
in 85 countries

Leonardo training hours
Over 2,200,000

Mass production facilities
50 between lenses (36)
and frames (14)

Prescription laboratories and edging-mounting facilities
614 between Industrial (76)
and Proximity Labs (538)

Worldwide frame production
106 million prescription glasses
and sunglasses frames

Worldwide lens production
550 million
prescription lenses
and 70 million pairs of
non-prescription sun lenses

(1) Survey conducted by CSA among a representative sample of 1,041 independent ECPs in 10 countries, including France, Spain, Germany, Italy, the UK, the US, Canada, Brazil, India and China (February-April 2018).

With an eyecare and eyewear business that covers every stage of the value chain, EssilorLuxottica relentlessly pursues operational excellence to offer the best visual experience to consumers and customers everywhere in the world. With its 36 corrective and plano lens mass production facilities, 614 prescription laboratories and edging-mounting facilities, 14 eyewear mass production plants and a capillary network of distribution centers and stock points, EssilorLuxottica's global footprint is well balanced and diversified, and it guarantees proximity service.

Manufacturing at EssilorLuxottica is backed by a wide-reaching Professional Solutions[1] network that allows the Group to serve wholesale customers with a unique combination of world-class brands, breakthrough innovations (such as Ray-Ban Authentic) and dedicated partnership programs (such as EssilorLuxottica 360, Essilor Experts and STARS) as well as Alliances that elevate independent eyecare practices and put patient care at the center.

Professional Solutions are complemented by an extensive Direct to Consumer[2] network that offers high-quality vision care and digital eye exam technology as well as unique shopping experiences featuring the latest eyewear trends curated for every style preference.

With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group's Direct to Consumer network includes around 18,000 stores worldwide. EssilorLuxottica is a leader in the optical retail business with LensCrafters and Pearle Vision in North America; Apollo, Vision Express, Pearle, Générale d'Optique, Atasun Optik, Salmoiraghi & Viganò and Synoptik in EMEA; OPSM and Mujosh in Asia-Pacific; MasVisión, GMO and Óticas Carol in Latin America; as well as banners present on a global scale such as Sunglass Hut, Ray-Ban and Oakley. The Group also operates its licensed optical retail brand Target Optical in North America as well as one of the fastest-growing managed vision care companies in the US through EyeMed Vision Care.

EssilorLuxottica's distribution channels are complemented by its branded e-commerce platforms, including Ray-Ban.com, Oakley.com, SunglassHut.com and OliverPeoples.com as well as pure digital players like EyeBuyDirect and FramesDirect.com in North America, VisionDirect, Lenstore and Glasses direct in EMEA as well as Clearly in Asia-Pacific. A true omnichannel approach to distribution replicates the magic of the Group's stores in the digital space, enabling consumers to enjoy everything from product customization to an endless aisle of frames.

Taking an important step toward a more sustainable future, the Group introduced its Corporate Social Responsibility program titled Eyes on the Planet in 2021, which outlines its strategy for sustainability with commitments toward carbon neutrality, circularity, world sight, inclusion and ethics. Marking a new chapter in its journey to accelerate its unique Mission activities and help eliminate uncorrected poor vision by 2050, last year the Group also launched the OneSight EssilorLuxottica Foundation. This plays a major role in supporting its sustainability strategy and its commitment to advocate for good vision as a basic human right.

In 2022, EssilorLuxottica had consolidated revenue of Euro 24.5 billion. EssilorLuxottica 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.

A unique global footprint

EssilorLuxottica has approximately 190,000 talented employees committed to providing vision care and eyewear products that meet the individual needs and style aspirations of every consumer. The unique business model and relentless pursuit of operational excellence ensure that consumers everywhere have access to products that have been rigorously tested to meet internationally recognized standards, from the simplest pair of glasses to the most sophisticated custom-made lenses and branded eyewear.

A deeply rooted commitment to innovative vision care and eyewear solutions

By investing heavily in R&D for cutting-edge lens and frame technology, as well as reimagining the design, form and function of eyewear, EssilorLuxottica constantly sets new industry standards for vision care, eyewear and the consumer experience surrounding it. Beyond the products it makes, the Group is deeply committed to elevating the importance of vision as both a basic human right and a key lever for global development.

(1) It represents the wholesale business of the Group, including the supply of its products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry.
(2) It represents the retail business of the Group, including the supply of EssilorLuxottica products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar activities) or the online channel (e-commerce).

1.1.1 A rich portfolio of complementary eyecare and eyewear brands

EssilorLuxottica is home to some of the most loved and well-recognized eyecare and eyewear brands in the world. With a portfolio of proprietary and licensed brands that cover a wide range of market segments, the Company taps into the needs and desires of consumers, offering a strong pipeline of innovation to deliver superior quality products that raise the standard of excellence across the industry.

Eyecare: world-class lens technologies

Backed by decades of R&D, EssilorLuxottica's advanced lens technologies have led to the creation of brands that rank among the highest levels for consumer satisfaction.

Today, the Company's unparalleled portfolio includes globally respected lens brands such as Essilor, Varilux, Crizal, Eyezen, Stellest, Xperio, Transitions, Ray-Ban, Oakley and Barberini. Partnerships with leading companies such as Nikon also allow EssilorLuxottica to distribute specialized technologies to best serve specific consumer eyecare needs.

Whether designing solutions to correct vision, protect the eyes or improve comfort and performance, each of the Company's eyecare brands is driven by a shared goal to develop groundbreaking ophthalmic lenses that enhance lives through better vision.

EssilorLuxottica has a long history of leading the design of vision equipment and solutions used by opticians, optometrists, ophthalmologists and optical manufacturing labs worldwide. This includes innovation in lens surfacing and coating equipment as well as instruments for refraction, diagnostics, imaging, measurement, edging and mounting.

Eyewear: visionary design and detailing

EssilorLuxottica's unique vision, inventiveness and expert craftsmanship have helped eyewear become a category of its own over the past few decades. Evolving from a necessary medical device that improves vision to a desirable fashion accessory, frames have now gained standing among consumers for enabling self-expression and enhancing self-confidence.

The Group offers exclusive eyewear based on highly skilled artistry and creativity through an unparalleled portfolio including Ray-Ban, Oakley, Persol, Oliver Peoples, Vogue Eyewear, Arnette, Alain Mikli, Costa, Native Eyewear and Bolon. Prestigious licensed brands are also part of the EssilorLuxottica family, including Giorgio Armani, Brunello Cucinelli, Bulgari, Burberry, Chanel, Coach, Dolce&Gabbana, Ferrari, Michael Kors, Prada, Ralph Lauren, Starck Biotech Paris, Swarovski, Tiffany & Co., Tory Burch and Versace.

Driven by a continuous pursuit of excellence down to the smallest detail combined with its ongoing investments in R&D, new technologies, equipment, materials and processes, EssilorLuxottica has earned a reputation as a product and brand trailblazer for iconic global eyewear.

Special categories: smart glasses, readers, contact lenses, low vision and blindness solutions and eyewear accessories

EssilorLuxottica delivers expertise and innovation for a range of special optics categories.

The creation of **Ray-Ban Stories** – the next generation of smart glasses that offers consumers a new way to capture, share and listen to their most authentic moments – was a key milestone for EssilorLuxottica. Sharing a passion for creating products and experiences that enhance millions of lives every day, the Group partnered with Meta to engineer wearable smart technology that supports all-day wear, without compromising on style, comfort or esthetic. Following the successful launch of Ray-Ban Stories, EssilorLuxottica is now accelerating its expertise in electrochromic, smart eyewear and wearable technologies for the development of new categories aimed at enhancing the user's experience in the augmented and extended reality.

By expanding into non-prescription **reading glasses** and **contact lenses** with brands such as Foster Grant, Eyexpert and iWear, EssilorLuxottica is also expanding its field of expertise while staying true to its core business.

To offer highly intuitive and intelligent solutions for **low vision** and **blindness**, in 2013 the Group acquired a majority interest in HumanWare, the world leader in assistive technology designed for the blind and visually impaired.

Taking a step forward in its vertical integration strategy, in 2022 EssilorLuxottica also acquired Giorgio Fedon & Figli S.p.A., a leading company in the production and distribution of eyeglass **cases and accessories** for eyewear.

Direct to Consumer: superior online and offline vision care experiences

EssilorLuxottica's Direct to Consumer network includes approximately 18,000 stores that offer consumers high-quality vision care and best-in-class shopping experiences, from digital eye exam technology to the latest eyewear trends curated for every style preference. A true omnichannel approach to distribution replicates the magic of the Group's stores in the digital space, enabling consumers to enjoy everything from product customization to an endless aisle of frames. This approach provides a connected experience across all touchpoints and allows EssilorLuxottica to reach a greater number of consumers with quality optical products.

The Company has a widespread brick and mortar retail network with banners such as LensCrafters, Target Optical and Pearle Vision in North America; Apollo, Vision Express, Pearle, Générale d'Optique, Atasun Optik, Salmoiraghi & Viganò, Synoptik and David Clulow in EMEA; OPSM, Mujosh and Laubman & Pank in Asia-Pacific; MasVisión, GMO, Óticas Carol in Latin America; as well as global banners such as Sunglass Hut, Ray-Ban and Oakley.

The Group's brick and mortar network is complemented by leading e-commerce platforms including Ray-Ban.com, Oakley.com, SunglassHut.com and OliverPeoples.com as well as EyeBuyDirect, Clearly, VisionDirect, Lenstore and Glasses direct.

Optical

alain mikli paris · aOJO · Apollo · Atasun Optik · BOLON · brilleland · cornerOptique · David Clulow Opticians

Econolentes by GrandVision · For Eyes · Generale d'Optique · GMO · GrandOptical · GrandVision · GrandVision by FOTOPTICA · ILORI Optical · Optical Shop ASPEN

instrumentarium · interoptik · JOHN&AUDREY · KEOPS Optiikka · KOCH Optik Meine Sehlösung · Lafam · Laubman&Pank · LensCrafters · Линзмастер салоны оптики

LUXOPTICA · +Visión · MẮT VIỆT Eye Care · McOptic · MOLSION · MUJOSH · MultiOpticas · NISSEN · Ópticas · Ofotért

OLIVER PEOPLES · OPSM · Optica2000 Tus ojos lo merecen · Ópticas LUX · PLACE VENDÔME · Opticas Vision · ÓTICAS CAROL · Pearle Opticiens · Pearle Studio · PEARLE VISION

Robin Look · salmoiraghi & viganò · smarteyes · SPECTACLE HUT · Synoptik · OPTICAL · TRENDY OPTICIANS · VISILAB · VISIONCENTER · VisionExpress

Non optical

OAKLEY · Ray-Ban · Solaris The ultimate sunglass selection · sunglass hut

Pure Online

BRILLE24 · Charlie Temple · clearly · contactsdirect · COSTA · elens · eOTICA · eyebuydirect

FOSTER GRANT · FRAMESDIRECT.COM premium eyewear · GLASSES.COM · glasses direct YOUR GLASSES. YOUR WAY · LENSBEST EINFACH. BESSER. SEHEN. · LENSTORE.co.uk VISION CARE EXPERTS · LENSWAY · LINSEN MAX

NATIVE EYEWEAR · Readers.com · (sightful) · SUNGLASSES SHOP · VisionDirect · vogue eyewear · ZONNEBRILLEN.COM

As of December 31, 2022, EssilorLuxottica operated 17,687 stores as follows:

	North America	EMEA	Asia Pacific	Latin America	Corporate Stores	Franchising & Licensing	Total Store Count
Sunglass Hut	1,682	621	297	415	3,015	189	3,204
LensCrafters	1,012		81		1,093	5	1,098
Apollo		680			680	220	900
Vision Express		664			664	160	824
Target Optical	562				562		562
MasVisión		72		468	540	9	549
Pearle		497			497	223	720
GMO[1]				421	421		421
Générale d'Optique		386			386	294	680
OPSM			371		371	28	399
Atasun Optik		295			295	31	326
Oakley "O"	184	12	73	20	289	81	370
Ray-Ban	32	47	131	41	251		251
Salmoiraghi & Viganò		249			249	28	277
Synoptik		248			248	0	248
GrandOptical		233			233	78	311
Optical House[2]		221			221	0	221
GrandVision		205		12	217	0	217
Mujosh			138		138	401	539
Pearle Vision	110				110	462	572
MultiÓpticas		106			106	112	218
Aojo			93		93	227	320
Bolon			50		50	157	207
Óticas Carol				24	24	1,428	1,452
All Others[3]	252	1,508	132	738	2,630	171	2,801
TOTAL STORE COUNT	**3,834**	**6,044**	**1,366**	**2,139**	**13,383**	**4,304**	**17,687**
TOTAL SUN & OTHER	**1,900**	**797**	**516**	**518**	**3,731**	**285**	**4,016**
TOTAL OPTICAL	**1,934**	**5,247**	**850**	**1,621**	**9,652**	**4,019**	**13,671**

(1) Including Econópticas.

(2) Including Luxoptica, My I, Spex and Optic Master.

(3) Banners with less than 200 total store count including: Tesco, Opticas Lux, Ópticas Visión, Instrumentarium, For Eyes, Optica2000, Solaris, Smarteyes, Ofotert, Pearle Studio, David Clulow, Lafam, LensMaster, Corner Optique, Team Vision, Visilab, Brilleland, McOptic, Optical Center, EconoLentes, Ópticas Place Vendôme, Nissen, Luxury House Brands, Robin Look, Laubman & Pank, VisionCenter, Fototica, Spectacle Hut, Mat Viet, Kochoptik, Interoptik, Triangle Vision, Sunglass Island, Optica Popular, Optique Mathieu, Luxottica Korea, Molsion, Trendy Opticians, Clearly, John & Audrey, Keops and Wakeup.

1.1.2 Mission and Sustainability

To help people "see more and be more"

EssilorLuxottica's Mission is to help people around the world "see more and be more". This Mission drives the Group's strategy and inspires its approach to sustainable development as well as its ambition to help eliminate uncorrected poor vision in a generation.

The Group's groundbreaking products correct, protect and frame the beauty of the most precious and powerful sensory organ: the eyes. By combining expertise in lens technology and eyewear manufacturing with a portfolio of brands consumers love and global distribution capabilities, EssilorLuxottica enables people everywhere to learn, work, express themselves and fulfil their potential.

A lack of awareness and access has led to a global vision crisis with severe social and economic consequences for billions of people. Beyond serving the evolving needs and changing lifestyles of the 2 billion people[1] who wear glasses today, EssilorLuxottica is inventing new ways to reach the 2.7 billion people[2] who suffer from uncorrected poor vision and the 6.2 billion people[1] who do not protect their eyes from harmful rays. Moreover by 2050, over 50% of the world's population[3] is expected to suffer from myopia, a figure likely to be reinforced by multiple years of pandemic-related lifestyle changes. Higher levels of myopia are associated with higher lifelong risks of eye diseases such as cataracts, retinal detachment and myopic maculopathy, which may lead to permanent vision impairment and blindness later in life.

As a powerful advocate for the vision cause, a passionate campaigner for greater awareness and a pioneering innovator with solutions and styles that bring ever-greater improvement, EssilorLuxottica is deeply dedicated to elevating the importance of good vision as both a basic human right and a key lever for global development. From the biggest cities to the most remote villages, EssilorLuxottica enables people to enjoy the life-changing benefits of good vision and become the best versions of themselves.

Following the launch of its groundbreaking roadmap "Eliminating Poor Vision in a Generation" at the UN General Assembly in 2019 with the support of more than 20 NGOs and leaders in eye health, in 2021 EssilorLuxottica celebrated the announcement that the UN member states unanimously passed the 'Vision for Everyone' resolution to make eyecare globally accessible by 2030. The inclusion of eyecare in the UN Sustainable Development Goals (SDGs) supports the Group's own ambition and sustainable actions to help eliminate poor vision in a generation. To make this ambition a reality, in 2022 EssilorLuxottica remained focused on:

Powering sight. Some 80% of what people learn is processed through their eyes. But one out of three people around the world still do not have the vision care they need, and billions more are at risk of deteriorating vision. Beyond essential vision correction, EssilorLuxottica seeks to respond to the vast need for vision protection from harmful UV rays. Thanks to its portfolio of lens technologies combined with some of the world's most-loved eyewear brands, the Group is uniquely positioned to make wearing eyeglasses and sunglasses both a desirable and life-improving experience. Last year, the Group took a decisive step in the pursuit of its Mission to help people "see more and be more", with the creation of the OneSight EssilorLuxottica Foundation. The largest foundation in the world driving inclusive vision care access, it unites all of the Group's global advocacy and philanthropic actions, providing a platform that truly represents and harnesses the power and commitment of EssilorLuxottica, its employees and its partners. The OneSight EssilorLuxottica Foundation aims to radically scale up and accelerate global actions, including creating sustainable access points; innovating for affordable solutions; funding subsidized and free services, advocacy and awareness; driving engagement; and creating partnerships to enable like-minded non-profits and governments to expand access to vision care. For World Sight Day 2022, EssilorLuxottica and its Foundation reaffirmed this commitment through a powerful, multi-pronged awareness campaign titled "The Right to See" along with a series of activations impacting more than 400,000 adults and children with vision care services. Planned free vision screenings and clinics were held all over the world in North America, Europe, Africa, India, Greater China, Southeast Asia and Australia, to provide access to eyecare and glasses to those who need it globally. In 2022 through the Group's collective actions to help eliminate uncorrected poor vision, 10 new vision centers were opened, over 1,500 new vision care entrepreneurs trained, more than 110 million people gained access to sustainable vision care and nearly 10.5 million wearers were created. Furthermore, 100% of the population in Rwanda now has access to vision care via the Foundation's vision centers. Since 2013, EssilorLuxottica has created sustainable access to vision care for over 585 million people in underserved communities, trained more than 22,800 primary vision care entrepreneurs and created approximately 58 million wearers for the industry.

Globally recognized for making a positive impact in the communities where it operates, EssilorLuxottica gained important recognition in 2022, notably in Greater China where the Company received the *2021 Responsible Brand*, *2021 Excellent CSR Project*, *2022 Chief Responsibility Officer* and *2022 Outstanding Community Service of Public Health* awards. The Group also earned 6th spot on the prestigious 2022 Fortune's *Change the World* list, which recognizes companies that have had a positive social impact through activities that are part of their core business strategy.

Powering style. Combining the best in advanced lens technology with beautifully crafted and branded frames turns a necessary medical device into an accessory that not only fits and functions well, but also serves as a true expression of personal style. Eyewear, worn up to 18 hours a day, is the most visible fashion accessory and has become part of our cultural fabric. From the moment frame meets face, there is a sense of authenticity, creativity and confidence that consumers have come to love. Because of the power they exert, each pair of EssilorLuxottica frames is considered as a little work of art, from its first sketches to final handcrafted details. Every frame illustrates the passion, skill and commitment of EssilorLuxottica's people who are dedicated to making the best eyewear possible.

(1) EssilorLuxottica estimates.
(2) Essilor International, Eliminating Uncorrected Poor Vision in a Generation. Essilor International. 2019; 15.
(3) Brien Holden Institute.

Approach to Sustainable Development: Eyes on the Planet

Drawing on Essilor and Luxottica's long history of corporate responsibility, in 2021 EssilorLuxottica developed an integrated ambitious and far-sighted approach that will reaffirm its position as a leader committed to sustainability. EssilorLuxottica's Company-wide Corporate Social Responsibility (CSR) program, titled **Eyes on the Planet**, is founded on five pillars with commitments toward carbon neutrality, circularity, world sight, inclusion and ethics, aiming to further embed sustainability into the Company's business model:

- **Eyes on Carbon:** While working to achieve carbon neutrality across its direct operations (Scope 1 & 2 emissions) by 2025 and starting in Europe by 2023, EssilorLuxottica announced in 2022 that it has already achieved its target in its two historic home countries, Italy and France, at the end of 2021. This achievement is due to a far-sighted strategy of improving energy efficiency across facilities, increasing the self-production or use of renewable energy, supporting carbon reduction projects beyond its value chain, such as the protection and restoration of natural ecosystems, and developing low carbon innovations. While progressing toward its 2025 carbon neutrality target for its direct operations (Scope 1 & 2), the Company also wants to widen its efforts and prepare a more comprehensive and long-term climate roadmap to help reach the global ambition of ensuring a healthy future for our planet. In 2022, EssilorLuxottica completed its first carbon footprint assessment globally, providing a complete understanding of the Company's direct and indirect impacts at each stage of the value chain.
- **Eyes on Circularity:** EssilorLuxottica is making bold moves across the entire production cycle, including a shift from fossil-based materials to bio-based materials, which produce fewer emissions, biodegrade, and are easier to recycle. Following the Group's investment in Mazzucchelli 1849 to develop and produce a highly sustainable type of acetate, in 2022 EssilorLuxottica and Mazzucchelli 1849 developed the first comparative Life Cycle Assessment (LCA) on bio-acetate according to ISO 14040/14044 standards, which demonstrated a lower environmental impact of the bio-acetate produced by Mazzucchelli 1849 compared to industry standard acetate. Committed to reducing its impact on the planet, the Group also adopted the 4Rs approach, which includes researching and reducing the volume of materials for manufacturing and distribution, and reusing and recycling raw materials and packaging. Moreover, the Group joined forces with ESSEC Business School, L'Oréal and Bouygues to launch the 'Global Circular Economy Chair', devoted to circular economy. With the aim of training future circular economy leaders, the Chair mainly focuses on launching experimental collaborative projects and producing fundamental research to accelerate the transition toward a circular economy.
- **Eyes on World Sight:** Based on EssilorLuxottica's belief that good vision is a basic human right, the Group is on a mission to help eliminate uncorrected poor vision by 2050 and make vision care accessible to everyone, everywhere. The recently launched OneSight EssilorLuxottica Foundation marks a new chapter in the Company's journey to accelerate its goals. Uniting many of the Group's global advocacy and philanthropic activities, it is a major pillar in EssilorLuxottica's sustainable strategy and supports its commitment to advocate for good vision as a basic human right. The Company's responsibility toward vision and society also includes corporate citizenship initiatives that cover different areas, including advocacy for good vision on the road for safe mobility with leading partners such as Fédération Internationale de l'Automobile (FIA), Automobile Club d'Italia (ACI) and 24 Hours of Le Mans, as well as community outreach programs and cultural heritage preservation projects. The ability to listen and respond to or anticipate the needs of local communities is one of the Group's hallmarks.
- **Eyes on Inclusion:** The Company's employees are leading players and contributors to EssilorLuxottica's sustainable development and value creation efforts. EssilorLuxottica seeks to develop a culture of learning, diversity and safety along with the creation of a working environment that offers everybody the same opportunities on the basis of merit and without discrimination. In 2022, as EssilorLuxottica continued its journey to become One Company, the Global DE&I function was created to establish the Group's strategy, commitments, and goals on Diversity, Equity and Inclusion. Moreover, to cultivate a culture of diversity and inclusion, many initiatives were launched in different regions to promote open dialogue among employees and provide an inclusive work environment.
- **Eyes on Ethics:** The Group's vertically integrated business model is key to delivering and ensuring a fair and ethical business approach wherever it has a presence. Drawing on International Labor Organization (ILO) Conventions and the United Nations Global Compact Principles on Human Rights, EssilorLuxottica is committed to respecting and promoting human rights across its entire business and value chain. In 2022, the Group continued to leverage and extend its responsible sourcing standards and initiatives. It also created an integrated responsible sourcing program, including the following key dimensions: ensuring suppliers acknowledge and respect of the Code of Ethics, specific supplier charter, and legal compliance on topics such as human rights as well as labor, environment, health and safety standards; evaluating suppliers' environmental and social performance; engaging suppliers on initiatives that will have a positive impact on people and the environment; training buyers and suppliers on sustainability principles and practices.

1.2 History

EssilorLuxottica

2017
EssilorLuxottica combination announced

2018
Combination completed

2020
Launch of Ray-Ban Authentic (first joint product offering)
Launch of EssilorLuxottica 360 (first joint commercial program)

2021
Acquisition of GrandVision
Launch of Ray-Ban Stories (in partnership with Meta)

May 2022
Launch of OneSight EssilorLuxottica Foundation

June 2022
Acquisition of Giorgio Fedon & Figli S.p.A.

August 2022
Acquisition of the remaining 50% interest in Shamir Optical

Combining more than 200 years of excellence

- Essilor Events
- Luxottica Events

2019
- Acquisition of Brille24 (online)
- Acquisition of Barberini

2018
- Acquisition of Fukui Megane

2017
- Acquisition of Óticas Carol

2016
- Acquisition of VisionDirect UK, MyOptique (online) and Photosynthesis Group (sunglasses)
- Acquisition of Salmoiraghi & Viganò

2015
- Acquisition of Vision Source, PERC/IVA

2014
- Acquisition of Transitions Optical

2013
- Acquisition of Costa and Bolon
- Acquisition of Alain Mikli

2012
- Acquisition of Tecnol

2010
- Acquisition of Shamir Optical, Signet Armorlite and FGX

2008
- Acquisition of Satisloh (Equipment)

2007
- Acquisition of Oakley

2004
- Acquisition of Cole National

2003
- Acquisition of OPSM

2001
- Acquisition of Sunglass Hut

2000
- Essilor and Nikon decided to combine their R&D capabilities in creating a joint-venture
- Listing on Milan Stock Exchange

1999
- Acquisition of Ray-Ban

1998
- Acquisition of EyeMed

1995
- Acquisition of Gentex Optics (polycarbonate plastic lenses)
- Acquisition of Persol
- Acquisition of LensCrafters

1991
- Joint-venture with PPG to launch the first organic photochromic lens

1990
- Acquisition of Vogue Eyewear
- Listing on NYSE

1988
- First license agreement with Giorgio Armani

1975
- Listing on Paris Stock Exchange

1972
- Essilor, a merger of two leading names (ESSEL and SILOR)

1961
- Luxottica founded by Leonardo del Vecchio

1959
- Launch of Varilux, the first Essilor progressive lens

1954
- Launch of the first plastic lens, Orma

1849
- Creation of the Société des Lunetiers, known as SL then ESSEL

EssilorLuxottica's roots are anchored in a centuries-old history covering all aspects of the eyecare and eyewear industry: design, production, distribution and innovation. With brands such as Essilor (1849), Salmoiraghi & Viganò (1865), Persol (1917), Ray-Ban (1937), Luxottica (1961), GrandVision (1891) and now Giorgio Fedon & Figli S.p.A. (1919), EssilorLuxottica brings together extraordinary entrepreneurial stories that make it unique. This reunion of long-standing expertise and know-how, along with a legacy of great leadership and design, inspires the Group today and carries it forward into the future.

Creation of a global leader

Created in 2018, EssilorLuxottica is the culmination of two very complementary and inspiring business stories, both of which are equally rich in their success, and have revolutionized an entire industry more than once, changing the very nature of eyewear and how we care for our eyes. Where the stories overlap is in vision and values, including an entrepreneurial spirit and a shared desire to create the very best products for all consumers around the world and to do so responsibly.

Essilor and Luxottica were two companies using their individual strengths to explore the potential of eyecare and eyewear around the world; today, EssilorLuxottica combines those strengths as one Group. Ray-Ban Authentic (2020), EssilorLuxottica 360 (2020) and Ray-Ban Stories (2021) are the first joint initiatives aiming to unlock the new Group's full potential. The integration of GrandVision announced in 2019 and finalized in 2021 is the Group's first major joint integration and completes its direct to consumer portfolio.

A Company deeply rooted in innovation

EssilorLuxottica brings together two highly respected, innovative groups, both deeply rooted in the history of the optics industry.

Essilor was formed in 1972 from the merger of two technological and marketing pioneers, Essel and Silor. The first traces its origins to the *Association Fraternelle des Ouvriers Lunetiers* (renamed *Société des Lunetiers*, or S.L. and then ESSEL), an eyewear makers' cooperative founded in 1849 in Paris. It quickly became a key player in vision correction and started to grow internationally as early as 1868. Essel's original operating structure, which was inspired by workers' cooperatives and involved employees in corporate governance, is at the heart of a strong employee shareholding culture that is still part of EssilorLuxottica today. The second company, Silor, dates back to the 1930s when Georges Lissac founded Lissac Frères. In 1938, he created the revolutionary concept of an optical department store on Rue de Rivoli in Paris, where customers could have a free eye test. He also introduced modern promotional techniques into the world of optics. Silor, its industrial division, merged with Essel to form Essilor with the ambition of becoming the world leader in the optics industry. Its successful IPO on the Paris Stock Exchange in 1975 allowed Essilor to undertake an ambitious international expansion strategy focused on global manufacturing and distribution. The decision in the 1990s to move away from frames and focus on lenses, as well as strategic acquisitions and joint ventures in key markets and its strong commitment to R&D in technically advanced lenses, allowed the Group to acquire a global leadership position.

Luxottica was founded by Leonardo Del Vecchio in 1961. It started out as a small workshop and operated throughout the 1960s as a contract producer for the optical industry. It gradually widened the range of processes offered until it had an integrated manufacturing structure capable of producing a finished pair of glasses. In 1970, Luxottica's first collection of prescription eyewear was presented at the international optics trade fair in Milan (MIDO), marking its definitive transition from contract manufacturer to independent producer. In 1974, Leonardo Del Vecchio sensed the importance of selling products directly and started a vertical integration strategy with the acquisition of Scarrone S.p.A, a professional solutions distributor with important know-how on the Italian eyewear market. Luxottica's expansion in professional solutions took on international importance with the opening of a subsidiary in Germany, and continued in 1981 with the acquisition of Avant-Garde Optics Inc., one of the largest distributors at the time in the US market. With great visionary capacity, Leonardo Del Vecchio saw the potential of working with the best fashion designers and anticipated a trend by signing a license agreement with the Armani Group, marking the evolution of eyeglasses from a tool for correcting eyesight to a fashion accessory. In 1995, Luxottica was the first manufacturer to enter the optical direct to consumer business with the acquisition of LensCrafters, one of the major optical retail banners in North America.

Eyecare: pioneering lens technologies

Technological innovations have allowed the Group to distinguish itself and acquire a leadership position in advanced ophthalmic lens technologies. Looking back to the mid-20th century, two major leaps transformed the entire ophthalmic industry: the invention of the Orma plastic lens and Varilux progressive lens. These two products gave rise to a unique R&D model, placing the wearer at the heart of the experimentation process. The search for comfort and protection has since led to new products, such as the Crizal lens with anti-reflective, anti-smudge and anti-scratch properties as well as Transitions photochromic lenses. Research accelerated at the turn of the 21st century with a growing number of innovations beneficial to consumers: increasingly effective designs, such as Varilux Comfort; UV protection, with the launch of the E-SPF index[(1)]; protection against blue light, with the Crizal Prevencia lenses; and products intended for new consumer behaviors and habits, such as the new Eyezen lens line for digital device users. The latest addition to this series is the Stellest lens, designed to slow down myopia progression in children.

(1) E-SPF was developed by the Group and endorsed by third-party experts. The E-SPF index relates to lens performance only and excludes direct eye exposure that depends on external factors (wearer's morphology, frame shape, wearing position).

Strategic acquisitions also allowed the Group to broaden its scope of activities in the optics world. Brands such as Ray-Ban, Oakley and Persol carried a distinctive know-how in sun lenses. This category was developed by new state-of-the-art production facilities in Italy, the US and Greater China to increase the production capacity for both sun and ophthalmic lenses, reinforced in 2019 through the acquisition of Barberini, the world's leading optical glass lens manufacturer. With Essilor's acquisition of Satisloh, the world leader in prescription laboratory equipment, in 2008, and FGX International, the North American leader in non-prescription reading glasses, in 2010, the Group extended its scope in specific markets such as equipment for eyecare professionals and reading glasses.

Eyewear: a new frontier of fashion

With a history of more than 170 years in the creation of frames, the Group has an exceptional heritage, including some of the world's most emblematic designs and best-known fashion brands. From its beginnings in 1849, the Group produced eyeglasses, pince-nez and binocles, from iron to gold and acetate to tortoiseshell. From the late 1980s, eyeglasses began to evolve into eyewear. An esthetic focus on everyday objects and designer interest in the emerging accessories market led Luxottica to embark on its first collaboration with the fashion industry in 1988 by entering into a licensing agreement with Giorgio Armani. This initial collaboration was followed by numerous others, and with the acquisition of new brands, the Group gradually began building its current world-class brand portfolio. Over the years the Group has launched collections with fashion leaders such as Bulgari (1997), Chanel (1999), Prada (2003), Versace (2003), Dolce&Gabbana (2006), Burberry (2006), Ralph Lauren (2007), Tiffany & Co. (2008), Tory Burch (2009), Coach (2012), Giorgio Armani (2013), Michael Kors (2015), Brunello Cucinelli (2022) and Swarovski (2022). Last year marked the renewal of EssilorLuxottica's historic licensing agreement with Giorgio Armani for 15 years, effective January 1, 2023, as well as the renewal and expansion of the Group's existing partnership with Ferrari through a multi-year license agreement.

In 1995, Luxottica acquired Persol and in 1999, Ray-Ban, one of the world's best-known sunglasses brands. In 2007, California-based Oakley, a leading sport and performance brand, joined the Group bringing Oliver Peoples with it. In 2013, the acquisition of Alain Mikli International, a French luxury and contemporary eyewear company that owned the Alain Mikli brand and the Starck Eyes license, strengthened both the Group's luxury brand portfolio and prescription offer. In the last few years, the Group acquired a majority interest in Fukui Megane Co. Ltd, a leading Japanese manufacturer that specializes in the production of luxury eyewear frames made of titanium and solid gold. The acquisitions of Costa and Bolon by Essilor in 2013 bring two other leading names in high-performance sunglasses and fashion frames to the Group.

Constantly exploring the new frontiers of style and technology, in 2021 the Group partnered with Meta to launch Ray-Ban Stories, the next generation of smart glasses that enables consumers to capture, share and listen to their most authentic moments. In 2022, EssilorLuxottica also launched a partnership with Politecnico of Milan for the creation of the EssilorLuxottica Smart Eyewear Lab: part of the wider Group's R&D global platform, it is aimed at designing the smart glasses of the future to fully capture the potential of this fast-growing wearables segment.

Vertical integration: from global manufacturing to global distribution

EssilorLuxottica owes its extraordinary destiny to a well-designed global manufacturing and distribution network.

Vertical integration has been a key pillar of Luxottica's business approach from the very beginning. Having oversight on the entire production process makes it possible to verify and deliver the highest level of quality. Vertical integration of manufacturing was gradually accompanied by the expansion of distribution, starting with the wholesale channel and later on, with direct to consumer and a key presence in the high value-added lens finishing business. The wholesale expansion focused on customer differentiation, customized service and new sales channels globally. On the Direct to Consumer side, the Group acquired LensCrafters in 1995, followed by Sunglass Hut (2001 – North America), OPSM (2003 – Australia and New Zealand), Cole National with Pearle Vision and Target Optical (2004 – North America), GMO (2011 – Latin America), Salmoiraghi & Viganò (2016 – Italy), Óticas Carol (2017 – Brazil), and Spectacle Hut (2018 – Singapore). In 2006, the Company started to expand the LensCrafters brand in Greater China by acquiring and then rebranding local retail banners, while growing Sunglass Hut globally in high-potential markets, such as the Middle East, South Africa, India, Southeast Asia, Mexico, Brazil, Europe and Greater China.

After Essilor's successful IPO in 1975, the expansion of lens manufacturing and distribution began in 1979 with the construction of a large plastic lens manufacturing plant in the Philippines. In the 1980s, to continue growing its competitiveness, other major mass production sites were set up in Brazil and Thailand. The 1990s were focused on creating a truly global network. The Group put down roots in Greater China and India, and also acquired more independent prescription laboratories, mainly in the US and Europe, to ensure that its network reached local customers. Production was also set up in Greater China with the opening of a lens manufacturing site near Shanghai in 1998. In 2015, the Group strengthened its ties with independent eyecare professionals in the US with the acquisition of Vision Source, a network that provides services to independent optometrists, and PERC/IVA, a group purchasing organization. In 2016, the Group accelerated the development of online sales, notably through two major acquisitions in Europe (VisionDirect and MyOptique Group) and expanded in Greater China with a 50% stake in Photosynthesis Group, which markets sunglasses and corrective lenses under a range of banners including Mujosh.

In 2021, the integration of GrandVision was a major milestone in the completion of EssilorLuxottica's strategy. With GrandVision operating a strong retail banner network in more than 40 countries in EMEA and Latin America, with over 7,200 stores, this integration helps EssilorLuxottica provide consumers all over the world with an unparalleled optical experience. Last year, the acquisition of Giorgio Fedon & Figli S.p.A., a leading company in the production and distribution of eyeglass cases and accessories for eyewear, also represented a further step forward in the Group's vertical integration strategy, aimed at achieving the highest quality standards throughout the entire value chain and optimizing service for the benefit of all industry players.

1.3 The eyecare and eyewear industry

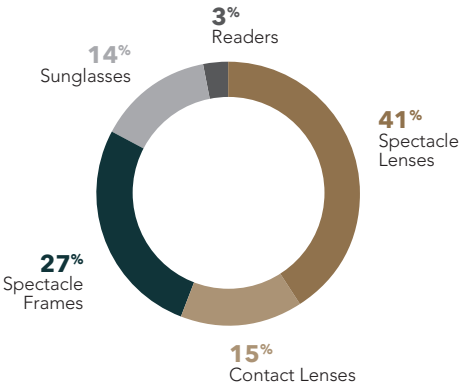
A unique and resilient industry worth more than €100 billion

The global eyecare and eyewear industry is worth more than €100 billion[1] (price to consumer), with an over-the-cycle low-to-mid single digit growth trend estimated for the foreseeable future.

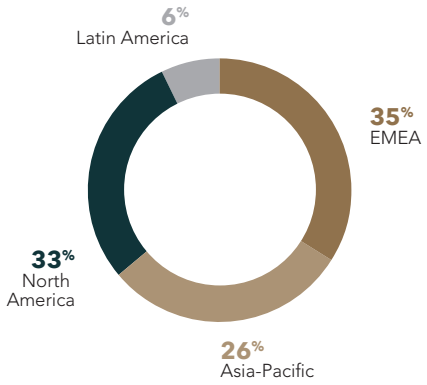
Eyecare and eyewear industry, 2022 retail value by product category[1]

The industry comprises five segments: spectacle lenses, spectacle frames, contact lenses, sunglasses and readers.

Demand for optical products proved to be and is expected to remain structurally strong, supported by an aging population, increasing incidence of myopia and presbyopia, and growing need for eye correction due to consumers of all ages spending more time in front of digital devices.



Eyecare and eyewear industry, 2022 retail value by region[1]



Top 10 countries by retail value

1. US
2. GREATER CHINA
3. FRANCE
4. GERMANY
5. JAPAN
6. UNITED KINGDOM
7. ITALY
8. BRAZIL
9. CANADA
10. INDIA

The US remains the largest national market for the eyecare and eyewear industry, whereas in EMEA, France, Germany and the UK stand out as the most relevant countries[1].

Among developing markets, Greater China is characterized by demographic factors that lead to soaring myopia rates as well as increasing disposable income, triggering a premiumization trend in eyewear.

The pandemic accelerated the pace of digitalization for the eyecare and eyewear industry, and the e-commerce channel now accounts for more than 8%[1] of global industry value, with digital penetration differing significantly across product segments. Subsequently, online shopping, remote eyecare and telemedicine are poised to make further strides.

(1) EssilorLuxottica and Euromonitor data at Historic & Forecast Constant 2022 Prices, Historic & Forecast Fixed 2022 Exchange Rates.

A solid industry driven by major socio-demographic and lifestyle changes

The global eyecare and eyewear industry has grown at a steady pace over the long term, buoyed by structural demand based on a combination of several factors including:

- **Rising market demand for vision care.** Vision care needs are evolving, particularly due to the growing aging population and changing lifestyles. With an aging population, vision impairment has risen to the forefront as a public health concern with more consumers in need of ophthalmic solutions related to myopia and presbyopia expected by 2050. Myopia is predicted to reach epidemic levels with half of the world's population affected[1], or around 4.7 billion people in 2050, up from 2.7 billion people today. With the proportion of the world's population aged 45+ years expected to rise to nearly 40%[2], or around 4 billion people in 2050, up from 2.4 billion people today, the number of people affected by presbyopia is set to increase significantly. Moreover, the increased intensity of digital-screen exposure following the pandemic outbreak has created new needs for prevention and protection against harmful UV rays.
- **Growing category penetration.** Vision impairment is the world's biggest unaddressed disability with large untapped opportunities in terms of vision correction and protection. Today 2.7 billion people[3] around the world suffer from uncorrected refractive errors (URE) due to barriers to awareness and access, with 90% living in base-of-the-pyramid economies[3], and 6.2 billion people[4] who do not protect their eyes from harmful rays.
- **Increasing awareness of health-related issues.** Consumers are more conscious of the importance of eye health and, in particular, the health benefits of wearing sunglasses to help protect eyes from sun damage as well as blue-light glasses to protect eyes from extended exposure to blue-violet light.
- **Shifting eyewear perceptions and category premiumization.** Eyewear and especially sunglasses are perceived as desirable fashion accessories that enable self-expression and enhance self-confidence. Buying eyeglasses is shifting from a purely functional purchase to a more emotional one. Factors such as increasing disposable income and better standards of living in developing markets, have created a growing appetite and demand for luxury or high-quality premium branded eyewear. Furthermore, consumers are more receptive to changing their lenses, frames and sunglasses in tune with changing fashion trends: this shift toward high-end, branded frames and innovative designs contributes to reducing the average life of a pair of glasses, and product and brand popularity often trigger consumer desire to own a range of sunglasses and eyeglasses for any occasion.
- **Accelerating global digitalization toward an omnichannel strategy.** Consumer shopping patterns profoundly changed during the Covid-19 pandemic, with a sharp decline in in-store shopping due to social distancing and forced store closures during lockdowns. As a result, the shift toward e-commerce, which was already in motion, witnessed an acceleration during the crisis and that acceleration continues into the post-pandemic area.

1.4 Meeting global demand for eyecare and eyewear

1.4.1 Group Strategy

EssilorLuxottica leverages over 170 years of pioneering innovation, operational excellence, entrepreneurial spirit and international mindset. The Group develops groundbreaking eyecare and eyewear solutions that meet the world's growing vision care demands and changing consumer lifestyles, while inventing new ways to reach the billions of people who suffer from uncorrected vision. The Group's fully vertically integrated business model covers the industry's entire value chain and draws on the complementary expertise of two industry pioneers, one in advanced lens technologies and the other in the craftsmanship of iconic eyewear. It offers an unprecedented set of comprehensive solutions for consumers and eyecare professionals, focusing on the quality of its products and services as a strategic differentiating factor.

The creation of the perfect complete pair has become a reality, with both glasses and frames designed and manufactured in a totally integrated way from the very start. Each frame has a unique and perfectly fitted lens to accompany it, leading to a seamless brand experience with Ray-Ban Authentic being the Group's most prominent example.

(1) Global prevalence of myopia, high myopia and temporal trends from 2000 to 2050. Brien Holden Vision Institute (BHVI).
(2) World Bank Population estimates and projections.
(3) Essilor International, Eliminating Uncorrected Poor Vision in a Generation. 2019; 15.
(4) EssilorLuxottica estimates.

EssilorLuxottica operates an open, non-exclusive business model (network company), that creates value for all stakeholders, including customers, consumers, employees, shareholders, business partners and suppliers as well as the communities in which the Company operates. This business model is in line with the Group's core business activities, by providing centralization when required (particularly for global frame brands and retail banners) and more decentralization when appropriate (for prescription lenses, which cater to multiple individual patient needs at local level). It is built on the following strategic pillars that enhance EssilorLuxottica's competitive edge and support its determination to accelerate industry growth in coming years.

Global footprint. The geographical footprint of EssilorLuxottica's manufacturing and logistics facilities, distribution networks and human capital is well balanced and diversified across more than 150 countries where the Company operates, shielding it from volatility in single economic areas.

World-famous brands. EssilorLuxottica has a portfolio of more than 150 renowned brands spanning various categories from frames, lenses and instruments to brick and mortar and digital distribution as well as the mid-range to premium segment. Featured among them are some of the industry's most-recognized brands, whose equity is protected by strong investments to fight counterfeit products and the parallel market.

Comprehensive go-to-market. EssilorLuxottica has implemented a comprehensive multi-channel go-to-market strategy, including professional solutions, physical direct to consumer and e-commerce as well as inclusive last-mile models. Professional solution distribution remains crucial in the still highly fragmented eyecare and eyewear market, while through its direct to consumer platforms the Company gains valuable insights into the needs, behaviors and preferences of the end-consumers. With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group has expanded its direct to consumer footprint in EMEA and strengthened its reach in Latin America, consolidating its presence in eyecare and eyewear retail on a global scale. EyeMed Vision Care, one of the fastest-growing managed vision care companies in the US, complements the business model in optical direct to consumer. Finally, innovative inclusive business models make last-mile distribution a reality in developing markets.

Unique innovation capabilities. A drive for excellence coupled with an innovative spirit stand at the forefront of the Group's aspirations. EssilorLuxottica has built a powerful global R&D network supported by leading scientific, industrial and academic communities and centered on four main initiatives: enhancing vision, upgrading eye exams, powering style and making eyewear smart. The Group owns over 12,000 patents and produces more than 3,500 new eyewear models every year.

Powerful supply chain. EssilorLuxottica operates a vertically integrated business model directly covering every single step of the value creation process, from product development and manufacturing to end-consumer sale. Balancing speed, efficiency and proximity, the Company manages a global supply chain based on centralization for frames, and on a capillary network for lens finishing and prescription laboratories.

Mission. EssilorLuxottica responds to the world's growing vision needs with a large portfolio of innovative eyecare and eyewear products accessible to everyone, everywhere. By combining its expertise in lens technology and eyewear manufacturing, a portfolio of brands consumers love and global distribution capabilities, EssilorLuxottica enables people everywhere to "see more and be more".

Sustainability. Doing good for its customers, consumers and communities while doing good for the planet is at the heart of EssilorLuxottica's integrated and far-sighted Corporate Social Responsibility program, titled Eyes on the Planet. The program, which outlines the Group's ambition and strategy for sustainability, includes commitments toward carbon neutrality, circularity, world sight, inclusion and ethics.

Talented people. Following its integration journey, today EssilorLuxottica is one unified, fully integrated and robust organization with clear accountability across its functions and geographies. At the very core of EssilorLuxottica are its people, who bring the Group's assets to life. A community of approximately 190,000 skilled and committed employees work together relentlessly to make the Company better every day. Diversity is a key priority with 61% of total employees represented by women. The Company strives to attract the best talent by engaging its employees globally with innovative personal well-being initiatives and the ongoing promotion of health and safety in the workplace as well as extensive training and development programs.

Fostering eyecare awareness. Leonardo is EssilorLuxottica's learning platform with a focus on eyewear collections, lens design and technologies, vision care, practice and people management and sales excellence, as well as clinical and scientific evidence-based knowledge. Offering quality education to EssilorLuxottica employees, independent eyecare professionals, customers and partners, Leonardo aims to support the growth of the entire industry through the development of people. In 2022 Leonardo delivered more than 2,200,000 hours of education, including 19,500 live sessions with close to 600,000 participants.

Employee shareholding. The Group also continues to invest in its people by promoting subsidized employee shareholding programs that enable an innovative style of governance and foster dialogue by involving employees in EssilorLuxottica's major decisions. In 2022, a total of 72,000 EssilorLuxottica employees in 85 countries held a financial stake in the Group, up from nearly 67,000 employees in 2021 and 63,000 in 2020.

By putting these distinctive pillars to play, EssilorLuxottica is uniquely positioned to drive the evolution and growth of the global industry for the benefit of all its stakeholders, while making its business profitable and sustainable in the long-term.

1.4.2 Innovation and Design

Innovation, a cornerstone of the Group's strategy

Rooted in its origins, innovative thinking has been a strategic focus and decisive competitive advantage for EssilorLuxottica. The future of the industry with all its untapped opportunities is a source of inspiration that drives the Group to create, experiment, refine and implement new ideas and technologies, from breakthrough innovation in vision care and eyewear, research of new materials and product development to manufacturing, distribution and digital platforms.

Combining the complementary expertise of two industry pioneers, EssilorLuxottica's R&D teams have brought to life some of the biggest innovations for lenses and frames by experimenting with new technologies, techniques and materials – some of which have never been used in the optical industry before.

A consumer-focused approach to innovation

From product and design innovation to reimagining the consumer experience to establishing new far-sighted business models, EssilorLuxottica's approach to innovation focuses on understanding evolving consumer needs from initial research to product development and wearer testing. Longer life expectancy, changes in consumer lifestyles, evolving vision needs linked to major socio-demographic factors (including intensive digital-screen exposure) and heightened awareness of health-related issues all present both considerable R&D challenges and opportunities for the industry.

EssilorLuxottica's R&D activities are organized into six areas: vision care, eyewear design and technological innovation, smart eyewear, sun lenses, digital transformation and sustainability.

Vision care. EssilorLuxottica's vision care-related R&D activities target innovations to outperform wearer needs, and create and grow categories in three fields: myopia management and advanced single vision; presbyopia and near-vision management; light management and lens protection. In each of these fields, new products introduced to the market are the result of a gradual process involving several cross-company stakeholders. Moreover, the Group has developed innovative methodologies for testing its products with consumers. One example is HouseLab, which makes it possible to observe wearers in real-life situations and learn from their experiences.

In addition, EssilorLuxottica has started to develop and implement a revolutionary way to digitally define, test and validate new concepts thanks to human modeling. Based on vision science knowledge, data collection from millions of wearers and advanced mathematical algorithms, the goal of this exclusive patented technology, called Avatar, is to model as thoroughly and precisely as possible what it means for an individual to wear ophthalmic lenses.

EssilorLuxottica has approximately 500 vision care researchers working in its R&D facilities, including its:

- Transitions R&D Center in Tuam, Ireland, dedicated to photochromic lenses;
- US R&D Center, spread across two sites in Dallas, Texas and Dudley, Massachusetts;
- Center for Innovation and Technologies in Europe, which has its main site in Créteil, France;
- Center for Innovation and Technologies in Asia, spread across three sites in Singapore, Shanghai and Bangkok.
- Shamir Optical R&D Center in Kibbutz Shamir, Israel, dedicated to lenses and technologies beyond products.

This global R&D network lets EssilorLuxottica gain a unique understanding of consumer needs and market structure in key regions; optimize its innovation capacity thanks to proximity with local engineering and operations teams; and develop strong R&D partnerships with leading industrial experts such as:

- HumanWare, specialized in the design and manufacture of highly intuitive and intelligent solutions for people living with vision loss or visual impairment, focusing on technology for visual impairment and blindness;
- Nikon, through a joint venture whose continued research and development has produced a series of innovations in materials, coatings, designs and processes applicable in the fields of myopia, presbyopia and light protection filters;
- CooperCompanies, via a joint venture created in 2021 for the acquisition of SightGlass Vision, a US based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children.

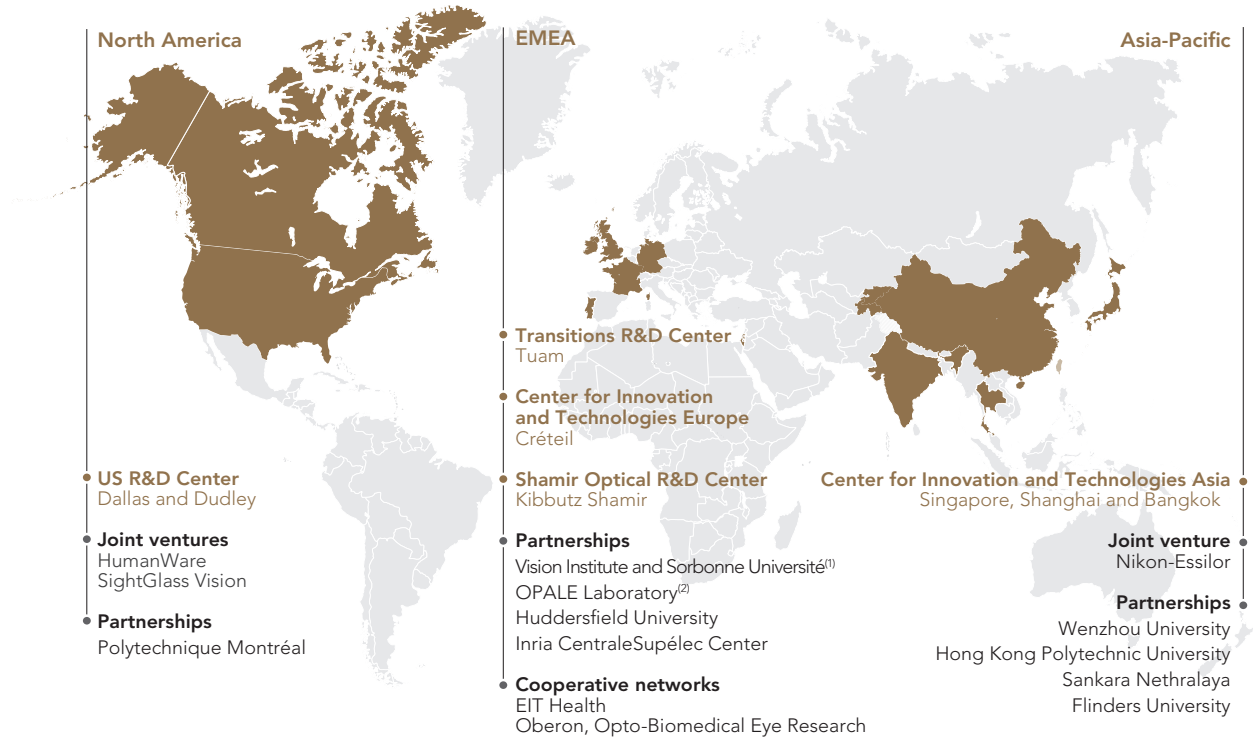
To pave the way for innovation and develop its products, EssilorLuxottica works alongside many universities, public and private research centers, as well as innovation clusters. Ongoing partnerships span the whole range from upstream research to applied concepts and the go-to-market stage, including:

- a long-established research partnership with Vision Institute and Sorbonne Université in Paris, France, which includes the 'Silversight' research chair dedicated to vision aging as well as the 'MyopiaMaster' research chair focusing on the neurobiological mechanisms of myopia in the retina;
- a collaboration on myopia in children with two universities at the forefront of this field: Wenzhou University in Greater China and Hong Kong Polytechnic University, respectively;
- an academic partnership with Sankara Nethralaya, an eye hospital in Chennai, India, to study the epidemiology on myopia prevalence in India;
- a research collaboration with Flinders University in Adelaide, Australia, to study the role of light in myopia progression;
- OPALE, a joint research laboratory with CNRS-LAAS in Toulouse, France, focusing on lenses and eyeglasses with active and connected functions;
- a cooperation with Huddersfield University in the UK developing new chemicals for active smart functions in lenses;
- a multisector industrial research committee on coatings and surface engineering with Polytechnique Montréal in Canada, addressing innovative multifunctional coating concepts for optics and photonics;
- a research collaboration with the Inria CentraleSupélec Center for Visual Computing in Saclay, France, focusing on artificial intelligence algorithms for new digital tools for screen visual disorders.

Furthermore, EssilorLuxottica takes part in several cooperative networks aiming to deliver impact in healthcare, such as:

- European consortia funded by the European Commission, most notably EIT Health, a private-public community of about 150 best-in-class partners who combine their complementary assets and strengths to generate innovative solutions addressing some of Europe's biggest health challenges;
- Oberon, the Opto-Biomechanical Eye Research network working to create a unique modelling platform for eye and visual optics by supporting and connecting an interdisciplinary cohort of PhD researchers across eight leading institutions.

R&D network: Vision care



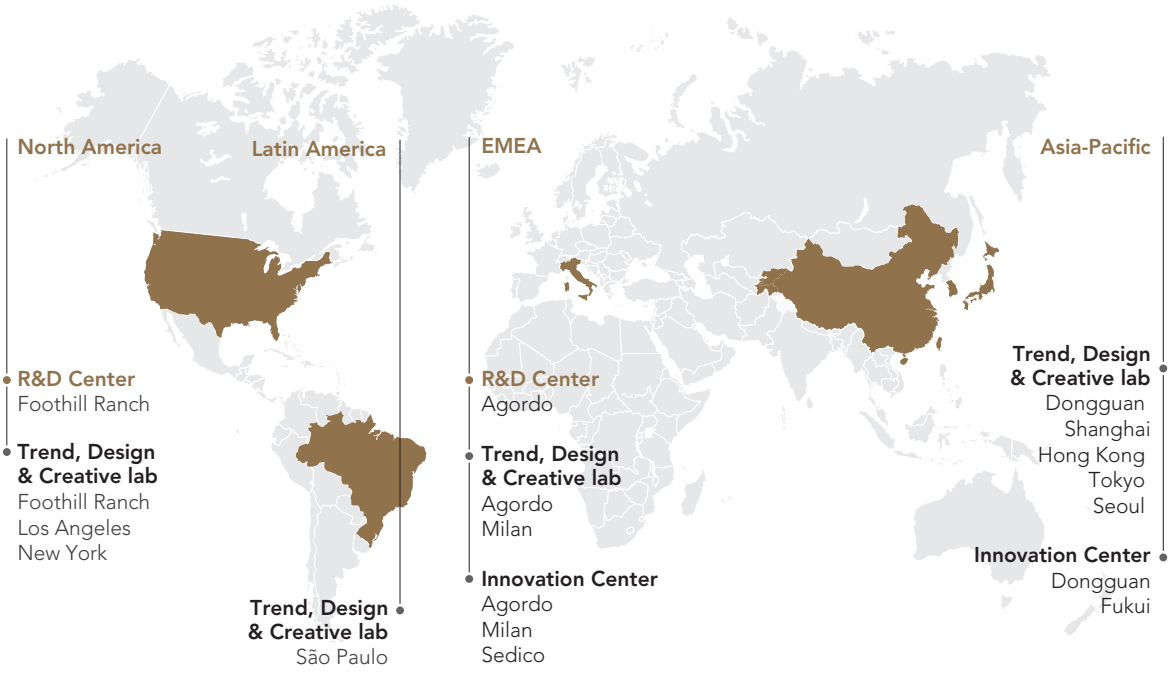
(1) Silversight & MyopiaMaster research chairs
(2) with CNRS-LAAS

Eyewear design and technological innovation. EssilorLuxottica's eyewear design and technological innovation-related R&D activities cover two segments: industrial design and frame technologies. Every collection and frame are the result of an ongoing R&D process that anticipates and interprets the needs, desires and aspirations of consumers all over the world. Designers and engineers are constantly exploring new possibilities to expand the boundaries of the eyewear world, creating models where stylistic innovation is harmoniously combined with the most advanced technologies, and new materials provide the capacity to rethink styles and functionality. Studying other sectors – from fashion and jewelry to design and technology – inspires ideas that can be applied to eyewear. This process has become even more valuable as sun and prescription eyewear are increasingly perceived as desirable, fashionable accessories. Emphasis on product design and the continuous development of new styles are key to the Group's success. In 2022, EssilorLuxottica added over 3,500 new models to its eyewear collections.

EssilorLuxottica has an Innovation Center model that combines the most advanced technologies available on the market with highly skilled teams to create a strong innovation pipeline that can be directly transferred to the product. For example, with 3D printing, the Company can reach precision and finishing levels comparable to that of jewelry thanks to exclusive partnerships that allowed for the development of skills not available in the eyewear industry, representing a competitive advantage for EssilorLuxottica. In total, there are over 170 experienced eyewear design researchers working at the Group's two R&D facilities in North America (Foothill Ranch, US) and Europe (Agordo, Italy), and at its five Eyewear Innovation Centers in Europe (Agordo, Milan and Sedico, Italy) and Asia-Pacific (Dongguan, Greater China; and Fukui, Japan) as well as at its 11 Trend, Design and Creative Labs in different regions. The Innovation Centers in Agordo and Sedico focus respectively on 3D printing technologies and materials, while the Innovation Center in Fukui focuses on R&D activities with titanium. The Innovation Centers in Agordo and Dongguan also focus on integrating the application of robotics, automation, computing and big data into its manufacturing processes.

With a focus on quality product development, EssilorLuxottica established international collaborations with respected, well-known universities, including Stanford University, University of Padua, Politecnico of Milan and the Italian Institute of Technology. Scientific excellence generated from these partnerships helps influence the creation of new products as well as new business concepts and technologies to develop effective, modern solutions for consumers. Highlights include working with: Stanford University on imaging systems that include the capture, processing, transmission and rendering of visual information; University of Padua on automation research and training; Politecnico of Milan on various research technologies, materials, coatings and advanced processes; and the Italian Institute of Technology on computer vision for applied robotic technology.

R&D network: Eyewear design and technological innovation



International scientific collaborations

- Stanford University
- Politecnico of Milan
- Italian Institute of Technology
- University of Padua

Smart eyewear. Backed by more than 10 years of R&D activities on smart eyewear, the Group draws on the complementary expertise of Essilor and Luxottica in the research, design, development, integration and production of lenses and frames to address evolving consumer needs and fully capture the potential of the fast-growing wearables segment.

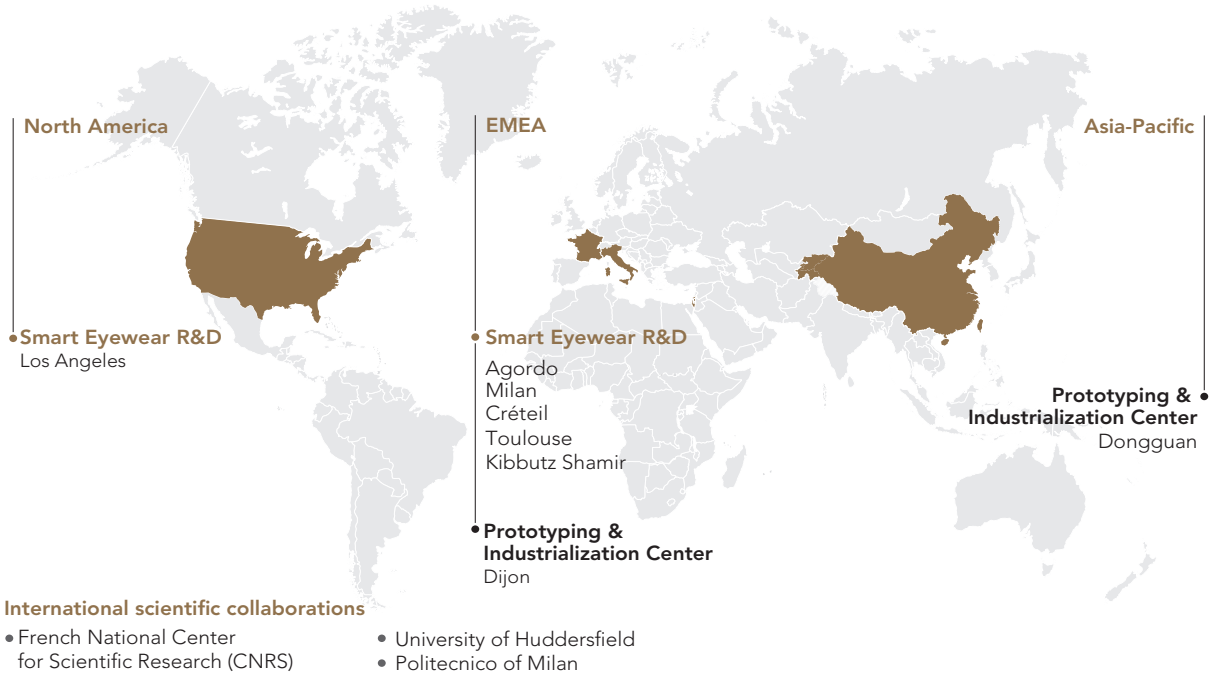
EssilorLuxottica has approximately 150 researchers working at its Smart Eyewear R&D facilities in North America (Los Angeles, US) and Europe (Agordo and Milan, Italy; Créteil and Toulouse, France; and Shamir Kibbutz, Israel) as well as its two Prototyping and Industrialization facilities in Europe (Dijon, France) and Asia-Pacific (Dongguan, Greater China). Specific focus on R&D activities has been put on e-filters and e-focus, e-chromic, lens display, eye-tracking, audio technologies, cameras and sensors as well as optical integration.

To reinforce its expertise in smart eyewear and wearable technologies, in 2022 EssilorLuxottica also launched its Smart Eyewear Lab in partnership with Politecnico of Milan. Working in close collaboration with its Smart Eyewear Technologies Center in Dijon, it will host R&D activities to develop a new generation of wearable devices that will be capable of combining new technologies and features aimed at enhancing the user experience in augmented and extended reality. To make this happen, it will focus on the analysis, development and integration of electronic and photonic components, as well as algorithms to acquire, process and offer real-world information via augmented and extended reality to wearers.

As a pioneer in smart eyewear technologies, EssilorLuxottica has built other partnerships with public organizations, including the French National Center for Scientific Research (Centre national de la recherche scientifique – CNRS) and the University of Huddersfield in the UK. Several important co-developments with private actors were also launched, including some of the biggest firms in the global digital and electronics landscape.

In 2022, EssilorLuxottica was in a unique position to combine unparalleled agility with the scale, engineering capabilities and resources of a leader to bring together the best of lens technologies and frames design.

R&D network: Smart eyewear



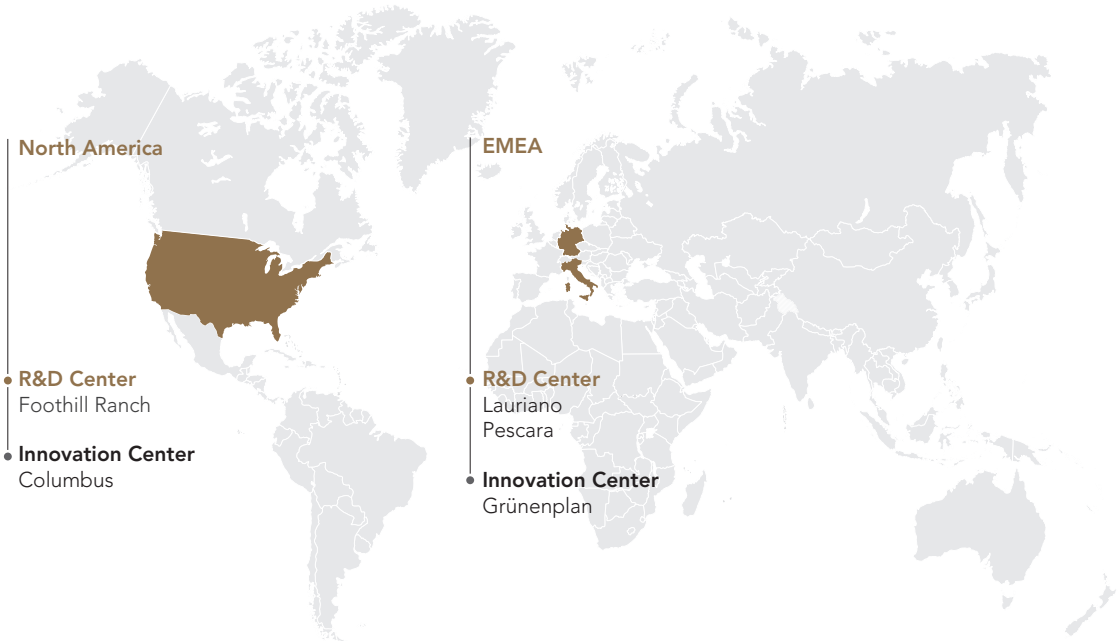
Sun lenses. With over four decades of experience and research in the field of sun lenses, EssilorLuxottica reinvents the magic of the sun with cutting-edge solutions focused on quality, innovation and fashion to offer consumers an unparalleled optical experience. Committed to expanding visual experiences for its consumers, the Group has over 50 sun lens researchers working at its R&D Centers in Italy (Lauriano and Pescara) and in the US (Foothill Ranch) as well as at its Innovation Centers in the US (Columbus, Ohio) and Germany (Grünenplan).

From first freeform visors to goggles and eyewear, the Group creates and delivers groundbreaking optical sun solutions. It focuses on developing new mold processing and optical technologies that improve the consumer experience by offering enhanced performance, style and designs. It also pioneers solutions related to industrial design concepts for freeform shapes and optical innovation, with optical design research for off-axis optical correction. Furthermore, the Group has innovative research projects for adding new esthetic effects and decorative shapes to lenses thanks to specific coloring techniques. New methodologies and processes for thin film coating technologies have been investigated to enlarge the lens portfolio with new mirror treatments and increase scratch resistance. A particular focus on R&D activities has been placed on new decorative effects, leveraging know-how on pad printing technologies, digital printing and mirror coating.

EssilorLuxottica is also the global leader for Prizm CE (contrast enhancing) lens dye filter technologies. This technology is vertically integrated in processes at its R&D Center in Foothill Ranch and its Innovation Center in Columbus, and used in refining dyes for applications that are exclusive to the Group. Custom Prizm technologies are designed for specific sport, military and prescription applications, ensuring increased depth perception, enhanced visual acuity, reduced eye fatigue and narrow band attenuation protection for better performance. The Group's sun lens R&D activities have expanded to chroma enhanced dye chemistries as well as new chemical analytical equipment, which supports better and faster choices during the product development process.

In 2022, leveraging Transitions know-how, EssilorLuxottica developed numerous state-of-the-art sun lens-related technologies, including customized photochromic solutions for polymer and mineral lenses. Last year, the Group also accelerated a specific R&D workstream dedicated to sustainability, including the 4Rs program, alternative materials, and products and production processes for optical filters.

R&D network: Sun lenses



Sustainability. Honoring the Group's deep-rooted sense of responsibility, at EssilorLuxottica innovation and sustainability are strongly intertwined. As a leading global Company with a Mission to help people around the world "see more and be more" and in support of its Eyes on the Planet, its company-wide sustainability strategy, EssilorLuxottica is focused on offering consumers high-quality products, groundbreaking technologies and unique styles, with an ever lower impact on the environment. To deliver on both its innovation and sustainability goals, in 2022 the Group accelerated dedicated sustainability workstreams following the 4Rs "Research-Reduce-Reuse-Recycle" (see Chapter 5, Section 5.2.2) to invest in innovative materials, fight fossil-based contents, and limit and manage waste as well as maximize recycling and upcycling, focusing on the circularity of materials and products. To create circular products from the very start of the innovation process, last year EssilorLuxottica began the development of a fully comprehensive eco-design tool leveraging the experience of the Sustainability Assessment Methodology (SAM) deployed in 2021 for its prescription lens R&D activities. To make this a reality, the Group prioritized eco-design with the aim of embedding it in all its developments by 2025.

Committed to reducing its impact on the planet, over the past two years EssilorLuxottica scaled up research and investments in breakthrough technologies to limit the use of fossil-based materials by increasing renewable sources. For example, the Group is investing in additive manufacturing and one-piece flow technologies for lens production (like ink jetting and film transfer), and continuously working on resource efficiency to avoid and limit the use of virgin plastics. In 2022 the Group launched innovative collections with recycled and bio-based acetate, a material combining recycled and renewable sources, and expanded bio-based nylon sourcing on total nylon, which increased by more than 30% in 2022 compared to the previous year. EssilorLuxottica also made bold moves across its entire production cycle to increase recycling processes, with the aim of generating lower emissions and reducing landfill waste. As a result, it is the first eyewear company to receive the International Sustainability & Carbon Certification Plus (ISCC Plus) for circular economy related to its in-house nylon recycling process set up in its Agordo plant. In 2022, the Company extended its adoption of recycling schemes in six other plants in both Italy and Greater China.

Packaging was also an important asset for the Group's sustainable innovation strategy. The recent acquisition of Giorgio Fedon & Figli S.p.A., leading company in the production and distribution of eyeglass cases and accessories for eyewear, represented a further step forward in EssilorLuxottica's vertical integration strategy. It aims to allow the Group to pursue its sustainability commitment, and invest in the recyclability and circularity of its packaging materials. Indeed, EssilorLuxottica's vertically integrated business model is a sustainability accelerator as it enhances control across all stages of the value chain, therefore delivering highly reliable data and the best skills to develop sustainable innovations.

Furthermore, since the success of the Group's sustainability strategy is linked to the reliability of top-quality data, last year EssilorLuxottica also remained focused on bringing transparency and clarity to its entire supply chain by developing certified life-cycle assessments (LCAs) with partners such as Mazzucchelli 1849, as well as internal LCAs for both lenses and frames to assess materials and processes to make sure all sustainability drivers are considered.

Digital transformation. EssilorLuxottica is tirelessly committed to operational excellence, tapping into new technologies and digital tools to improve the consumer experience. The Group has invested heavily in going digital from the ground up and has developed the way it operates in the market, establishing digital platforms that connect its operations to its customers and consumers. Today, technology is the backbone of every area of business, from manufacturing to distribution and sales in all markets and in all channels – Professional Solutions, brick and mortar activities and e-commerce.

From online interaction to the supply chain, taking in teleoptometry along the way, this digital transformation has changed the way EssilorLuxottica connects with millions of consumers and patients around the world. It has also allowed it to propose digital opportunities and services that support the entire optical sector, paving the way for a process of innovation that will benefit all industry stakeholders.

EssilorLuxottica has invested heavily to bring the opportunities offered by digital technology to optical practices and retail stores around the world. Innovations include the Smart Shopper along with its real-time and photo-from-gallery-based virtual try-on technology as well as exclusive product customization services. Fully integrated with the Group's digital infrastructure, the Smart Shopper offers a new in-store journey, where consumers can explore EssilorLuxottica's potentially endless eyewear collections and brands. In 2022, the experience was enriched with innovative functionalities, including the Transitions lens virtual try-on feature designed to allow users to experiment and play with photochromic lenses in different colors across the full range of activation tints. To offer an increasingly integrated brand experience, the Group also continued to invest in its omnichannel strategy, developing proprietary e-commerce platforms to provide exclusive product customization services (*i.e.*, Virtual Try-On on Ray-Ban.com) as well as unique experiences (*i.e.*, Ray-Ban Remix, Oakley Custom). To bring its e-commerce platforms, B2B digital sales channels and product customization services to life, EssilorLuxottica leverages specialized expertise from its centralized Render Factory to digitize its entire eyewear catalog and produce all necessary visual assets internally. Recently introduced, Face Scanner technology can identify and analyze facial features to recommend the most esthetically suitable frames, with an option to connect to the Frame Advisor experience and the endless Smart Shopper catalog for superior service and selection. EssilorLuxottica was the first to implement large-scale digital window technology in the optical industry, making the consumer experience engaging and rich in content. In a short time, the Group has become one of the largest private digital broadcasters globally, with about 21,000 digital windows installed in its own stores and customer optical practices all over the world. The management of real-time visual communication is centralized in the internal Digital Factory in Milan to guarantee flexibility, speed of execution and distribution of content (by location, country and timing) as well as proximity to the needs of customers and consumers.

Shaping the next categories for the industry

EssilorLuxottica remains committed to growing and expanding the global industry to create long-term value for all its stakeholders while accelerating its Mission to help people "see more and be more". It also continues to create entirely new segments and product categories for the benefit of the entire optical sector, with focus on prevention, myopia management solutions and products that expand the boundaries of eyewear.

Myopia management. Reaffirming its leadership in myopia management, EssilorLuxottica's commitment to tackle this rapidly growing visual impairment gained further momentum in 2022. Last year, Stellest lenses continued to show strong efficiency in slowing down myopia progression and axial elongation in children thanks to its Highly Aspherical Lenslet Target (H.A.L.T.) technology, as successfully proven by the three-year clinical trial conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, Greater China. Released last October at the International Myopia Conference (IMC) in Rotterdam, the Netherlands, its results demonstrated conclusive evidence, with more than one diopter of myopia saved on average over three years and a significant positive impact of wearing time on myopia control efficacy. This was in line with the two-year 'Myopia control with spectacle lenses with aspherical lenslets' clinical trial made public in 2021, demonstrating that Stellest lenses slow down myopia progression by 67% on average, compared to single vision lenses, when worn at least 12 hours a day[1]. After making their debut in Greater China in 2020 and following their successful launch in Singapore, Europe and Canada two years ago, Stellest lenses – the culmination of 30 years of research to slow myopia progression in children – were rolled out in other markets in 2022 and are now available in over 20 countries globally. To improve access to vision care and expand the myopia management category, last year the Group also finalized a joint venture with CooperCompanies for the acquisition of SightGlass Vision, a US-based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children. This collaboration accelerated the commercialization of SightGlass Vision's Diffusion Optics Technology (D.O.T.) in several countries, including the Netherlands, along with Greater China and Israel, with commercial pilots currently ongoing in select markets. Creating a comprehensive vision care system, in 2022 EssilorLuxottica launched a new Expert Myopia Care solution empowering eyecare professionals (ECPs) at all levels to grow their expertise and better detect, monitor and manage myopia. Connected to a wide range of instruments, it collects key data and features a patient-friendly interface to explain clinical results in a meaningful way. This vision came full circle with a key collaboration with Myopia Profile, a global myopia management educational platform, as well as partnerships with leading institutions, such as the International Myopia Institute, World Society of Pediatric Ophthalmology and Strabismus, Global Myopia Awareness Coalition and Review of Myopia Management to grow public awareness, advance knowledge, share expertise and guide discussions on a global scale.

Building a gateway to the metaverse. Combining decades of superior craftsmanship, a dedicated spirit of innovation and a commitment to delivering only cutting-edge technology, in 2022 EssilorLuxottica continued to pave the way for a new generation of products destined to change the way consumers look at the world. Driving momentum for the future, last year the Group accelerated its vision to build a gateway to the metaverse and allow consumers to interact in a virtual world integrated with reality. This journey began with the launch of Ray-Ban Stories, the first generation of smart glasses developed in partnership with Meta. Combining smart technology, fashion-forward style and everyday wearability, Ray-Ban Stories has redefined expectations for smart eyewear, delivering a wearable that offers consumers a new way to seamlessly capture, share and listen to their most authentic moments, without compromising on style, comfort or esthetics. Following its successful launch two years ago in the US, the UK, Italy, Australia, Ireland and Canada, in 2022 Ray-Ban Stories was rolled out in other markets, including France, Spain, Belgium and Austria, with new technical and stylistic features also implemented. These features included lens variations, such as Transitions, software add-ons with WhatsApp and Spotify Tap integration as well as voice commands such as hands-free calling and messaging. While enhancing Ray-Ban Stories features, powering its software and expanding rollout, EssilorLuxottica was in a unique position in 2022 to pursue its vision to bring physical and digital worlds closer together, investing in technologies like eye tracking, super audio and lamination (lens display) aimed at developing innovative devices that are able to combine the benefits of vision correction with augmented reality.

Intellectual Property

At the end of 2022, the Group, including all of its subsidiaries, held:

- **2,360** patent families, each representing an invention protected in several countries around the world (**more than 12,000** patents with criteria pending or granted)
- **1,873** designs
- **4,085** trademark families, each representing a trademark protected in several countries around the world (**20,930** trademarks pending or registered).

During 2022, the Group applied for **184** new patent families, **35** new design families and **114** new trademark families.

Protecting intellectual property and consumers. With more than 12,000 patents owned, intellectual property is one of EssilorLuxottica's most important assets, and ensures the excellence, uniqueness, and superiority of its products. The Group's approach to innovation is supported and strengthened by proactive intellectual property management, both upstream to drive innovation and downstream to enhance the protection of patents, trademarks, designs and copyrights while combating online and offline counterfeiting.

(1) Compared to single vision lenses, when worn by children at least 12 hours per day every day. Bao, J., Huang, Y., Li, X., Yang, A., Zhou, F., Wu, J., Wang, C., Li, Y., Lim, E.W., Spiegel, D.P., Drobe, B., Chen, H., 2022. Spectacle Lenses With Aspherical Lenslets for Myopia Control vs Single-Vision Spectacle Lenses: A Randomized Clinical Trial. JAMA Ophthalmol. 140(5), 472–478.

To minimize consumer exposure to fake products, EssilorLuxottica collaborates with local institutions and authorities around the world to intercept counterfeit eyewear products and combat the entire illegal production chain as best permitted by law. The Group also monitors websites, online marketplaces, social media and mobile applications. In 2022, both online and offline initiatives to protect EssilorLuxottica's proprietary eyewear brands led to the seizure of 4.2 million units of counterfeit products. Last year, the Group also closed more than 3,000 domains, took down 153,800 profiles and posts on social media, and removed 492,200 marketplace listings selling counterfeit products. Moreover, as a result of its dedicated program to attack counterfeiting and other intellectual property violations, EssilorLuxottica recovered over US$ 4.2 million in damages and settlements from those who infringed its intellectual property rights.

For greater effectiveness battling counterfeiting and the expansion of parallel markets that divert goods into unauthorized sales channels, the Group developed GLOW (Guaranteed Luxottica Origin Worldwide). GLOW is a traceability system based on RFID technology that verifies the authenticity of eyewear products and the suitability of resellers through a sensor (RFID Tag) embedded in the frame, with the device containing key information to precisely identify each pair of glasses, from production to sales destination. The technology is passive and safe for health - in that it emits no radio waves and does not record personal data.

To maximize brand protection efforts, EssilorLuxottica has adopted a Minimum Advertised Price (M.A.P.) policy. Applicable in the US and Canada only, it prohibits all advertising or marketing activities that may damage the brand equity of the Group's eyewear brands without affecting the price at which the products are sold. In 2022, the Group also developed a process for the protection of special projects that allows rigorous surveillance of IP Protection, Asset Protection and Info Security elements with the aim to avoid idea leakage before the products launch.

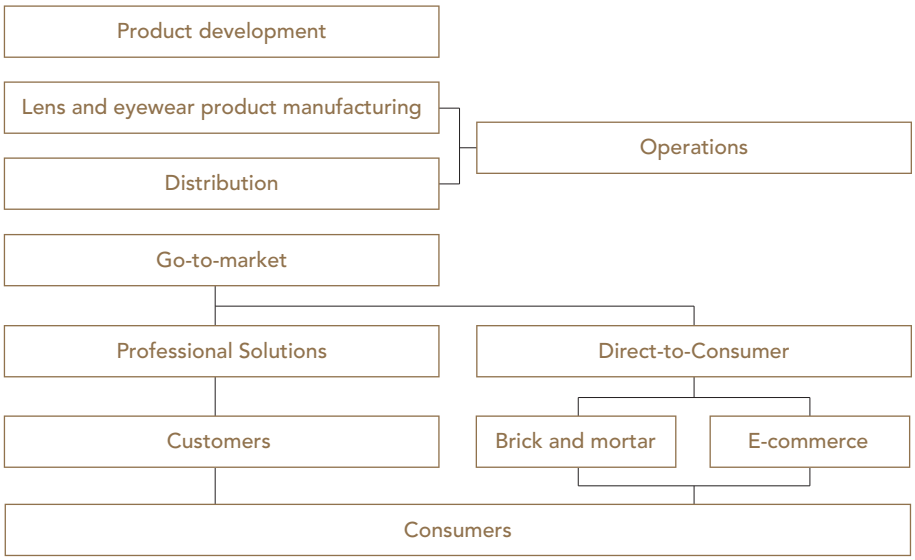
1.4.3 Operations

EssilorLuxottica delivers on its Mission through a vertically integrated business model covering every single step of the value creation process, with a strong focus on manufacturing excellence, service and a geographically diversified footprint. This offers greater efficiency, flexibility and speed in product design, engineering, manufacturing, supply chain and logistics as well as uncompromised quality.

EssilorLuxottica's model is the result of a visionary choice made by the founder of Luxottica and late Chairman of EssilorLuxottica, Leonardo Del Vecchio, who understood the potential of a vertical integration strategy when he decided to make entire frames rather than just their components. Vertical integration of manufacturing was gradually accompanied by distribution, first with professional solutions, then in 1995 with physical direct to consumer and later with e-commerce. Finally with the combination of Essilor and Luxottica in 2018 came the creation of a fully integrated, all-round champion in the eyewear industry combining lenses and frames under the same roof. The Group also oversees every aspect of its lens business, from production plant to prescription labs through to retail eyecare locations, with an unrivalled ability to simultaneously manage flows both of stock lenses (finished lenses completed in the production plants) as well as custom prescription lenses (semi-finished lenses produced in plants and sent to prescription laboratories for surfacing and coatings).

Direct oversight of the entire production platform makes it possible to verify the quality of both products and processes, introduce innovations, identify synergies and new operating methods, and optimize service, quality and costs.

Direct distribution enables EssilorLuxottica to offer its products in major mature and emerging markets and achieve a unique understanding of consumer needs and tastes both globally and locally. This capability is viewed as a strength by fashion houses that seek out EssilorLuxottica to produce their eyewear collections and access the Group's widespread global distribution network.



Creating innovative eyecare

EssilorLuxottica designs, manufactures and customizes **corrective** and **plano lenses** adapted to each person's unique vision requirements and preferences. With an extensive range of lenses, the Group delivers innovative solutions that help address and correct visual health issues, such as myopia, hyperopia, astigmatism and presbyopia. Its lens technologies are respected worldwide for improving vision, preserving and protecting eyesight, and offering a comfortable wearing experience.

Globally recognized lens brands. The Group serves every segment of the ophthalmic lens market with globally recognized brands: the most renowned being Varilux with its progressive lens range; Crizal with its range of antireflective, anti-smudge and antistatic lenses; Transitions with its photochromic lenses; Eyezen with its line of lenses for heavy digital device users; Stellest, a new generation of spectacle lens solutions for slowing down myopia progression in children; and Kodak with its corrective lens brand used under a licensing agreement with Eastman Kodak.

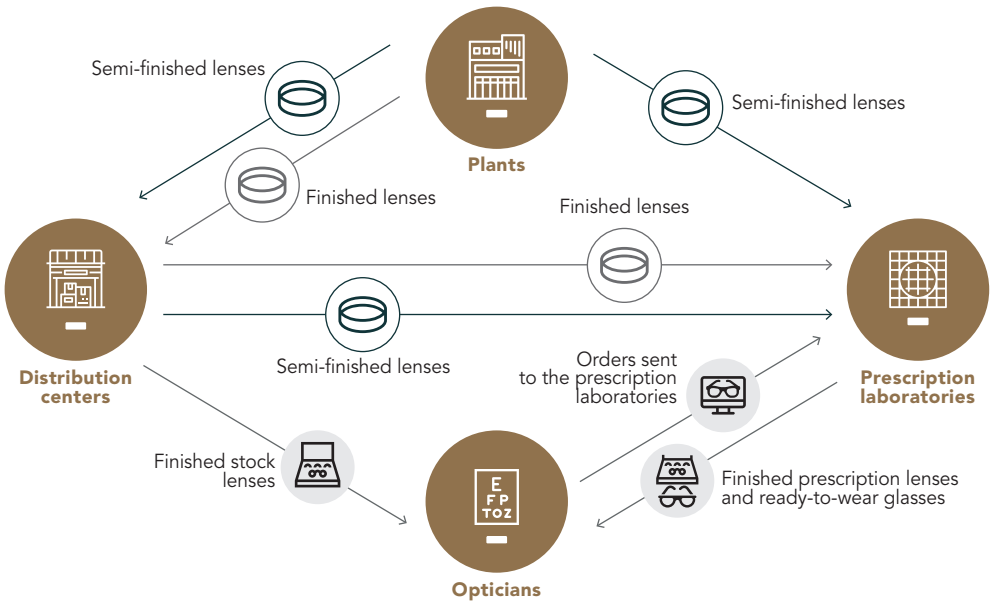
EssilorLuxottica also produces its own sun lenses, backed by skilled expertise gained through the acquisition of Persol, Ray-Ban and Oakley. It leverages know-how in producing the best mineral lenses from Barberini, the world's leading optical glass lens manufacturer, part of EssilorLuxottica since 2019. Relevant innovations include Oakley Prizm and Ray-Ban Chromance sun lenses, which are designed to enhance color and contour as well as contrast and visibility for the clearest, most comfortable vision quality. Both innovations were created using unique lens technology from Exciton, the world leader in the design and production of high-purity and high-performance dyes, acquired by the Group in 2016. Following the acquisition of Barberini, EssilorLuxottica also owns a minority stake of around 35% of the share capital in Triapex, a leading company that produces dye-based polarized films for use in glass and CR39 polarized lens applications.

Lens production process. EssilorLuxottica's **production plants** produce lenses that are finished, semi-finished or plano. In general, finished lenses are produced for simple eyesight corrections such as myopia, hyperopia and some astigmatisms. Semi-finished lenses are intended for more complex corrections including presbyopia, while plano lenses without corrective power are typically used for sunglasses. EssilorLuxottica is also well-versed in developing and manufacturing a wide range of plano and prescription sun lenses, with plants in Johor Bahru (Malaysia), Foothill Ranch (US), Lauriano and Città Sant'Angelo (Italy) performing a key role in the Group's sun lens operations.

The Group's **prescription laboratories** transform the semi-finished lenses, only the front surface of which is finished at the plants, into finished lenses meeting the exact patient specifications for eyecare professionals. Leveraging a full range of state-of-the-art equipment and cutting-edge technologies, they handle surfacing, polishing, coatings (multilayer and antireflective) and frame integration for the edging and mounting process, creating a vital link between the Group's production plants and eyecare professionals who place orders for personalized lenses. This customization helps address a very large number of correction combinations, particularly when it comes to presbyopia. In the latter case, the labs surface multiple correction areas into the lenses for vision at different distances.

Finished and semi-finished lenses manufactured in the production plants are sent to **distribution centers.** The latter ship the lenses either to EssilorLuxottica-owned businesses (distribution subsidiaries, prescription laboratories and edging-mounting facilities) or third parties (certain distributors when the Group does not have its own subsidiaries, prescription labs, retailers and optical brands).

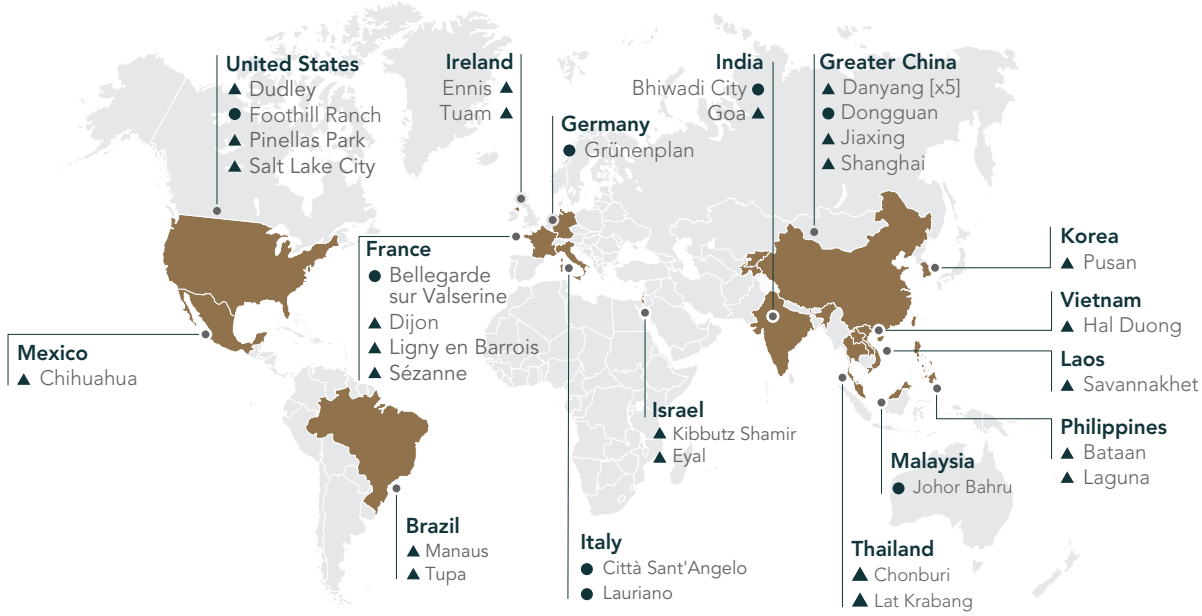
Plano lenses are manufactured in dedicated plants and then shipped either to EssilorLuxottica frame manufacturing plants or sold directly to other frame manufacturing and distribution players.



Lens manufacturing and supply chain. Overseeing every aspect of its lens business across all stages of the value chain, from design and engineering to store delivery, the Group continues to relentlessly pursue operational excellence to provide consumers everywhere in the world with the best visual experience. It has a network of production plants, prescription laboratories, edging and mounting facilities and distribution centers that serve eyecare professionals across the globe, including independent opticians as well as optometrists, cooperatives, central purchasing agencies and retail optical banners.

As of December 31, 2022, EssilorLuxottica and its partners operated **36 production facilities across the world**. Of these 36 plants, 28 produce prescription lenses and eight specialize in non-prescription sun lenses.

Operations: Global eyecare network



▲ Optical Lenses Mass Production Plants
● Sun Lenses Mass Production Plants

The Group has a **network of 614 prescription laboratories and edging-mounting facilities** worldwide, of which **538 proximity laboratories** and **76 industrial laboratories.** Of these industrial laboratories, **14** are **integrated lens and frame laboratories** that produce complete-pair offerings: four in North America, two in EMEA, two in Latin America and six in Asia-Pacific.

These platforms were developed to support the integrated services offered to key accounts, including lens production, frame management on behalf of customers and the edging-mounting of lenses in frames.

Geographical distribution of the global lens network owned by EssilorLuxottica and its partners as of December 31, 2022

Lens asset types	Total	North America	Latin America	EMEA	Asia-Pacific
Optical lens mass production plants	28	3	3	7	15
Sun lens mass production plants	8	1		4	3
Industrial labs	76	21	16	21	18
of which are integrated labs	*14*	*4*	*2*	*2*	*6*
Proximity labs	538	112	184	61	181

	As of December 31, 2022
Output from EssilorLuxottica lens base plants and partner facilities[(a)]	• c. 550 million prescription lenses • c. 70 million pairs of non-prescription sun lenses
Lenses manufactured in prescription laboratories[(b)]	• c. 206 million lenses (103 million jobs)

(a) Includes photochromic lenses made by Transitions Optical and sold to other lens manufacturers.
(b) Lenses surfaced or coated in owned or partner laboratories.

1.4.3.1 Designing iconic eyewear

Frame design, development and manufacturing take place in EssilorLuxottica's production sites across the world, which include: six production sites in Italy, two in Greater China, one in Thailand, one in Brazil, one in Colombia, one in the US (devoted to sports and performance eyewear) and two in Japan and India respectively, the latter serving the local market.

In 2022, the Group's worldwide frame production reached approximately 106 million prescription glasses frames and sunglasses frames.

Part of the Group's supply comes from third-party vendors. In addition to the premium, high-end eyewear segment, the Group also delivers affordable eyewear and non-prescription reading glasses mainly distributed in the US under the Foster Grant brand, with approximately 150 million units sold in 2022.

Eyewear product development. R&D activities conducted by EssilorLuxottica's engineering teams play a crucial role in the development process. Engineers continuously source new materials, concepts and technology innovations to apply to products and processes in an effort to differentiate EssilorLuxottica in the eyewear market. During the initial phase of the development process, prototype makers meticulously transform designs into one-off pieces, leveraging the unique tradition of the Group's craftsmanship and cutting-edge 3D technologies. These frame prototypes are then shared with the product department, which analyzes the necessary steps to bring the prototype to mass production.

In the first phase of the cycle, the product department uses visual rendering and 3D software to design new models and the necessary equipment. Afterward, the Group determines which of its plants is best suited to manufacture the product and for large-scale production. The mold workshop then assembles the equipment needed to make components for the new model. Finally, the very first samples are assembled and undergo a series of rigorous tests required by internal quality control procedures. After quality certification, sale samples are produced and subjected to a new intensive series of tests to verify the quality of engineering and production. By using a launch calendar that focuses on consumer and geographic demand, EssilorLuxottica has been able to shrink product development timelines in recent years.

In 2022, a new specific wearable production line was initiated in Greater China to produce Ray-Ban Stories smart glasses.

Eyewear manufacturing. EssilorLuxottica's manufacturing footprint includes six sites in Italy, the center of the Group's luxury eyewear production, all of which combine the tradition of Italian superior craftsmanship with the speed and efficiency of modern automation. Five facilities are located in Northeastern Italy, where most of the country's eyewear industry is based, and one near Turin. These factories represent around 40% of EssilorLuxottica's global production output and specialize in luxury collections and high-end brands.

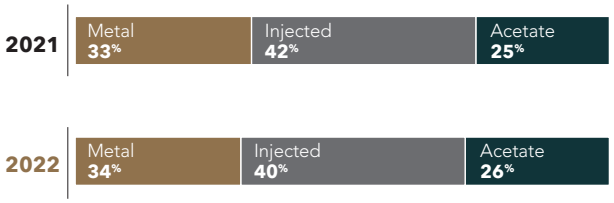
Operations: Global eyewear network

Other manufacturing facilities also exist in Greater China, Thailand, India and Japan, along with factories in the US, Brazil and Colombia, producing the remaining global eyewear output. The Fukui factory, in Japan, focuses on the production of titanium and solid gold eyewear whereas the Foothill Ranch facility in California manufactures high-performance sunglasses, prescription frames and lenses as well as assembles most of Oakley's eyewear products. Oakley apparel, footwear and certain goggles are produced by third-party manufacturers. In Latin America, EssilorLuxottica also has two manufacturing facilities in Bogotá (Colombia) and Campinas (Brazil). In Brazil, the manufacturing facility in Campinas produces both plastic and metal frames for the local market. Shortly after the Group acquired the facility in 2012, it launched the first locally designed and produced Vogue Eyewear collection for Brazilians, followed by select Ray-Ban, Arnette, Oakley and A|X Armani Exchange collections plus a few for smaller local brands.

Specific production lines dedicated to custom products, including Ray-Ban Remix and Oakley Custom, also exist within the Group's operations.

Eyewear products and materials. Over the years, the Group has gradually diversified its technology mix from traditional metal, plastic injections and acetate slabs to include aluminum, wood, die casting and fabric inserts. As consumer needs evolve continuously, the Group quickly adapts and adjusts its technologies to best meet demands. As part of this, EssilorLuxottica continues to focus on expanding its technology capabilities within its facilities dedicated to luxury eyewear production. For example, the Group has developed capabilities to produce horn frames in Lauriano (Italy) while in Fukui (Japan) it has both fully capitalized on Japan's exceptional mastery of engraving precious metals – such as titanium and solid gold – and created a new acetate handcrafting line.

EssilorLuxottica's manufacturing process for metal frames has close to 70 different phases, beginning with the production of basic components, such as rims, temples and bridges using a molding process. These components are then welded together to form frames over numerous stages of detailed assembly work. Once assembled, the metal frames are treated with various coatings to improve their resistance and finish, and then prepared for lens fitting and packaging.



Plastic frames are manufactured using either a milling or an injection molding process. In the milling process, a computer-controlled machine carves frames from colored acetate slabs. This process produces rims, temples and bridges that are then assembled, finished and packaged. In the injection molding process, plastic resins are liquefied and injected into molds. The plastic parts are then assembled, coated, finished and packaged.

In 2021, EssilorLuxottica entered into a collaboration agreement with Mazzucchelli 1849 to develop and produce a highly sustainable type of acetate, reducing the environmental impact of the Group's activities over the long term across the value chain and increasing its offer of high-quality and sustainable eyewear.

1.4.3.2 Distributing high-quality contact lenses

EssilorLuxottica is a global leader in the distribution of contact lenses, leveraging its global optical Direct to Consumer footprint, including e-commerce platforms, and Professional Solutions distribution network.

With a mix of exclusive branded products, proprietary brands and third-party premium brands, last year the Group distributed approximately 63 million contact lens packages thanks to its capillary distribution network across the world.

1.4.3.3 Developing optical instruments

EssilorLuxottica also designs, develops, markets and maintains a range of optical instruments in two main specialty segments: (i) lens edging and mounting instruments for opticians and prescription laboratories, and (ii) optometry instruments for eyecare professionals, schools, occupational medicine centers, the military and other institutions.

In 2022, this business unit rolled out a new major instrument: the ultra-compact Vision-R 800, EssilorLuxottica's state-of-the-art phoropter, reinventing subjective refraction and prescription. For the first time, the individual dioptric sensitivity of the patient[1] is taken into account during the eye examination. This more precise and easier-to-perform refraction results in more accurate prescriptions for patients with the potential to maximize their vision performance[2].

To offer highly intuitive and intelligent solutions for low vision and blindness, in 2013 the Group acquired a majority interest in HumanWare, the world leader in the design and distribution of electronic assistance products for the blind and vision impaired. Following the acquisition of a majority stake of Interactif Visuel Système (IVS) in 2013, EssilorLuxottica also designs, develops and sells a wide range of sales support and ophthalmic measurement solutions, such as the Visioffice measuring column.

1.4.3.4 Manufacturing equipment for prescription laboratories

With globally recognized expertise, Satisloh is one of the world's leading manufacturers of surfacing machines and hard-coating and antireflective coating units. Its combination of machines and consumables and the ability to offer automation enables Satisloh to provide end-to-end solutions for prescription laboratories. Satisloh customers are mainly prescription laboratories, integrated optical banners and lens manufacturers.

Headquartered in Baar (Switzerland), Satisloh leverages production units in Greater China (Zhongshan), France (Archamps and Mantes-la-Jolie), Germany (Wetzlar), Italy (Milan) and the US (Dallas, Concord and Charlottesville), and has representative offices in many other countries.

(1) Patient dioptric sensitivity: The smallest dioptric step identifiable by the patient, calculated during the refraction protocol.
(2) Claim of vision superiority only with AVA lenses. Source: AVA in-Life Concept Use Test – Independent third party – France – 2021 – N=105.

1.4.3.5 Other businesses

In addition to its key businesses, EssilorLuxottica operations also include other categories: apparel, footwear and accessories (AFA) for both Oakley and Costa as well as specific accessories related to the Group's Direct to Consumer network; point-of-purchase (POP) material, including marketing material and advertising to be used in both the Group's retail stores and by professional solutions partners; and store-specific furniture. EssilorLuxottica designs, develops, sources, procures and manages distribution for these categories, whereas manufacturing is outsourced to third parties.

In 2022, with the acquisition of Giorgio Fedon & Figli S.p.A., a leading company in the production and distribution of eyeglass cases and accessories for eyewear, EssilorLuxottica entered the packaging and eyeglass cases business. Headquartered in Alpago (Italy), the company owns three main production sites in Italy (Belluno), Romania (Lugoj) and Greater China (Shenzhen). The acquisition represents a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards throughout the entire value chain and optimizing service for the benefit of all industry players.

1.4.4 Distribution

Logistics represents an asset of capacity and expertise for EssilorLuxottica to provide excellent service and a distribution coverage for all the Group's products. Expertise in systems, automation and operational flows is provided by skilled regional teams who coordinate and synchronize globally. Combining best-in-class capabilities guarantees product flow synergies with full visibility and traceability across performance levels.

EssilorLuxottica has a global network of **57 distribution centers for lenses, eyewear and contact lenses**. For lens distribution, the Group's supply chain covers all product and lens flows across the world, from production plants to central logistics hubs and prescription labs through to brick and mortar locations. It offers an unrivalled ability to simultaneously manage flows of both stock lenses (finished lenses completed in production plants) and custom prescription lenses (semi-finished lenses produced in plants and then sent to prescription laboratories for surfacing and coating) thanks to a capillary network of distribution centers and stock points in all regions to guarantee service proximity and cost effectiveness for all its customers. For eyewear distribution, the Group's global network also includes distribution centers in key markets, with some related to the readers business.

Of these distribution centers, four are considered **integrated logistic service centers** combining the management of various categories:

- Sedico (Italy). The Sedico hub opened in 2001 and is one of the most technically advanced in the industry. In 2022, it handled approximately 250,000 units per day, up from 190,000 in 2021, including eyewear, spare parts and customized services such as Ray-Ban Remix, providing direct global deliveries.
- Atlanta (US). The Atlanta facility, established in 1996, has consolidated several North America-based facilities into a single state-of-the-art distribution center located close to one of the major airport hubs of the US. It serves both EssilorLuxottica's Direct to Consumer and Professional Solutions businesses in the North American market, and handles approximately 120,000 units per day.
- Dongguan (Greater China). The Dongguan hub opened in 2006 and handles an average of 190,000 units per day. The growth in the Asia-Pacific region has made this hub a strategic link in EssilorLuxottica's distribution network.
- Sumaré (Brazil). A recently opened distribution center integrated with lab and lens distribution.

The Sedico, Atlanta and Dongguan service centers include laboratories for the production of ophthalmic lenses to serve the European, North American and Asia-Pacific markets, creating integrated logistics and production hubs for ophthalmic lenses and frames.

1.4.5 Product brand portfolio

EssilorLuxottica is home to the most loved and widely recognized vision care and eyewear brands in the world. With a portfolio of proprietary brands that cover a wide variety of market segments, the Group taps into the needs and desires of consumers, with leading brands both at a regional level and in particular segments and niche markets.

Lens brands

EssilorLuxottica's innovation in lens technology has led to the creation of lens brands that regularly rank among the highest in terms of consumer satisfaction. Its extensive lens range corrects myopia, hyperopia, astigmatism and presbyopia to enable people to regain better vision, preserve and protect their eyesight, and improve their lens wearing experience.

EssilorLuxottica serves every segment of the ophthalmic lens market with globally recognized brands: the most renowned and influential being Varilux with its progressive lens range; Crizal with its range of anti-reflective, anti-smudge and anti-static coatings; Transitions with its photochromic lenses; and Eyezen with its range of lenses for digital device users; as well as Xperio polarized sun lenses.

An overview of EssilorLuxottica's **proprietary lens brands** is shown below:

Essilor. Essilor is a leader in eyeglass lenses worldwide[1] and the number one lens brand recommended by eyecare professionals (ECP)[2]. It offers a complete range of solutions dedicated to each individual's vision and lifestyle needs throughout their life. Every Essilor lens is a combination of multiple complementary technologies thanks to its suite of leading premium vision care solutions, including innovative brands such as Stellest, Eyezen, Varilux and Crizal. These groundbreaking technologies correct vision, protect eyes from harmful rays and enhance visual clarity.

Varilux. A unique story that began in 1953 when Bernard Maitenaz, a young engineer at Société des Lunetiers, revolutionized the optical industry with the first Varilux progressive lens. Varilux lenses, the leading progressive brand recommended by eyecare professionals[3], led the way with over 70 patents[4] for innovation in breakthrough progressive lens technology, which is the result of more than 60 years of research. Designed for wearers over 40 years-old, Varilux lenses offer seamless transition for near-to-far vision with every detail in sharp focus. They are highly personalized to provide sharpness for even the most complex eye needs: each lens is a unique masterpiece of cutting-edge technology, optimized and calculated to offer extra power for sharp eyesight.

Crizal. The Crizal brand began in the 1990s when the Group's R&D teams started focusing on visual comfort for eyeglass wearers, using lens treatments that reduce glare, while simultaneously improving resistance and durability. With the launch of the well-known Crizal coating in 1992, the Group created a new standard for transparent and resistant lenses thanks to its innovative combination of anti-reflective, scratch-resistant and smudge-resistant technologies. All Crizal coatings feature unique technologies and benefits that allow the wearer to be completely carefree. An invisible shield enhances the wearer's visual experience. Crizal coatings protect lenses from reflections, scratches, smudges, dust and water while protecting eyes from UV rays and filtering blue-violet light.

Eyezen. Launched in 2015, Eyezen is a young, innovative brand optimized for digital lifestyle: smartphones, tablets, laptops and other devices have changed vision needs, increasing near-distance reading and exposure to blue-violet light that can impact eyesight. With Eyezen, EssilorLuxottica created a new category of single-vision lenses, a flagship of the Group's cutting-edge innovation, designed to reduce visual fatigue and protect eyes from blue-violet light.

Stellest. Backed by over 30 years of research dedicated to myopia control, Stellest lenses are designed with a technology recognized by myopia experts all over the world as a powerful solution to slow down myopia progression in children. It was launched in Greater China, Russia and Singapore in 2020, in France and Italy in 2021, and continues to be rolled out in other regions. The Stellest universe is inspired by a constellation of invisible lenslets on its surface, offering science through emotion, providing reassurance to parents while giving children the gift of better vision for a brighter future.

Xperio. Dedicated to innovative prescription sun lens solutions, Xperio is a global brand that delivers eye protection against glare and UV rays as well as provides more depth and better color distinction so wearers can experience genuine beauty under the sun.

Optifog. Launched in 2011 as a unique and innovative niche solution, Optifog is a hydrophilic lens coating with inherent fog and mist repellent properties. With face masks having played a crucial role in preventing the spread of Covid-19 and now being a part of everyday life, the Optifog lens system gained new momentum. It combines a technological anti-reflective coating with a Smart Textile lens wipe specific to Optifog lenses that activates the anti-fog property and takes perfect care of the lenses. Optifog provides wearers with fog-free vision in all circumstances and allows them to fully enjoy their activities thanks to optimal visual clarity and comfort.

Transitions. Transitions has been pioneering light management lens solutions for more than 30 years. With over 1,200 patents and patent applications, today it is the leading photochromic brand recommended by eyecare professionals worldwide worn by more than 70 million people. Transitions features a full portfolio of light-intelligent lenses that seamlessly adapt to any light condition, transitioning from clear indoors to as dark as sunglasses in bright light outdoors. These innovative lenses provide visual comfort as well as protect from UV rays, bright lights and blue-violet light. With a range of seven colors and mirror coatings, they bring extra customization to any frame.

Ray-Ban. Ray-Ban lens technologies are a representation of the iconic brand's aim to revolutionize the way we see the world, particularly with Ray-Ban Authentic prescription lenses, an innovative way to enjoy crystal-clear vision with the looks consumers love, and Chromance lenses, a technology that combines polar protection with a stunning color enhancement that totally changes color perception.

Oakley. As pioneers of innovation and high-performance optics, Oakley lens technologies are created for sport and everyday life. Oakley Authentic Prescription lenses are engineered with premium, high-end performance materials, innovative technologies and advanced designs to deliver unrivalled vision benefits. Prizm Oakley revolutionary lens technology is designed to enhance color and contrast, and is also available with prescription, thus giving athletes and consumers a true Oakley authentic advantage.

Barberini. Barberini is a leading optical glass lens brand. Established in 1953, it offers high-quality optical glass lenses for the most prestigious eyewear brands around the world, with exclusive and sophisticated technical features. The brand develops news technologies designed to produce high-performance lenses, including polarized, infrared and photochromic lenses. The brand also holds several patents notably in relation to glass lenses and related production processes. Advancements have also been made in product characteristics such as thickness, weight, resistance and transparency while vivid and saturated colors are enhanced thanks to special formulas in the glass manufacturing process.

(1) Euromonitor, Eyewear 2022 edition; Essilor International company; worldwide retail value sales at RSP.
(2) Quantitative research conducted among a representative sample of 958 independent ECPs by CSA in February 2019 – France, the UK, Germany, Italy, Spain, the US, Canada, Brazil, China, India.
(3) Survey conducted from February to April 2018 by CSA among a representative sample of 1,041 independent ECPs, in 10 countries, including France, Spain, Germany, Italy, the UK, the US, Canada, Brazil and India.
(4) 70 inventions led to patent filings in multiple countries since 1953 (with the allowance/in-force status varying over time and country).

Shamir. With over 50 years of innovation in ophthalmic lens technologies, Shamir is a leading producer and distributor of high-performance lenses and premium coating solutions for life improvement, fashion, performance sports, occupational single vision and progressive lenses. Awarded the European Technology Award in 2022, its R&D team based in Israel is continuously developing the latest technologies as illustrated by Autograph Intelligence, a unique progressive lens incorporating elements of Artificial Intelligence based on Big Data. Recently, Shamir also introduced Metaform, a unique technology making lenses lighter, thinner, stronger and more eco-friendly than standard lenses. Those two products have been awarded prestigious international prizes, including a Silmo d'Or in France, an Innovation Award in Germany and Product of the Year in Spain. Shamir's deep understanding and desire to offer solutions for everyday human needs are reflected in its truly diverse range of age and task-specific clear and sunglass lenses, which make using computers and handheld digital devices, reading, sports and urban life easier and more comfortable than ever.

Licensed brands. Alongside proprietary lens brands, the Group also successfully partners with leading companies, such as Nikon and Kodak, to distribute technologies that enable consumer needs to be fully addressed. **Nikon** is a pioneering company in advanced opto-electronics and precision technologies. Through the joint venture Essilor-Nikon, renowned for its technical prowess in high precision and light mastery, the Group introduced a series of world-first innovations under the Nikon brand, including the first ultra-thin lens, blue-light filter, brightening coating, advanced multi-aspheric lenses and vision sensitivity personalization. With an extensive consumer-centric approach, capitalizing on unique digital assets and the Japanese *Kiwami*, Nikon premium lenses are crafted to allow wearers to envision the extraordinary and enjoy life's most important moments.

Famous since 1888 and trusted by millions of consumers worldwide, **Kodak** is an iconic brand with a rich history of innovation, imaging technologies and color rendering. Licensed on the ophthalmic market since 1992, Kodak Lenses has been part of the Group portfolio as a licensed brand since 2010. Distributed in more than 60 countries, it targets the mass-market with a commitment to develop accessible technical solutions that help eyeglass wearers enjoy sharper vision and 'See the Colors of Life.'

EssilorLuxottica also has a long history of leading the design of vision equipment and solutions used by opticians, optometrists and ophthalmologists worldwide. This includes innovation in lens surfacing and coating equipment as well as instruments for refraction, diagnostics, imaging, measurement, edging and mounting.

Essilor Instruments. Essilor Instruments is one of EssilorLuxottica's fastest-growing businesses, leading the development, manufacturing and distribution of solutions and services for eyecare professionals (ECPs) throughout the world. Its goal is to provide ECPs with solutions and technologies that meet their business needs and help build trustful relationships with their patients. Supported by ongoing innovation programs, Essilor Instruments is a leading brand in categories including finishing equipment, vision performance screening, eye examination and refractions, fitting parameter measurements, small tools and consumables. Its flagship products include the Visioffice X optical measuring system; the Vision-R 800, the Vision-R 700 and the compact Vision-S 700 refraction station range; as well as the WAM 700 aberrometer, the Myopia Expert 700 biometer and the Expert Myopia Care solution.

Satisloh. Satisloh is the leading brand for complete optical manufacturing solutions in the ophthalmic and precision optics industries. Founded in 1922 in Germany as a 'Mechanical Workshop, Toolmakers & Locksmith', Satisloh is headquartered in Switzerland and was formed by the merger of Loh, the leading company in optical surfacing equipment and Satis Vacuum, a pioneer in anti-reflective coating technology. Satisloh develops, manufactures and provides reliable high-tech equipment for optical surfacing, polishing, measuring, coating and finishing as well as consumables, tools, services and process know-how, all from one source.

Eyewear brands

EssilorLuxottica's eyewear portfolio is built on a well-balanced range of globally respected proprietary and licensed brands that is continuously evolving. Ray-Ban, one of the world's leading lifestyle eyewear brands, and Oakley, a leader in the sport and performance category, give the proprietary brand portfolio a strong base, complemented by Persol, Oliver Peoples and Alain Mikli at the high-end of the market; Costa and Native Eyewear in the sport market; Arnette in the street-style market; Vogue Eyewear, Molsion and Bolon in the fashion market; and Foster Grant in the non-prescription reading glasses market. The Group portfolio also includes over 20 licensed brands, including some of the most well-known and prestigious names in fashion and luxury.

With its skilled manufacturing and distribution know-how, experience in international markets and Direct to Consumer operations supported by marketing investments, the Group is an ideal partner for fashion houses seeking to translate their vision and values into successful premium collections. Through preserving style and quality, it expertly differentiates designer offerings to produce a broad range of models that appeal to a diverse group of consumer lifestyles and regions.

Proprietary brands. In 2022, Ray-Ban and Oakley, the two largest eyewear brands in EssilorLuxottica's portfolio, accounted for approximately 12% and 5% respectively of the Group's sales.

EssilorLuxottica's proprietary eyewear brands include:

Ray-Ban. Courage, authenticity and timeless style are the core values of Ray-Ban, a leader in prescription and sun eyewear for generations since its establishment in 1937. From the introduction of the iconic Aviator model created for US military pilots, Ray-Ban has been at the forefront of cultural change, becoming a symbol of self-expression and worn by celebrities and public figures all around the world. In 2021, the same values were celebrated through the successful launch of the next generation of smart glasses, Ray-Ban Stories. The highly anticipated collaboration between Meta (formerly Facebook) and Ray-Ban offers consumers a new way to seamlessly capture, share and listen to their most authentic moments. Ray-Ban joined the Group's portfolio in 1999 and later redefined its distribution strategy leading to decades of growth.

Oakley. Established in 1975 and acquired in 2007, Oakley is one of the leading product design and sport performance brands in the world, chosen by world-class athletes who compete at the highest level possible. The holder of more than 850 patents, Oakley is also known for its innovative lens technologies, including Prizm. Oakley extended its position as a sports eyewear brand into apparel, footwear and accessories, offering men's and women's product lines that appeal to sport performance, active and lifestyle consumers.

Persol. The iconic made-in-Italy eyewear brand, Persol, made its debut in 1917 and was acquired by the Group in 1995. With its evocative name, meaning 'for the sun', it is the proud heir to the Italian culture of excellence and craftsmanship, a perfect alchemy of esthetics and technology. The irresistible appeal of timeless design and art-like quality makes the brand a favorite in the world of cinema.

Oliver Peoples. Acquired by the Group in 2007, Oliver Peoples was born in the heart of West Hollywood, California, on the iconic Sunset Boulevard in 1987. The unique culture of Los Angeles, with elements of fashion, film, art and music, continues to inspire the brand's products and vibe. From the beginning, Oliver Peoples has had a passion for superior craftsmanship, with a distinctive culture rooted in California and an understated luxury identity. With an authentic and consistent voice, Oliver Peoples has never relied on a logo but instead focuses on fostering relationships with like-minded consumers.

Vogue Eyewear. Launched in 1973, Vogue Eyewear was acquired by the Group in 1990. It is now recognized as a truly international and contemporary fashion brand geared for young and dynamic consumers who want to stay up-to-speed with the latest trends. With its inclusive approach and playful personality, Vogue Eyewear is an open door to the world of fashion and welcomes everyone to express and celebrate their personality. To achieve its mission in becoming the leading reference for fast-fashion in the eyewear category, Vogue Eyewear partners with international ambassadors shaping the industry.

Arnette. Born in California in 1992 and acquired by the Group in 1999, Arnette is a street-inspired eyewear brand for those with a natural edgy, that speaks to young consumers. Rooted in Californian counterculture, today Arnette aims to become a fluid and sustainable brand for Gen Zs looking to express their individual style within the community they are part of. With inclusivity, unconventionality and authenticity as core values, Arnette gives a voice to youth urban culture.

Alain Mikli. Acquired by the Group in 2013, Alain Mikli has always targeted an audience of tastemakers and creative people around the world. Since 1978, the brand has been synonymous with distinctiveness and provocation, thanks to its unique design and exclusive color combinations. A union between a piece of art and a consumer product, frames to see as well as to be seen.

Costa. Over 35 years ago, a group of anglers created Costa Sunglasses to stand up to the harsh light, unforgiving salt and rough conditions of a day at sea. The gear they made was up to the task, and it has been on the water ever since. Today, Costa combines superior 580 lens technology with unparalleled fit and durability to make the highest-quality premium sunglasses and prescription sunglasses for adventures wherever there is water. They are dedicated to sustainability and conservation, working hard to protect the waters they call home. From the use of sustainable materials to their Kick Plastic initiative, OneCoast Foundation and strong partnership with shark research organization OCEARCH, Costa inspires its community to help protect the earth's waterways and #SeeWhatsOutThere.

Native Eyewear. The Native Eyewear story began in 1998 with a small group of outdoor athletes and an essential challenge: "How do you make technical, durable eyewear cost less?" More than 20 years later, that foundation is still rooted in all that the brand does. Native Eyewear is a feature-packed outdoor brand that brings approachable, premium polarized sunglasses to outdoorsy men and women during the most active years of their lives.

Luxottica. Launched in 1967, the Group's original line best conveys the experience and tradition that are at its core.

Sferoflex. Sferoflex, which joined the Group's portfolio in 1981, gets its name from the patented flexible hinge enabling the temples to conform to the shape and size of the face, thus increasing the resilience of the frame itself and ensuring the perfect fit.

Bolon. Established in Greater China in 2003, Bolon is one of the best-known sunglass and frame brands in Greater China and has been part of the Group's eyewear portfolio since the acquisition of Xiamen Yarui Optical in 2013. At the forefront of fashion, craftsmanship and design, Bolon celebrates self-expression and the importance of identity. Recognized for its influence in fashion and growing reputation in the industry, it draws inspiration from the new leaders of today with high-fashion ambassadors. Bolon constantly challenges and leads fashion trends by producing the widest and finest array of products to cater to all tastes.

Molsion. Molsion also enjoys a position as a leading brand in Greater China and became part of the Group's portfolio in 2013, following the acquisition of Xiamen Yarui Optical. Drawing inspiration from design, art and pop culture, Molsion is a fashion-forward brand for young generations. Designing eyewear pieces that acknowledge fashion trends and favor fashion, fun and flare for modern and innovative styles, Molsion targets an audience of free thinkers with modern consciousness who dare to be different and break social norms.

With leading global optical retailer **GrandVision** now part of EssilorLuxottica, its exclusive brands also entered the Group's eyewear portfolio. An overview of these brands follows.

Heritage. Heritage is synonymous with iconic and sophisticated high-end products, designed with skilled know-how and superior craftsmanship for connoisseurs in search of timeless elegance.

Sensaya. Designing a range of stylish and sophisticated luxury frames for contemporary aesthetes and high-fashion lovers, Sensaya aims to inspire consumers and enable them to add something extra to the ordinary, turning everyday life situations into remarkable moments.

Miki Ninn. Miki Ninn is a premium trendy and fashionable brand. Designing easy-to-wear fashionable styles with trendy shapes and fresh colors, Miki Ninn targets an audience of consumers who like playing with their identity and expressing it spontaneously through the accessories they wear.

DbyD. Committed to a more sustainable and universally accessible future, DbyD designs essential and functional eyewear made with respectful and innovative materials for pragmatic consumers who aim to do more with less.

Unofficial and **Seen.** The mission of both the Unofficial and Seen brands is to become the eyewear of choice for the growing group of fashion-savvy consumers looking for functional, modern, quality and stylish optical and sun frames to express all facets of their personality.

In 2010**,** the Group also broadened its scope of activities in the optics world with the acquisition of FGX International, the North American leader in non-prescription reading glasses mainly sold in mass retailers, pharmacies, specialty retailers (including travel retail brands), optical stores and department stores. With the acquisition of FGX International, **Foster Grant**, the leading reading glass brand in the world(1), became part of the Group's brand portfolio. Launched in 1929, the iconic American eyewear brand features high-quality, modern readers, and blue-light glasses that help consumers care for their eyes and express themselves with personalized style. The Foster Grant spirit of innovation, style and originality is as strong as it was more than 90 years ago, and what made the brand a visionary continues to fuel its originality today.

Licensed brands. Designer lines are produced and distributed through license agreements with major fashion houses. These agreements are exclusive, global contracts that have terms of between three and 15 years and may contain options for renewal. Under these license agreements, the Group is required to pay a royalty ranging from 6% to 13% and a mandatory marketing contribution of between approximately 4% and 12% of net sales of the related collection. Prada is one of the most significant licenses in EssilorLuxottica's eyewear brand portfolio as measured by total sales. In 2022, sales generated through the Prada, Prada Linea Rossa and Miu Miu brand names together represented approximately 2% of the Group's sales.

EssilorLuxottica's licensed eyewear brands include:

Armani Group. The shared history of EssilorLuxottica and the Armani Group dates back to 1988, when Luxottica's founder and late Chairman Leonardo Del Vecchio teamed up with Armani's founder and Chairman Giorgio Armani to bring Armani-branded eyewear, using the best materials and highest-skilled craftsmanship, to the global market. This collaboration, renewed in 2022 for 15 years effective January 1, 2023, revolutionized the eyewear industry, transforming eyeglasses from a necessary medical device into a fashion accessory and symbol of personal style.

Armani Group includes **Giorgio Armani, Emporio Armani** and **Armani Exchange**.

Founded in 1975, Giorgio Armani stands out for its unique and unmistakable image, its clean, sophisticated design, superior materials and timeless elegance; these elements have been associated with the brand since its creation and are seamlessly reflected in its eyewear styles.

Launched by Giorgio Armani as a pioneer line in 1981, Emporio Armani has a strong experimental and metropolitan style, reflecting all the characteristics of elegance typical of the Armani esthetic, depicted in a current and incisive language. The iconic eagle logo continues to be a symbol of belonging and sharing, a meeting point that leaves room for freedom of expression. The innovative and colorful designs in its eyewear are of course distinguished by contemporary lines, shapes and materials.

In 1991, Giorgio Armani had the intuition to create a fast, affordable metropolitan clothing line for young generations or those with a young mindset. With A|X Armani Exchange, the spirit lives on today in apparel and accessories that race forward to an urban drum keeping the quintessential effortlessness and active stance of Giorgio Armani's DNA alive. Modern, bold shapes in original shades reflect contemporary design with stylish details.

Brooks Brothers. Characterized by classic design, comfort and attention to detail, Brooks Brothers eyewear collections reflect the American brand's iconic style and craftsmanship, delivering high functionality and quality. The original license agreement was signed in 1992.

Brunello Cucinelli. The company based in the ancient hamlet of Solomeo, near Assisi in Italy, is the expression of an exclusive prêt-à porter proposal and a sophisticated concept of contemporary lifestyle. Manual skills, craftsmanship and 'Made in Italy' represent the pillars of the collection's offer. Attention to detail, creativity and exclusivity will define the first eyewear collection signed by Brunello Cucinelli, representing a unique combination of beauty and Italian style.

Bulgari. Under license since 1997, Bulgari, the great Italian jeweler and master of colored gemstones of international renown, represents one of the most exclusive eyewear brands. Contemporary design, unique styles and glamorous details are combined with superior quality. This brand is positioned as jewelry for the highest segment of eyewear, with luxury Italian craftsmanship and bold style. Bulgari eyewear features precious materials, with gold plating, gemstones and crystals as well as enamel embellishments, and is carefully crafted into timeless designs.

Burberry. Since its creation in England in 1856, Burberry has been synonymous with design, craftsmanship and innovation. Now Burberry has become a leading fashion luxury brand with a global business and a distinctive British identity. The eyewear collection, under license agreement since 2006, is inspired by the brand's innovative ready-to-wear and accessory collections, and incorporates recognizable iconic elements for both men and women.

Chanel. Chanel glasses are the quintessential fashion accessory, adding a finishing touch to any silhouette. From contemporary to iconic styles, its designs demonstrate the know-how and creativity of Maison Chanel. Each eyewear collection embodies Chanel icons, attention to detail, use of noble materials, timeless elegance and refined design.

Coach. Founded in 1941 as a family-run workshop in a Manhattan loft, Coach has grown into a leading American fashion brand for women and men around the world. Under license since 2012, the Coach eyewear collection perfectly expresses effortless New York style and authentic American heritage.

(1) Euromonitor International Limited, Eyewear 2022 edition, retail value RSP in the US, 2020 data.

Dolce&Gabbana. Dolce&Gabbana is a luxury brand that draws inspiration from the roots and authentic values of its own DNA: Sicily, sensuality and sartorial ability. Dolce&Gabbana's essence lies in its contrasting yet complementary features. The eyewear collection, under license since 2006, is characterized by sophisticated and elegant shapes, prestigious materials and refined details.

Ferrari. Ray-Ban has adapted its eyewear expertise to the racetrack with a comprehensive range of sunglasses and eyeglasses designed for the F1 Greatest Of All Time (GOAT) team Scuderia Ferrari. Using state-of-the-art technology, the unique range mirrors the aerodynamic design methodology of Scuderia Ferrari cars. Cutting-edge materials provide retro classics with a racy new lease on life, while an unmistakable color palette of blazing Ferrari red and Modena yellow is used for a striking effect.

Michael Kors. Michael Kors is a world-renowned designer of luxury accessories and ready-to-wear collections. His namesake company, established in 1981, offers glamorous, sophisticated style for the consummate jetsetter. Every new Michael Kors eyewear collection reveals the designer's unfailing eye for timeless chic.

Prada Group. Under license since 2003, the Prada Group includes **Prada Eyewear**, **Prada Linea Rossa** and **Miu Miu** Eyewear collections.

Prada represents the best of Italian culture and tradition. It is one of the most innovative, prestigious and widely recognized brands in the fashion and luxury goods industry, with a keen attention to detail and creativity. Prada Eyewear reflects this approach with unmistakable style, ahead of styles and trends, refined elegance and uncompromising quality. The Prada collection also includes Prada Linea Rossa, which is the perfect fusion of innovative technology and modern luxury, where streetwear influences and sportwear inspirations are combined.

Miu Miu is the most free-spirited representation of Miuccia Prada's creativity. Miu Miu Eyewear is irreverently sophisticated and characterized by a cutting-edge style that evokes a sense of freedom and intimacy for women driven by a modern spirit of exploration and experimentation in their choices.

Ralph Lauren. Under license since 2007, Ralph Lauren includes **Ralph Lauren**, **Polo Ralph Lauren**, **Ralph Eyewear** as well as **Chaps**.

Ralph Lauren has made his mark on the fashion world with his all-American collections for men, women and children. Today, his signature themes – Hollywood romance, town-and-country heritage, rugged Western sensibility, cosmopolitan city-chic and Art Deco glamor – extend into the world of Ralph Lauren eyewear. With sleek modernity and classic timelessness, each Ralph Lauren pair is a refined expression of the designer's legacy of sophisticated elegance.

Representing Ralph Lauren's iconic sporty style, Polo Ralph Lauren celebrates an active, athletic spirit for men, women and children. Colorful and vibrant, Polo Ralph Lauren is the enduring symbol of a modern-day American lifestyle: easy, energetic, young and cool.

Ralph Eyewear is the youthful, feminine, fashion-forward line of the Ralph Lauren Group, featuring modern looks, timeless icons and trendy shapes that evoke a carefree sense of style.

Chaps celebrates traditional American style for the family, delivering classic collections updated for modern lifestyles with a spirit of adventure. The brand stands for accessible quality, living life in the moment and purposeful design over perfection.

Starck Biotech Paris. Starck Biotech Paris joined the Group's portfolio as part of the Alain Mikli acquisition in 2013. Its unique collection celebrates minimalism and innovation through an exclusive technological revolution: the heart of the product is the patented Biolink, a screwless hinge modelled on the human clavicle, which allows a full 360-degree movement for increased comfort and durability with biomechanics at the service of vision. The year 2019 marked a milestone in Philippe Starck's natural development and his ongoing pursuit of innovation and harmony with the body thanks to the launch of a revolutionary and exclusive new hinge in the Starck Biotech Paris collection: Sphere.

Swarovski. Swarovski is a place where magic and science meet. Founded in 1895 in Austria, the company designs, manufactures and markets high-quality crystals and gemstones as well as finished products such as jewelry and accessories. The Swarovski Eyewear collection, inspired by the brand's jewelry families, combines Swarovski's creativity and savoir-faire with the knowledge and expertise of EssilorLuxottica and it will be launched in time for the FW23 season.

Tiffany & Co. Founded in New York City in 1837, Tiffany & Co. is one of the world's premier jewelers and America's luxury design house. An iconic brand with a rich heritage, Tiffany has defined style with its visionary artistry, innovative craftsmanship and imaginative wit. In 2008, the Group became Tiffany's first eyewear licensee and has produced optical styles and sunglasses for the jeweler. Much like the collections it draws inspiration from, Tiffany & Co. eyewear celebrates beautiful design and expert craftsmanship.

Tory Burch. Founded in 2004 in New York City, Tory Burch is an American luxury brand known for beautiful, timeless pieces and rich storytelling that evokes optimism and joy. Tory is a fashion designer who draws inspiration from her parents' effortless style, the worlds of travel, art and interiors, and women globally. Empowering women is the company's guiding principle, underpinning its design philosophy and company culture, and driving the work of the Tory Burch Foundation.

Versace. Founded in 1978 in Milan, Gianni Versace S.r.l. is one of the leading international fashion design houses and a symbol of Italian luxury worldwide. It designs, manufactures, distributes and retails fashion and lifestyle products all bearing the distinctive Medusa logo. Donatella Versace has been Artistic Director of Versace since 1997 and has steered the brand into the 21st century. Today, Versace represents its heritage through its strong and fearless designs, while addressing a new global audience that continues to strengthen Versace's position in contemporary culture. In 2019, Gianni Versace S.r.l. joined Capri Holdings Limited, forming a new global fashion luxury group with Michael Kors and Jimmy Choo. The eyewear collection, under license since 2003, is characterized by high-end materials as well as a recognizable design esthetic. Versace Eyewear pairs contemporary shapes with distinctive brand codes.

1.4.6 Go-to-market

EssilorLuxottica's global distribution network, including direct to consumer brands and a Professional Solutions network of third-party stores, is one of its core strengths. It extends to both developed and emerging markets, where the Group has made substantial investments over the last few years.

EssilorLuxottica's efficient distribution network makes it possible to maintain close contact with its customers while maximizing the visibility of its brand portfolio. In addition, the Group's expertise in the direct to consumer business has given it a unique understanding of consumer needs and tastes in key countries. All of this helps the Group achieve the strategic optimization of brand diffusion, for both its proprietary and licensed brands.

1.4.6.1 Professional Solutions

Bringing together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, EssilorLuxottica delivers on the power of its combined organization and fully integrated approach to eyecare and eyewear. The Group offers its end-to-end range of iconic frames, advanced lens technologies, instruments and digital solutions to over 300,000 third-party eyecare professionals, ranging from independent opticians to third-party e-commerce platforms, optical retail banners, specialty sun retailers, sport channels offering Oakley and Costa branded apparel, footwear and accessories (AFA), department stores and duty-free shops.

In 2022 the Professional Solutions[(1)] segment accounted for 48% of EssilorLuxottica's turnover. Divisional performance was driven by EssilorLuxottica's unique combination of world-class, loved and trusted vision care and eyewear brands as well as the Group's ability to accelerate category growth and innovation deployment, investing in cross-channel (i.e., phasing the sun cross-channel journey in sport channels in several EMEA countries) and cross-category opportunities (i.e., across instruments and lenses with the introduction of a new in-store eyecare consumer journey to best serve patient needs).

Last year, the Group continued strengthening its customer-centric organization with dedicated partnerships and development programs as well as best-in-class services to elevate customer practices and give them an edge, including:

- **EssilorLuxottica 360**, a program designed to drive total practice growth for independent eyecare professionals (ECPs). Covering frames, lenses and instruments, it supports them in all their needs as business owner: visibility, traffic, sellout, productivity and business development. The EssilorLuxottica 360 program has been deployed in over 5,000 stores in North America, more than 3,000 stores across 13 countries in EMEA and nearly 2,000 stores in Brazil by the end of 2022, driving value for both lenses and frames.
- **Essilor Experts**, a partnership designed to give an edge to independent eyecare practices by strengthening their expertise in vision health. It offers a suite of lens and instrument-focused benefits, including exclusive advertising, digital marketing services, advanced training and access to lens personalization technologies. The partnership reached over 12,000 stores by the end of 2022, with Essilor Experts partners delivering stronger sales growth and a better mix of the Group's branded products than non-partners.
- **Alliances**, made up of independent ECPs across the US, including Vision Source, PERC/IVA (Professional Eyecare Resource Co-operative/Infinite Vision Alliance) and Opti-Port. These platforms, each with their own unique model, offer innovative solutions and expanded business tools to achieve optimal value for memberships of approximately 11,000 professionals while accelerating industry growth.
- **STARS**, the highest expression of partnership between EssilorLuxottica and its professional solutions customers leveraging the Group's knowledge of local markets and brands to deliver fresh, high-turnover products and maintain optimal inventory levels at each point of sale. The program is aimed at maximizing sellout, directly managing assortment advisory, planning, automatic replenishment and brand visibility for the Group's eyewear products in store, using *ad hoc* systems, tools and state-of-the-art planning techniques. Introduced in 2002, last year STARS served approximately 14,000 stores in major European markets, the US, the Middle East, Latin America, Japan and emerging markets by the end of 2022.

Drawing on its long-lasting conviction that education is a key lever to shape the future of eyecare and eyewear, the Group continues investing in **Leonardo**, EssilorLuxottica's learning platform dedicated to the eyewear and eyecare industry. The platform is accessible to all EssilorLuxottica employees and partners, as well as eyecare professionals at every level and in every role, aiming to support industry growth through the development of its greatest resource – people. In the US, last year a premium section was also launched featuring business and practice management courses, as well as continuing education courses approved by the American Board of Opticianry (ABO) and a series of Masterclasses, including the first Leonardo certification on Myopia. In 2022, Leonardo delivered more than 380,000 hours of education to the Group's customers.

(1) It represents the wholesale business of the Group, including the supply of its products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry.

Giving eyecare professionals an opportunity to differentiate themselves and provide added support around an enhanced patient experience, the Group continues to bring its digital revolution to professionals offering them access to its **breakthrough digital and innovation-driven technologies**. These include digital tools that connect the Group's operations to its customers and consumers, and digital support for eyecare professionals that help grow their practices and elevate the patient experience. Over the last few years in particular, EssilorLuxottica innovated the way eyewear collections are presented to customers in its showrooms around the world. In 2019, the Group introduced Red Carpet, a 'digital showroom' platform that offers an interactive and immersive experience to discover EssilorLuxottica's vast eyewear portfolio along with digital previews through high-definition renderings and navigable 360-degree technology as well as multimedia content inspired by brand campaigns and storytelling. In 2021, the Group took another step in its digital transformation and embraced a full digital strategy on top of the phygital one, through the rollout of a new Red Carpet version for digital sales events. This allowed customers to live the brand experience to its fullest, while supporting the sales force in a remote selling session. While EssilorLuxottica continues to innovate its digital sales force support tools, it is also further integrating and optimizing its B2B digital sales channels with the recent launch of My.EssilorLuxottica.com to provide customers with a direct, 24/7 digital connection to the Group's supply chain and business services.

Other game-changing shopping experiences include Smart Shopper, an in-store digital tool that allows consumers to explore the Group's potentially endless collections and brands, and try on any frame in the catalog virtually thanks to augmented reality and advanced proprietary virtual try-on technologies. Product customization services (such as Ray-Ban Remix and Oakley Custom) within Smart Shopper serve consumers craving a more personalized experience. In 2022, approximately 5,000 Smart Shoppers were present in the Group's customers' stores all over the world. In addition to Smart Shopper and Virtual Try-on, new digital experiences have been recently introduced. They include Frame Advisor, which helps professionals choose the frame that best matches the wearer's physical traits and, in the field of lenses, Lens Simulator to support opticians in proposing the best ophthalmic solutions. This is facilitated with the use of new advanced features, including lens comparison, interactive simulations, 'See-through' technology and dynamic 3D renders, which are highly beneficial for eyecare professionals, also in terms of upselling. As the first to provide the optical industry with large-scale digital window technology to engage consumers, EssilorLuxottica has also established itself as one of the largest private digital broadcasters with around 13,000 digital windows installed in customer optical practices around the world.

EssilorLuxottica also counts among its partners third-party e-commerce platforms and independent distributors who provide vision care to remote and rural communities in underserved regions, with the Group's Sustainable Programs division continuing to find new and sustainable ways to provide vision care to underserved populations without access to conventional distribution channels. These programs, which train unemployed people at the base of the pyramid to become vision care entrepreneurs for their communities, include Eye Mitra in India and Bangladesh, Mitra Mata in Indonesia, Eye Partners in Greater China and readers access points in Cambodia. Through these Sustainable Programs activities, the Group has created awareness and access in small towns by structuring informal optical channels, including some without any physical shops, with skills training and marketing support as well as access to the Group's products and supply chain.

1.4.6.2 Direct to Consumer

The Direct to Consumer business represents the Group's retail business, including the supply of EssilorLuxottica products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar activities) or online channels (e-commerce).

In 2022, Direct to Consumer activities continued to grow. This was driven by new cross-channel opportunities to increase customer convenience and new cross-brand initiatives (i.e., in North America both the Sunglass Hut and LensCrafters direct to consumer footprint had a larger buy-online-ship-to-store offer) to enhance direct to consumer services in both the online shopping journey and the online prescription experience, thanks to the Group's extensive retail network. Last year, cross-channel and cross-brand opportunities were made available on pure e-commerce platforms such as Glasses.com and Contactsdirect, providing superior service to e-commerce consumers and adding a human touch in a pure digital experience.

Over 3,700 stores are involved in the Group's omnichannel program worldwide, committed to offering a full omnichannel customer experience with new in-store processes and journeys. Premium and faster services are now offered as same day Buy-Online-Pick-Up-To-Store and same day delivery at home through Ship-From-Store as well as Return-In-Store service, which is now also available in cross-banner mode (i.e., in North America LensCrafters stores are able to handle e-commerce return requests from other EssilorLuxottica's banners becoming a central point of reference and support for all consumers who shop the Group's brands in the US). Improvements to online appointment booking services (such as frame-reserve-online and try-in-store) and the integration of an external eye exam appointment platform provide a seamless experience for prescription consumers.

1.4.6.2.1 Brick and mortar activities

With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group expanded its direct to consumer footprint in EMEA and strengthened its reach in Latin America, consolidating its presence in eyecare and eyewear on a global scale, presenting an opportunity for the Group to engage more effectively with consumers.

With a strong portfolio of retail brands, EssilorLuxottica is well positioned to serve consumers around the world with the latest designer and high-performance frames, advanced lens technologies, innovative eyecare, everyday value and high-quality vision care health benefits. As of December 31, 2022, EssilorLuxottica's Direct to Consumer business consisted of 13,383 stores and 4,304 franchised locations.

EssilorLuxottica's retail stores not only sell prescription frames and sunglasses that it manufactures but also a range of frames and ophthalmic products manufactured by third-party companies.

An overview of EssilorLuxottica's retail brands follows below:

Sunglass Hut. Founded in 1971 as a small kiosk in a Miami mall, Sunglass Hut has grown into one of the world's leading destinations for the most sought-after high-quality sunglass brands. Stores can be found in fashionable shopping districts across the globe, from the Americas, Europe and the Middle East to Australia, South Africa, Greater China, Southeast Asia and beyond. Sunglass Hut provides consumers with a fun, highly engaging shopping experience. It also offers a consistent and connected experience across all consumer touchpoints, including online, in-store, social and mobile, as well as uses in-store digital tools like Smart Shopper to provide access to an 'endless aisle' range and customized products in every store location. As part of this strategy, the brand is investing in the digitalization of the in-store shopping experience, particularly in North America, Brazil, the UK and Australia. In 2018, Sunglass Hut signed an agreement with Bass Pro to open Sunglass Hut shop-in-shops within Bass Pro and Cabela's 170 locations across North America. In 2022 it entered Mexico's high-luxury segment with the successful store openings in Palacio de Hierro.

LensCrafters (North America, Greater China). Founded in 1983, LensCrafters pioneered a revolutionary concept to combine eyecare, eyewear and onsite labs to craft glasses in about an hour. Today, LensCrafters is one of the largest optical retail brands in North America, with many stores located in high-traffic commercial malls and shopping centers. A wide selection of premium and luxury optical frames, sunglasses and high-quality lenses as well as optical products made by EssilorLuxottica and other suppliers are available in most locations. Each location has an experienced Doctor of Optometry, either independent or employed, who is focused on building patient relationships. All of the stores have access to the Group's state-of-the-art lens processing network with the ability to craft, surface, finish and fit lenses. As part of its underlying commitment to consumer satisfaction and industry innovation, LensCrafters has made significant investments in technology and continued its digital transformation to strengthen and enhance the consumer omnichannel experience and digital eye exams using Clarifye at a growing number of locations. In 2006, the Group began to expand the LensCrafters brand in Greater China by acquiring and then rebranding local retail banners in Beijing, Shanghai, Guangzhou and Hong Kong.

Apollo (Germany). Apollo is a leading optical retail brand in Germany. Since its beginnings in the late 1960s, it has aimed to enrich people's lives with its services, and today it operates 900 stores in an omnichannel concept that strives to inspire its consumers, providing satisfaction with outstanding optical services, professional advice and high-quality products.

Vision Express (the UK, Ireland, Bulgaria, Poland and Hungary). Established in 1988 in Gateshead, England, Vision Express pioneered a revolutionary concept to combine eyecare, eyewear and onsite labs to craft glasses in about an hour. The brand expanded rapidly through organic growth and acquisitions, and today operates over 800 locations across the UK and Ireland. A leader in the national optical industry, Vision Express also opened its first store in Poland in 1994 as a medical company, and now enjoys nationwide coverage with ophthalmologists and optometrists to deliver advanced medical services. In Poland, it operates a mid-high market second banner, **Trendy Opticians**, offering a large selection of international brands. Vision Express launched in Hungary in 1996, and is now the second-largest optical brand in the country, with stores offering one-hour service, and omnichannel experience having existed since 2017 with a sunglass webshop. In 2008, Vision Express opened in Bulgaria with the acquisition of the local Optik Matt optical brand, and it currently operates 10 stores, four of which are located in Sofia.

Target Optical (North America). With the acquisition of Cole National in 2004, Target Optical, a licensed brand operating within its host stores, became part of the Group retail network. The brand offers consumers the convenience of taking care of their optical needs, while shopping at their preferred retailers.

MasVisión (Spain, Argentina and Mexico). Founded in 1996 in Valencia, MasVisión has grown to become a leading optical retail banner in Spain, Argentina and Mexico. Its mission is to be the retailer of choice for a growing group of fashion-savvy consumers who have come to expect accessible quality, outstanding service and value.

Pearle (the Netherlands, Belgium and Austria). Before the brand Pearle existed, Alfons Hamer started his first optical store in 1959 in the Netherlands, with the dream of making eyesight solutions accessible to the largest possible audience. His stores, called Brilmij, started a revolution in optical retail by displaying glasses on pins so consumers could choose their favorite frame by themselves. Brilmij grew to become the largest optical retail brand in the country, and since 1983 the brand has also expanded its business in Belgium. As of 1990, the stores continued under the name Pearle Opticiens founded by Dr. Stanley Pearle, who just like Alfons Hamer, had a strong belief that good eyecare and eyewear should be easily available for everyone, despite age, income or background. In Austria, Pearle was founded in 1977 and is the leading optical retail brand in the country since 2015, offering consumers a wide range of high-quality exclusive and designer brand frames, sunglasses and contact lenses with the goal of being the best choice on the market.

GMO (Latin America). GMO is an optical market leader in Latin America that became a part of the Group in 2011, following the acquisition of Multiópticas Internacional. Since its beginnings in the late 1990s, GMO has developed a reputation for optical retail excellence among consumers in Chile, Peru, Ecuador and Colombia.

Générale d'Optique (France). Founded in 1993, Générale d'Optique has grown to become one of the leading optical banners in Metropolitan and Overseas France. Its mission is to establish itself as the retailer of choice for the growing number of savvy consumers who have come to expect quality products, exceptional service and value. Since its creation, the brand has been considered as the disruptive player on the French optical market, with 680 stores offering a large selection of private labelled eyewear to suit all tastes, ages and lifestyles without having to compromise on functionality and design.

OPSM (Australia and New Zealand). OPSM is a leading eyecare and eyewear retailer in Australia and New Zealand with more than 85 years of history and close to 400 stores. Through its world-class technology and exceptional service, OPSM's goal is to set a new standard of eye health and eyecare. In addition to its eyecare services, OPSM is renowned for its exclusive range of optical frames and sunglasses from international brands.

Atasun Optik (Turkey). With the integration of GrandVision, Atasun Optik, an optical market leader in Turkey, became part of the Group retail network with over 320 stores in 2022. Established in 2007, the brand's mission is to help people see better and be seen better, while offering a unique shopping experience thanks to its Atasun Plus loyalty program and after-sales services as well as 24/7 support.

Oakley "O". Oakley "O" stores worldwide offer an immersive brand experience with athlete brand ambassadors, technology, design and innovation, tailored for the best consumer omnichannel journey – physical and digital integrated touchpoints, while always being supported by trained and experienced in-store staff. The brand extended its monobrand retail network to over 370 stores worldwide, offering a full range of Oakley products, including sunglasses (also custom), prescription glasses, goggles, apparel, footwear and accessories. Oakley "O" stores are the final destination for Oakley sport communities and are located in major cities and shopping malls.

Ray-Ban. In 2022, Ray-Ban extended its monobrand retail network to approximately 250 locations worldwide, bringing the unique brand DNA and experience to new consumers in top cities and locations. Building on an already consolidated global presence in key cities such as Milan, Paris, London, Madrid, New York, Shanghai and Tokyo, the brand reinforced its presence with more than 20 strategic store openings across all markets. Each store offers a premium experience enriched by new omnichannel services and digital tools. The offering includes exclusive products, pre-releases and consumer activations that create a fully immersive Ray-Ban experience.

Salmoiraghi & Viganò (Italy). Founded in 1974 by the merger of two brands that were started respectively by Angelo Salmoiraghi and Angelo Viganò in the mid-nineteenth century, Salmoiraghi & Viganò is an Italian premium optical retail brand. The key principles on which the company was founded are relevant today and include innovation, consumer experience, service and quality products. Its nearly 280 stores stock a wide assortment of optical and sun eyewear premium and luxury international brands and offer the best selection of lens brands.

Synoptik (Denmark, Sweden and Germany). Founded in 1931, Synoptik operates more than 100 locations in Denmark. In 1991, the brand extended its business in Sweden and grew by acquiring Din Optiker and Ögat 10 years later. Today, Synoptik has nationwide coverage in Sweden, and is well-known for offering high-quality products and services with a mid-high market position, focusing on eye health and providing extended eye exams for all consumers in its close to 250 stores. Synoptik is fully represented on the global e-commerce platform selling mainly sun products. With the acquisition of Smarteyes in 2022, it has a comprehensive offering with two complementary brands and a strong base for expansion. Founded in 2007, **Smarteyes** operates approximately 100 stores in Sweden, Germany and Denmark. The retail brand's mission is to make great design and professional eyecare accessible for all, and its vision is to become the most recommended optician.

GrandOptical (France, Iberia, Czech Republic, Greece, Cyprus, Slovakia and Portugal). When the first GrandOptical store opened in Paris in 1989, a revolutionary concept was launched on the French eyewear market: collect prescription glasses only one hour after purchase. By year end, five new stores were opened iaround Paris serving the mid-high market segment and offering consumers a large choice of the best international brands, including luxury, as well as high-quality and professional services. In 1995, GrandOptical went international with a store in Barcelona, before extending its activities to other countries, including Portugal (1997), Czech Republic (1999), Greece (2004), Cyprus and Slovakia (2008).

Optical House (Ukraine). A strong leader in the Ukrainian optical direct to consumer and professional solutions market, Optical House operates over 220 stores, largely through its main banner Luxoptica, as well as luxury banners Spex and MY I. **Luxoptica** has become one of the flagships in Ukraine's retail industry as a whole, growing the optical industry in the country as well as providing high-quality professional services, products and customer care.

GrandVision (Brazil and Italy). Founded in 1920 in São Paulo, **GrandVision by Fototica** is a Brazilian retail brand with a regional presence in six Brazilian states, and since 2019 it gained national reach thanks to its e-commerce implementation. The company was founded with a strong focus on consumer experience, and high-quality eyecare products and services. Innovation is also part of its DNA, with omnichannel strategy and digital transformation at the core of local initiatives to deliver a best-in-class shopping experience. **GrandVision by Avanzi** entered the Italian market in 1999 with the acquisition of Ottica Avanzi and was boosted in 2014 with the acquisition of Gruppo Randazzo adding **GrandVision by Optimissimo**. Part of GrandVision Italy since 2014, **Corner Optique** operates as an optical concession inside 82 department stores across the country.

Mujosh (Greater China). Established in 2010, Mujosh is a cutting-edge fashion eyewear brand created for young people, with over 600 stores located in shopping malls and department stores across Greater China. It offers on-trend collections with specially designed in-store experiences for young consumers looking for affordable fashion. This dedicated brand has an attitude of its own to encourage young people to break free from conventional patterns and showcase who they are.

Pearle Vision (North America). Acquired in 2004, Pearle Vision is one of the largest franchised optical retailers in North America. Built around the neighborhood doctor, Pearle Vision allows local business operators to provide trusted eyecare to their patients with the support and resources of the Pearle Vision brand.

MultiÓpticas (Portugal). In 1988, MultiOpticas disrupted the national optical market with the democratization of eye health services and eyewear. Originally a Spanish company, operations in Portugal were acquired by Pearle Europe in 2001, and focus was put on helping Portuguese consumers take care of their eye health. With close to 220 locations, MultiÓpticas provides the best offers, a wide selection of options and outstanding consumer experiences as well as omnichannel and digital transformation to deliver best-in-class consumer services.

Aojo (Greater China). Established in 2013, Aojo is a leading eyewear brand in Greater China. It has glasses categories spanning frame glasses, sunglasses, presbyopia glasses and computer glasses, fully covering the market demands. With its 320 stores, Aojo is the 'lifestyle partner' in vision care, offering an enriched service and experience to family and friend-oriented consumers.

Bolon (Greater China). Established in 2003, Bolon is a trendsetting brand in the eyewear industry, with over 200 stores located in Greater China providing consumers with high-quality products, outstanding design and excellent craftsmanship that appeal both esthetically and experientially.

Óticas Carol (Brazil). Óticas Carol, which was founded in 1997 with the goal of satisfying the needs of Brazilian consumers in the eyewear sector, is one of Brazil's leading optical retail brands. Óticas Carol became part of the Group in 2017, and its mission is to provide the best platform for the sustainable growth of its franchisees, offering its consumers excellent optical services and products.

Ópticas Lux (Mexico). Ópticas Lux was founded over 80 years ago in Mexico City by Alfredo Santos who set his store apart by offering a wide variety of products and superb consumer service. Today, with more than 160 stores across the country, Opticas Lux is the undisputed leading optical retail brand in Mexico with a reputation for offering the most complete and professional eye exams, outstanding service and the best range of top brands in the world. Opticas Lux manages its own laboratories and trains all its optometrists at its own university – the only one operated by a retail company and certified by the Education and Health Ministries – therefore ensuring the best quality for its products and services.

Ópticas Visión (Costa Rica and Nicaragua). Founded in 1959 and part of the Group since 2015, Ópticas Visión has built a strong place in the local market becoming a leader in the optical business for its technology, number of direct to consumer stores and customer service.

Instrumentarium (Finland and Estonia). Instrumentarium became a part of the Group's retail network in 2021, following the integration of GrandVision. Founded in Finland in 1901, Instrumentarium is the market leader in the optical field for products and eye health expertise. It focuses on the mid-high market segment, and combines extensive eye health solutions with a large superior product range, pioneering online eye testing from Easee since 2020.

For Eyes (North America). The roots of the For Eyes brand date back to 1972 when three hippies decided to open an optical store in Philadelphia with the dream of making eyewear accessible to all. While it started as a high-volume reseller, today For Eyes has proudly grown its digital presence and expanded to close to 110 brick and mortar locations across the US and Puerto Rico, with a strong focus on consumer experience excellence and high-quality products.

Optica2000 (Spain). Founded in Barcelona in 1976, Optica2000 has always focused on high-value products and services, being the first banner in Spain to specialize in multifocal lenses as early as 1979. After opening a successful first shop in the El Corte Inglés department store in 1980 led to fast expansion, the brand was integrated in 2019.

Solaris. Founded in Paris in 1994, Solaris is a leading sunglass retailer committed to bringing the ultimate sunglass selection to consumers around the world. From classic and fashion to luxury and sport performance, Solaris delivers the latest fashion trends, current best-sellers, innovations and cutting-edge technologies in the sunglass market. Today Solaris is present in more than 40 countries, has over 4,200 points of sale in Argentina, Belgium, France, Italy, Mexico, the Netherlands, Turkey and the Middle East. The brand operates through a four-channel strategy with Solaris present in optical stores, dedicated stand-alone Solaris stores, department store displays and pop-up shop concept shops.

Ofotert (Hungary). Founded in 1949, Ofotert operates over 100 stores throughout Hungary. Its main aim is to offer consumers not only the right product, perfect correction and vision but also confidence by advising them throughout the consumer journey with professionalism and attentive and empathic service.

Pearle Studio (Netherlands). Founded in 2022, Pearle Studio is a luxury label of GrandVision BeNeLux under the Pearle Opticians banner. It aims to provide its clients with good vision anytime and anywhere while making them look good too. The experts at Pearle Studio provide comprehensive personal advice when purchasing glasses, sunglasses or lenses, with a wide range of luxury branded frames. With nearly 100 stores, Pearle Studio offers high quality eyecare with certified eye experts, including opticians, optometrists and contact lens specialists.

David Clulow (UK, Ireland and Germany). Established in 1962, David Clulow has built a strong reputation for providing the highest standard of optical care and services, including sight tests, contact lens fittings, glasses, sunglasses and prescription sunglasses. In addition to optical stores, David Clulow operates as a sunglasses concession inside some of the most luxurious department stores, including Harrods, Selfridges and Brown Thomas. In 2021, David Clulow extended its business by opening its first store in Germany inside the KaDeWe department store in Berlin.

Lafam (Colombia). Established in 1970, Lafam has grown to become the leading optical retail brand in Colombia. Its mission is to be the retailer of choice for the growing group of fashion-savvy consumers who have come to expect quality, excellent service and value. Lafam is the only brand in the optical market to offer all eye health services, and it operates two state-of-the-art ophthalmology centers and one clinic specializing in refractive surgery. It opened its first eye clinic in 2000, and since then has successfully referred its consumers from its stores to its eye clinics.

LensMaster (Russia). LensMaster is the first modern optical retail brand in Russia, counting more than 90 stores in 2022. Established in 1998 in Moscow, the brand has a mid-high positioning that offers a superb in-store experience, convenient mall locations, highly qualified staff that consumers can trust, and a wide range of optical and sun brands.

Team Vision (North America). Established in 2022, Team Vision is a management services organization (MSO) investing in private practices and practice transitions across North America. It was created for independent eyecare professionals who are looking to transition their practice without sacrificing a focus on health-based patient care. The MSO assumes non-medical responsibilities of the practices it partners with, including product, inventory, staffing and marketing, allowing doctors to focus on patient care while choosing their level of involvement.

Visilab (Switzerland). In Geneva, Visilab began its journey in 1988 as the first optical brand in Switzerland with a "lenses in 1 hour" concept. After the Swiss French-speaking market, it expanded its activities into the Swiss German-speaking market in 1994 in Zürich. Visilab now operates approximately 80 stores covering the mid-high market and enjoys a good reputation for its consumer service, marketing and selection of international frame and sunglasses brands.

Brilleland (Norway). Founded in Oslo in 1985 with the aim of disrupting the eyewear market in Norway, Brilleland has strong brand awareness among Norwegian consumers. It is also the market leader in contact lens subscription services, performing among top retailers for consumer satisfaction.

McOptic (Switzerland). First opened in Olten, McOptic has grown to become a leading optical retail brand in Switzerland with a mission to become the retailer of choice for the growing group of fashion-savvy consumers expecting quality, excellent service and value.

Optical Center (Guatemala). Founded in Guatemala to provide consumers with excellent optometric health services, style, quality and value, Optical Center operates two banners, OCFYT and Miramás. Established in 1997, **OCFYT** was the first ophthalmological retail banner offering a large selection of branded sunglasses as an eye health concept, deep professional knowledge, state-of-the-art technology, and a dedication to consumer comfort and overall satisfaction. With its 60 Ópticas Exclusivas stores across the country, it has become one of Guatemala's leading optical retail brands.

Topsa Retail (Peru). Founded in 1967 as a laboratory offering high-quality services to independent optical stores and clinics, Topsa Retail operates two banners, Econolentes and Vision Center, with stores mainly in Lima and other large cities in Peru.

Econolentes aims to be the most trusted optical brand serving Peruvian families for their vision care needs, whereas **Vision Center** provides consumers with the latest trends in frames and sunglasses, breakthrough technology and the highest quality lenses and contact lenses.

Ópticas Place Vendôme (Chile). Ópticas Place Vendôme was founded in Chile in 1960 and currently has 60 stores throughout the country. The brand has great recognition among Chilean consumers for its long history in the market, and has always stood out for offering the best technology and latest designs.

Nissen (Finland). Founded in 1891, Nissen has over 50 stores nation-wide. The brand appeals to a younger consumer base seeking quick and easy service. Nissen is easily accessible throughout Finland, and is recognized for its quality consumer service, marketing campaigns, and selection of international frames and sunglasses brands.

EssilorLuxottica also operates luxury retail stores under the Oliver Peoples, Alain Mikli, Ilori Optical & Optical Shop of Aspen brands. **Oliver Peoples** and **Alain Mikli** exclusively sell Oliver Peoples and Alain Mikli-branded products, with stores located in the most cosmopolitan cities worldwide. **Ilori Optical & Optical Shop of Aspen** (North America) operates its stores in upscale and exclusive locations, and is known in the eyewear industry for its luxury prescription and sun eyewear and first-class customer service.

Robin Look (Germany). Robin Look is a German optical retail brand that has managed to establish itself as a leading local brand in recent years. Founded in Berlin in 2005, it now operates nearly 50 stores in Berlin, Saxony, Saxony-Anhalt, Thuringia, North Rhine-Westphalia and Brandenburg. The brand focuses entirely on prescription glasses and aims to provide high-quality products at reasonable prices.

Laubman & Pank (Australia). For over 110 years, Laubman & Pank has been the local eye health expert for communities in South Australia, Western Australia and Queensland. Renowned for its high level of professional care and personalized service, Laubman & Pank is the eye health expert for the whole family.

Spectacle Hut (Singapore). Spectacle Hut, acquired by the Group in 2018, has grown to become one of Singapore's largest optical retail brands. Its mission is to become the retailer of choice for the growing group of fashion-savvy consumers who have come to expect quality, exceptional service and value.

Mat Viet (Vietnam). Mat Viet is leading optical brand in Vietnam with close to 30 stores across the country. It became part of the Group in 2018, and since then it has developed a reputation for optical retail excellence among Vietnamese consumers by providing trusted eyecare service and a selective range of frames and sunglasses from international brands.

Kochoptik (Switzerland). Opened in 1909, Kochoptik has been able to continuously expand its business activities over the years, thanks to its high-quality products and excellent vision care services. In 2000, it was the first optical retail brand in Switzerland to develop vision analysis and introduce individual progressive lenses, positioning itself as a specialist in this segment. With 27 stores in the Zurich, Base, Bern, Lucerne and Winterthur area, Kochoptik is one of the leading premium optical retail brands in German-speaking Switzerland.

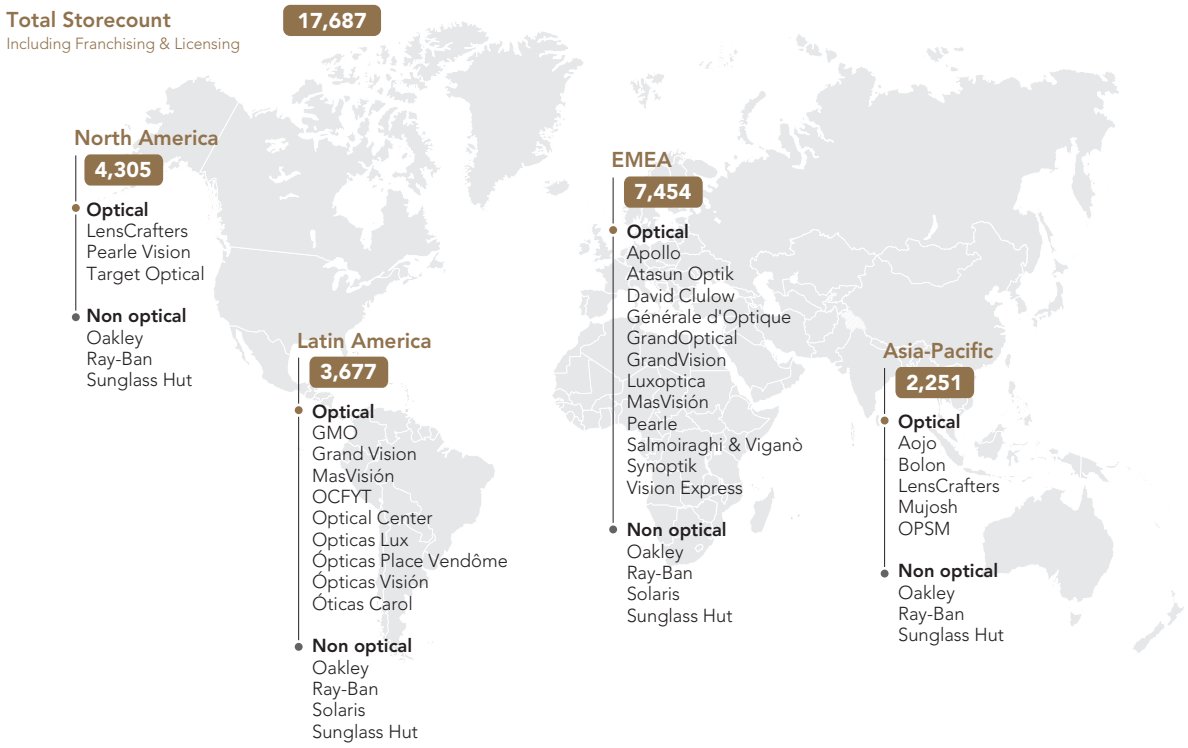
Interoptik (Norway). Originally a buying group for independent optical stores all over Norway, Interoptik was launched in 1984 and acquired by Pearle Europe in 2006, offering members a franchise agreement. Interoptik is an eye health expert delivering the best consumer service as well as high-end, premium-brand products in the optical market, with several Interoptik optometrists at the forefront of the optometric profession in Norway.

Molsion (Greater China). Drawing inspiration from design, art and pop culture, Molsion is a brand for the youth of today and the pioneers of the future. Never tired and always relevant, the brand offers products that give a nod to trends while embracing its unique perspective merging function, fit and flare.

John&Audrey (Germany). John&Audrey pays tribute to two style icons, John Lennon and Audrey Hepburn, whose eyewear has long been a cult classic. Focusing on design, style and trends, the mission of the brand is to show that glasses are much more than a mere visual aid and are a key element in showcasing one's personality.

Keops (Finland). Started in 1975, Keops is well-known for its high-quality, boutique-like stores and is positioned as a high-end optical retail brand. With three locations in Finland, it offers services that exceed consumer expectations, including hand-made designed glasses and extensive eye health services.

The Group operates one of the fastest-growing managed vision care companies through **EyeMed Vision Care**. It is the second-largest vision benefits company in the US, serving over 68 million members in large, medium and small-sized companies, and government entities. Its members are enrolled through employer-sponsored benefits sold directly by EyeMed or distributed by many of the largest and most-respected healthcare organizations in the US. EyeMed offers one of the largest networks of eyecare providers in the US, including a diverse range of independent practitioners and retail locations that include EssilorLuxottica optical retail locations.



Pure Online

North America
Clearly
Contactsdirect
Costa
EyeBuyDirect
Foster Grant
FramesDirect.com
Glasses.com
Native Eyewear
Readers.com
Vogue Eyewear

Latin America
E-lens
Eotica
Foster Grant
Vogue Eyewear

EMEA
Brille24
Charlie Temple
Foster Grant
Glasses direct
Lensbest
Lenstore
Lensway
Linsenmax
Sightful
Sunglasses Shop
VisionDirect
Vogue Eyewear
Zonnenbrillen.com

Asia-Pacific
Clearly
Foster Grant
Vogue Eyewear

1.4.6.2.2 E-commerce

EssilorLuxottica offers consumers around the world a premium online shopping experience that matches its best-in-class standards at its brick and mortar locations.

Fueled by the pandemic-induced digital shift, in 2022 EssilorLuxottica's direct e-commerce activities represented 7% of the Company turnover in the full year, with the Group's wide variety of key e-commerce platforms serving as important sales channels to complement its Professional Solutions and brick and mortar activities. Specific focus was put on two strategic pillars – innovation and omnichannel strategy – to provide a fully personalized experience and an integrated customer journey. To improve the overall end-user experience, focus was put on innovations such as artificial intelligence and augmented reality to best drive the Frame Advisor, Virtual Try-On and Lens Configurator experiences, with end-to-end optical e-commerce representing a relevant asset for EssilorLuxottica. New cross-channel and cross-brand opportunities were also implemented to increase consumer convenience, leveraging and integrating the Group's brick and mortar footprint in the online shopping experience. As a result, EssilorLuxottica is in a unique position to offer consumers faster premium online services (including same-day Buy-Online-Pick-Up-To-Store, Ship-From-Store and Return-In-Store) and advanced online appointment booking systems (such as Frame-Reserve-Online and Try-In-Store) specifically designed to enhance the omnichannel end-user experience and create a seamless journey across all touchpoints. Last year, the Group also continued to boost social commerce thanks to partnerships with leading tech companies and expanded its direct e-commerce footprint in new countries featuring 75 banners in 44 countries reaching 500 million visitors every day.

An overview of EssilorLuxottica's key e-commerce platforms, both retailers and pure digital players, follows below:

Ray-Ban.com was launched in the US in 2009 and is home to the most extensive range of premium Ray-Ban products and exclusive offerings. Currently operating in 35 countries, the platform recently re-launched with a consumer-centric design to provide a high-touch, engaging experience. Ray-Ban Remix, the online customization platform first launched in Europe in 2013, is a key driver of the brand's e-commerce expansion and its fast-growing connection with millennials. Its success in allowing consumers to personalize the style, material, lens color, engraving and other aspects of their Ray-Ban frames led to advanced Remix launches in several markets, including the US, Canada and Greater China, followed by Australia, Brazil, Japan, Hong Kong and Mexico. Last year, the launch of Ray-Ban Stories in Belgium, Austria, Spain and France, as well as a focus on innovation with the global rollout of advanced Lens Configurator technologies on Ray-Ban.com, reinforced the brand's global presence and gave strong relevance to optical e-commerce. Moreover, the activation of exclusive Ship-From-Store services in the US offered consumers an enhanced omnichannel experience. Options for Green Shipping in North America and Europe were also reinforced on Ray-Ban.com, empowering consumers to choose greener delivery options, and thus allowing them to align their shopping experience with their values.

Oakley.com is a digital window to the Oakley brand, presenting the most comprehensive range of Oakley products. It includes Apparel, Footwear and Accessories (AFA) through an e-commerce channel across the US, Canada, Australia, Japan, Brazil and 25 countries in EMEA as well as omnichannel services in multiple markets. The platform has been fully redesigned with exclusive content dedicated to the brand's collections, values and icons as well as a more dynamic custom navigation system for an enhanced end-user experience. With an important focus on innovation thanks to Lens Configurator technology, Oakley.com also offers its fans a unique online consumer experience so that they can customize their favorite models from Jawbreaker to Frogskins. The website is a destination for exclusive online collaborations and offers consumers a Green Shipping option in North America and Europe for a more responsible and eco-friendly online shopping experience.

Launched in 2008, **SunglassHut.com** has become the digital destination for consumers looking for the latest trends and hottest premium, high-end sunglasses. Over the years, the UK, Brazil, New Zealand and Mexico, Greater China, Spain, France and Germany joined the US, Canada and Australia in offering an exclusive shopping experience through their local Sunglass Hut websites. Specific focus has been given to the implementation of omnichannel experiences that seamlessly engage consumers across more than 3,000 Sunglass Hut stores and country websites. Sunglass Hut is also appealing to new consumers through shop-in-shops and marketplaces online, partnering with key players in the e-commerce arena. In 2022, notable SunglassHut.com innovations included: the enhancement of the Frame Advisor and Virtual Try-On technologies with the introduction of dynamic content; the launch of omnichannel services in Germany; e-gift cards and gift card redemption services in Australia and New Zealand to add value to the shopping experience; the refactoring of the My Account and Customer Support sections to improve the consumer experience; and the launch of the Referral Program with the goal of growing the consumer base. In 2022, SunglassHut.com also saw development in Latin America with the launch of its new website in Mexico, which continues to be rolled out in new markets.

LensCrafters.com is the online branch of the leading American retailer brand. In the last few years, the website has optimized appointment bookings, health benefit integration and Lens Configurator technology to offer a premium consumer experience. In 2022, the introduction in the US of the Opthy app, a convenient and personalized solution to measure pupillary distance (PD), contributed to enhancing the consumer experience and effectively support end-to-end optical e-commerce.

Persol and Vogue Eyewear e-commerce platforms were introduced by the Group in 2017 in Italy, the UK, France, Germany and Spain, followed by the US and Canada in 2018. **Persol.com** delivers eyewear that represents the perfect alchemy of esthetics and technology, whereas **Vogue-Eyewear.com** is the place to find the latest collections for this truly international, contemporary brand. With dedicated content and a premium shopping experience, **OliverPeoples.com** is the reflection of the brand's passion for superior craftsmanship. The **Costa** e-commerce platform offers high-quality polarized sunglasses for special activities, such as fishing, boating and everyday outdoor lifestyles, with an option for Green Shipping in North America for a more sustainable shopping experience; **NativeEyewear.com** sells stylish, high-quality sports sunglasses, polarized sunglasses, and performance eyewear; **FosterGrant.com** offers a wide selection of sunglasses fit overs, clip-ons, and reading and blue-light glasses that feature a perfect blend of fashion and function.

Brille24 (Germany) was acquired in 2019 and specializes in selling quality prescription eyeglasses in the German market.

Charlie Temple (the Netherlands, Belgium, Germany and Austria) was established in 2016 as a mono-label online eyewear business, and is the leading banner in the Netherlands targeting fashion-savvy young and young-spirited consumers.

Clearly (Australia, New Zealand and Canada) is the leader of the online optical category in the countries where it operates. It deploys a multi-category (contact lenses and eyeglasses, brands and private labels) and omnichannel model with the opening of four stores in Canada.

Contactsdirect (North America) is the one-stop-shop for contact lenses online, providing superior service both for consumers purchasing through their vision benefits and those looking for great deals.

E-lens and **Eotica** (Brazil) are EssilorLuxottica's online banners in Brazil, with a leading position for contact lenses and working to build the eyeglasses category in the market.

EyeBuyDirect (North America) provides an exceptional eyewear experience with a diverse range of quality, fairly priced glasses and a personalized service so people can truly express their authentic selves. Consumers tend to come back more often and sooner than on average.

FramesDirect.com (North America) was founded in 1996 by two doctors and offers the largest online selection of authentic designer frames from top-selling makers, including more than 80,000 products and 300 brands.

Glasses.com (North America) is one of the first websites to sell prescription eyewear online and has always focused on quality eyecare and innovation; it aims to provide a personal, emotionally rewarding experience and set the trends in the online optical eyewear industry.

Glasses direct (UK) is the leading eyeglasses e-commerce player in the UK, with a large range of products, ranging from affordable and private label frames to premium ones.

Lensbest (Germany) distributes contact lenses online in Germany, with a high share of own-brand and high-margin products.

Lenstore (UK, Germany, Italy, France and Spain) served its first consumer in 2008, and has grown to become one of the leading online contact lenses retailers in Europe, with more than one million consumers served and a team of opticians overseeing every single order.

Lensway (Sweden, Norway, Finland, and Denmark) is the leader in the Nordics for selling contact lenses online.

Linsenmax (Switzerland) serves Swiss consumers with a large portfolio of contact lenses.

Readers.com (North America) launched in 2012, and is the leading online retailer for reading glasses offering a wide range of style options at an affordable price point.

Sightful (Netherlands and Belgium) started in 2019 in the Netherlands and Belgium, and immediately grew to become one of the leading pure online players for contact lenses.-

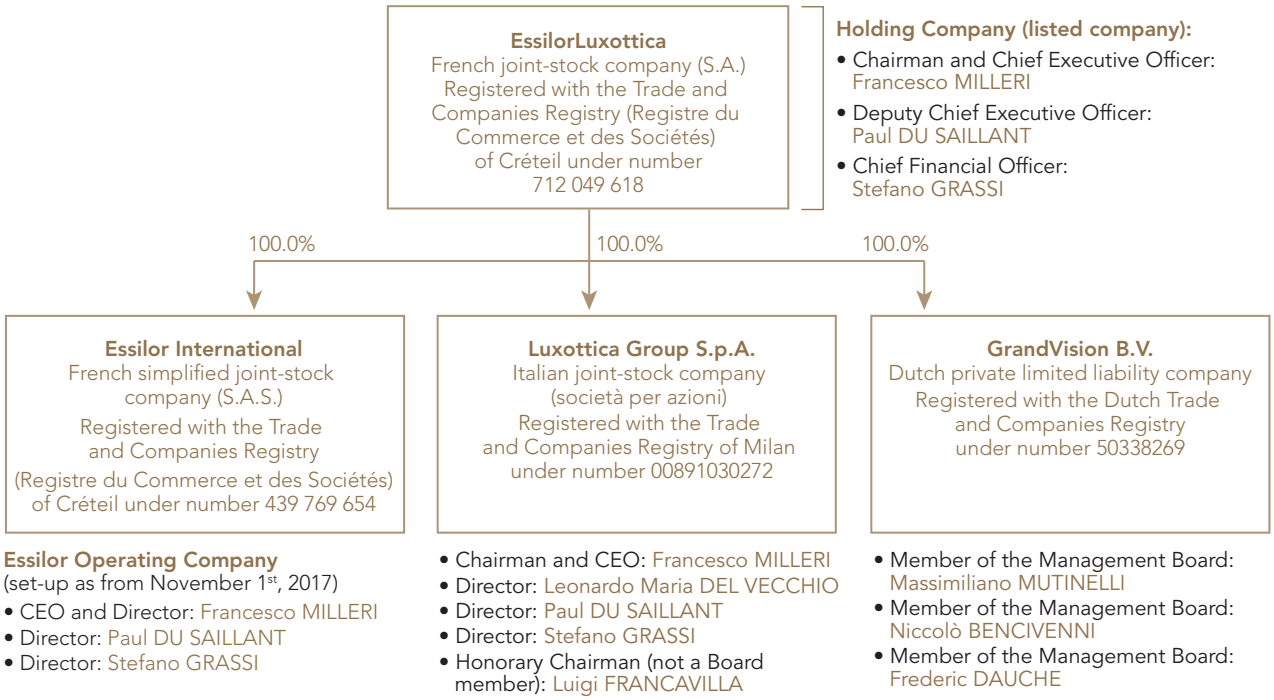
Sunglasses Shop (UK, France, Germany, Netherlands, Finland, Norway and Denmark) is a one-stop shop for on-trend and super stylish sunglasses, as well as sports performance eyewear and goggles sold, mainly in the UK.

VisionDirect (UK, Netherlands, Spain, Ireland, Belgium, Italy and France) is a leading contact lens e-retailer, with a model focused on service, availability and retention, as well as the development of their own brand Everclear.

Zonnebrillen.com (Netherlands, France and Germany) was founded in 2011 in Leiden, the Netherlands, and has become one of the leading online sunglasses banners in Europe. Its strong commitment to inclusivity and diversity has helped the brand build a thriving community of passionate followers.

1.5 Simplified organizational chart

Simplified organizational chart of the EssilorLuxottica Group as of February 22, 2023



EssilorLuxottica S.A.

EssilorLuxottica S.A. functions primarily as a holding company that directly or indirectly owns the companies comprising the Group. EssilorLuxottica is a French *société anonyme* (joint-stock company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is registered with the Créteil Trade and Companies Register under number 712 049 618. The Company is listed on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

Information regarding EssilorLuxottica S.A.'s shareholding is detailled in Section 6.4 of this Universal Registration Document.

Essilor International S.A.S.

Essilor International S.A.S. is a French *société par actions simplifiée* (simplified joint-stock company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is registered with the Créteil Trade and Companies Register under number 439 769 654.

Luxottica Group S.p.A.

Luxottica Group S.p.A. is an Italian *società per azioni* (joint-stock company) whose registered office is located at 3, Piazzale Cadorna, 20123, Milan, Italy, and which is registered with the Milan Companies Register under number 00891030272.

GrandVision B.V.

GrandVision B.V. is a Dutch private limited liability company, whose office is located at The Base, Evert van de Beekstraat 1-80, 1118 CL Schiphol, The Netherlands, registered with the Dutch Trade and Companies Registry under number 50338269.

Consolidated subsidiaries

The list of the main Group companies is shown in Appendix 2 of the Notes to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.

1.6 Risk factors

1.6.1 Introduction

As of the date of this Universal Registration Document, the significant risks to which EssilorLuxottica is exposed are those described below. In this Section only the main risks that may affect EssilorLuxottica in its course of business and that may have a material impact on the Group's financial or operational results, reputation and/or prospects are reported.

The risk identification and assessment process used is described in Section 1.7.1. *The Company risk management process*.

Within each category, risk factors are presented in decreasing order of severity as determined by the relative weight of impact and likelihood of occurrence on the date of this Universal Registration Document, considering the mitigation measures ("net impact").

To allow a better appropriation of the risks presented in this document, the velocity (e.g. the speed at which the impact will be felt if the risk crystallizes) of each of the outlined risks has been estimated.

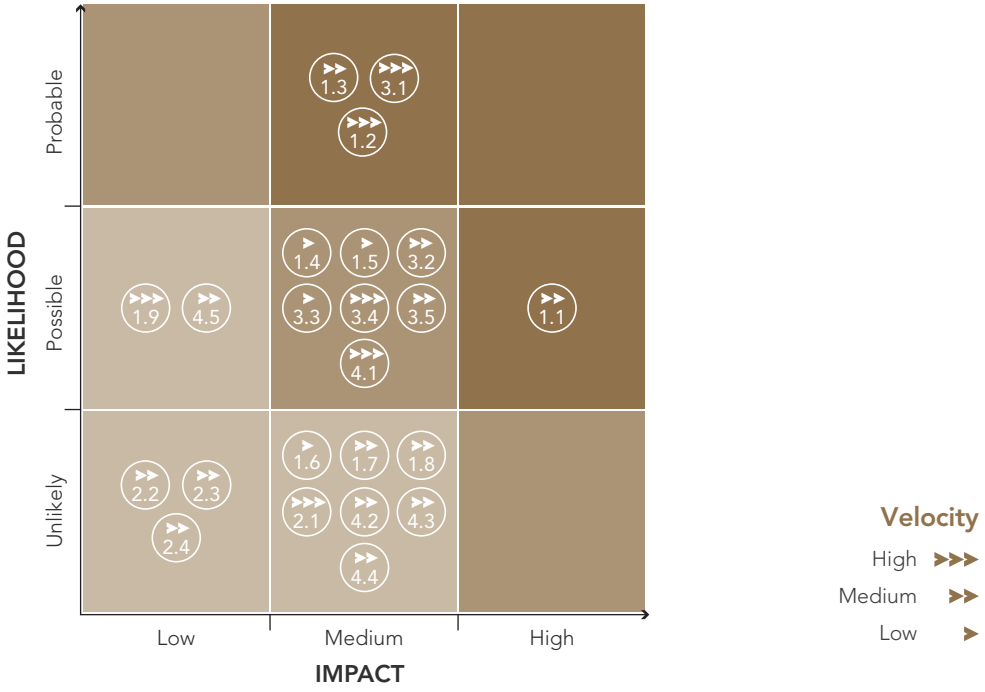
The topics that were highlighted as most important from the Sustainability perspective (CSR risks) are instead presented in Section 5.1.4 of this Universal Registration Document.

1.6.2 Risk factors summary

	Risk Category	Risk Factor	Severity	Impact	Likelihood	Velocity
1.1	**Strategic risk**	Political & Social Environment	▲▲▲	●●●	■■	➤➤
1.2		Macroeconomic	▲▲▲	●●	■■■	➤➤➤
1.3		People Management	▲▲▲	●●	■■■	➤➤
1.4		Business Model	▲▲	●●	■■	➤
1.5		Climate Transition	▲▲	●●	■■	➤
1.6		Product Innovation & Circularity	▲▲	●●	■	➤
1.7		Competition	▲	●●	■	➤➤
1.8		M&A and Joint Ventures	▲	●●	■	➤➤
1.9		Intellectual Property	▲	●	■■	➤➤➤
2.1	**Financial risk**	Financial Market	▲	●●	■	➤➤➤
2.2		Currency	▲	●	■	➤➤
2.3		Credit	▲	●	■	➤➤
2.4		Liquidity	▲	●	■	➤➤
3.1	**Operational risk**	Cybersecurity	▲▲▲	●●	■■■	➤➤➤
3.2		Data Management	▲▲	●●	■■	➤➤
3.3		Integration and Change Management	▲▲	●●	■■	➤
3.4		Business Interruption	▲▲	●●	■■	➤➤➤
3.5		Supply Chain	▲▲	●●	■■	➤➤
4.1	**Compliance risk**	Data Privacy	▲▲	●●	■■	➤➤➤
4.2		Reporting & Communication	▲▲	●●	■	➤➤
4.3		Litigations and Proceedings Arbitration	▲	●●	■	➤➤
4.4		Taxation	▲	●●	■	➤➤
4.5		Antitrust	▲	●	■■	➤➤

Legend:	Severity	Impact	Likelihood	Velocity
	High ▲▲▲	High ●●●	High ■■■	High ➤➤➤
	Medium ▲▲	Medium ●●	Medium ■■	Medium ➤➤
	Low ▲	Low ●	Low ■	Low ➤

The heatmap below reflects the exposure of EssilorLuxottica, after considering the mitigation measures implemented to limit the likelihood and impact of each described risk.



Strategic Risks

Political, & Social Environment

Risk Factors	Risk Details	Mitigation Measures
Political & Social Environment **Severity:** ▲▲▲ **Impact:** ●●● **Likelihood:** ■■ **Velocity:** ▶▶	EssilorLuxottica may be exposed to global political and social tensions because of its extended worldwide footprint. This could affect its growth, market shares and margins (due to a general increase in costs), as well as its investments and agreements with local counterparts. The main countries in which the Group operates are the United States for North America (revenue amounting to € 10,738 million in 2022) and France, Italy, United Kingdom and Ireland, Germany and Spain for EMEA (cumulated revenue amounting to € 3,970 million in 2022). The unstable global geopolitical situation is worsening. The ongoing Russo-Ukrainian war is one of the key factors that affect global financial markets and exacerbate existing economic problems, including inflation and supply chain disruptions. In the Southeast Asian region, Thailand, where EssilorLuxottica has major plants, experienced social unrest as a result of political instability, which may cause disruptions in the supply chain. However, the exposure of the Group is relatively low. In fact, merely 1,4% of EssilorLuxottica revenues are generated by the above politically unstable countries. Furthermore, the Covid-19 situation is stabilizing even if a slight rigidity has been perceived in South Korea and Singapore. China is still experiencing a period of lockdown which may affect EssilorLuxottica's business, in particular as the zero-	The variety of countries in which EssilorLuxottica operates represents a clear hedge against risks related to regional developments. The global penetration mitigates the impact of local events, and the broad spectrum of activity moderates the single country risk. EssilorLuxottica is implementing diversification measures to reduce reliance on external influences. EssilorLuxottica observes actions taken by countries worldwide that may affect trade relations and closely monitors conflicts to determine their impact on the ability to conduct business in the regions involved. Sanctioned countries are strictly surveilled, and relevant information is provided to the banks for compliance matters. EssilorLuxottica's immediate reaction to the Russia-Ukraine conflict was to protect its employees and their families in Ukraine, ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those who evacuated the country while restricting the portfolio of products and services offered in Russia, as announced in March 2022. In addition, the financial impact resulting from the conflict, where the Group's operations represented approximately 1% of the 2022 consolidated revenue, remains not material on its consolidated assets and liabilities. Currently, the Group has implemented actions, such as (i) filter and restrict bank operations, and (ii) research anomalies in user behaviors. The Company will keep an eye on the evolution of the conflict and its macroeconomic impacts and adapt

Risk Factors	Risk Details	Mitigation Measures
	case policy is not applied alike in all regions. Furthermore, the country has demonstrated not to have a balanced situation, in terms of stability, taxation and dumping activities. Indeed, the polarization of the political stage may hinder an efficient Group's positioning on the market. In the Latin America region, Brazil and Peru experienced unstable situations, such as a tentative coup d'état, which created tensions regarding the ability to operate efficiently. The OneSight EssilorLuxottica Foundation philanthropic mission deploys team members in countries where the risk of political unrest is relevant. Due to its nature, the Philanthropic Mission establishes partnerships with governments and charity organizations, which may not be still running in the near future, thus threatening OneSight EssilorLuxottica Foundation's ability to achieve its objectives. The Group could experience the consequences of negative social or political impacts arising from the war (climate refugees, progression of dictatorships, etc.) leading to a broader deterioration of the business environment in the long term.	its response accordingly. With respect to Thailand, the plants were not impacted. In the event of any interruption, the Group is able to shift the production to other regions (also see Supply Chain Risk Factor). The Latin America region currently benefits from its shielded position from the geopolitical conflicts that affect the rest of the world. The political unrest in Brazil and Peru had a negligible impact on the business of the Group. The situation is constantly monitored to promptly react, if necessary, as was the case in Peru when a few stores were temporarily closed or opening hours reduced as a precautionary measure. Furthermore, before entering a new market or country, the Group performs due diligence analysis evaluating the possibility to expand its business. Indeed, the socioeconomic situation of countries changes rapidly and may represent a new opportunity. The Group also frequently monitors its external communication channels such as websites, media and marketing campaigns and customers' claims, to reduce the risk of political retaliation (particularly in China). The OneSight EssilorLuxottica Foundation has partnerships in various countries, like India and Kenya, to deploy primary vision care providers to public and private health facilities. Wherever it operates, the agreements are signed directly with the Minister of Health, including reputational and exit terms. Also, the Foundation is working to set cross-sector partnerships to enable a more comprehensive approach to making a lasting social impact. To know more, see Section 5.2.3 of this Universal Registration Document.

Macroeconomic

Risk Factors	Risk Details	Mitigation Measures
Macro-economic **Severity:** ▲▲▲ **Impact:** ●● **Likelihood:** ■■■ **Velocity:** ➤➤➤	Today's highly dynamic global macroeconomic environment suggests that the impact of risk will likely increase over the coming years. In particular, the inflation is impacting today's currency volatility, raw material costs and availability, energy, labor, and shipping costs (e.g. Argentina, Turkey). As a result, consumer purchasing power may determine EssilorLuxottica's ability to offset rising costs, leading to a negative impact on P&L and new unplanned costs. Moreover, the macroeconomic context exposes the Group to the possibility that its suppliers may encounter adversity therefore affecting the supply chain's continuity.	The current situation is not undermining EssilorLuxottica's financial objectives but requires an agile reaction to the different challenges. To ensure the effectiveness of its operations and logistics, EssilorLuxottica executes and reevaluates its planning approach on a regular basis (particular attention is paid to countries with complex custom procedures). Additionally, sensitivity studies are carried out locally to help the decision-making. In order to control the volatility and unpredictability that strongly characterize this period and to reduce the exposure to inflation risk, the Group is implementing specific strategies (also see Currency Risk Factor). Moreover, the Company has engaged with commercial partners with longer supply contracts and a solid business portfolio. Indeed, the Group can rely on a multi-source approach to prevent macroeconomic pressure from jeopardizing its supply chain.

People Management

Risk Factors	Risk Details	Mitigation Measures
People Management **Severity:** ▲▲▲ **Impact:** ●● **Likelihood:** ■■■ **Velocity:** ➤➤	As many others major worldwide corporations, also EssilorLuxottica is vulnerable to risks that labor markets are going through. The Group's ability to attract and retain talent can be put at risk and is below described, whereas the sustainability dimension of this risk factor is detailed in Section 5.1.4. **Difficulties in retaining talents** People retention may be a challenge for EssilorLuxottica as it develops in a field where competence takes time to flourish and where businesses need collaborators who are experts in their field. In addition, the quiet quitting global phenomenon may represent a complication for the firm's organization. Challenges in the retention of talents, especially the Gen Z, include the difficulty of predicting and managing their response to company's initiatives. Besides, their work needs are different from previous generations: in particular, new talents dwell more on aspects of sustainability, diversity and inclusion, and work-life balance. The main drawbacks include: (i) operational inefficiencies brought on by the skilled professionals departing the organization replaced by new employees who miss those unique skill sets (failure to replace satisfactorily the Group's need); (ii) if not appropriately handled, work-life balance, flexibility, and remote working could have a detrimental effect on employees' engagement as they may feel isolated and not fully included in the Group; failing to do so may result in a lack of connections, a loss of the EssilorLuxottica brand identity and sense of belonging for the employee (iii) salary expectations of employees which may not fully satisfied. **Difficulties in attracting talents** Considering the labor market is becoming extremely competitive and tight on a global scale, the ability to attract new talents is becoming even more crucial. A positive employer branding helps to attract talents, key to the success and growth of the business. The Group may be more exposed in the US retail business where qualified profiles (such as Doctors and Optometrists) are becoming difficult to find. In addition, the new transparent pay law, implemented in different states (Colorado, New York, soon in California), requires more transparency in salary disclosure and payment tracking. Noncompliance may expose the Group to fines and reputational damage.	The Group seeks to develop an environment in which everyone can thrive, feel valued and respected and constantly learn. Indeed, transparency and sustainability are among the key values, clearly stated in the Eyes on Inclusion pillar. These initiatives are intended to enhance retention rates by encouraging all employees' ethical commitment. EssilorLuxottica strives to create a community that values all backgrounds, identities, and cultures to arouse interest in new talents. Following recent acquisitions, the Group is developing a single culture, a single footprint, and unified values shared by its broad geographical and demographical organization. Efforts are being made to uphold its pledge and include them in the development of the new Group identity. The company recruits personnel to align it with the new strategy as an investment for the future. Additionally, the business aims to place more emphasis on employee retention as the Group's knowledge is essential in the integration and transformation process. For this reason, an effective retention plan is in place to preserve the talents (e.g. concerning expectations, work satisfaction, working environment, performance management, career development and competitive compensation). In 2022, the Company continued to deploy its employee shareholding programs. Close to 58,000 eligible employees subscribed in 80 countries to Boost 2022. As a result, today nearly 72,000 of the Group's employees in 85 countries hold a financial stake in the Company. Employees' interests are aligned with those of the Group and other shareholders when they are given the opportunity to invest money in the company's capital on advantageous terms. Quality education accessible for everyone in the industry, new ways of working and training are powerful motivators to draw in and keep talent, as well as to enable employees feel a part of EssilorLuxottica and assist the development of a shared Group culture. To increase employee participation, the Group is developing specialized learning pathways, through digital technologies, on the "Leonardo" platform. Strategies for attracting and keeping talent are regionally and personally tailored. For instance, in nations where there is dearth of optometrist, the Group is (i) offering to the doctor remote work possibility which allows a greater flexibility (e.g. tele optometry solution – Connect); (ii) adopting a friendly PC approach to manage the sub-lease for an optimized control; (iii) investing in schools and colleges of optometry for payment loan (iv) installing its technologies at schools and universities; (v) providing scholarship agreement (e.g. in US with Asco, the Association of Schools and Colleges of Optometry).

Business Model

Risk Factors	Risk Details	Mitigation Measures
Business Model **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤	EssilorLuxottica, a fully integrated player, is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. The growth of the online sales business has remained an important driver for the Group due also to the concomitant strong development of the technology giants (GAFA, BATX, etc.) in the sector. If EssilorLuxottica fails to effectively digitize its business model in a timely manner, for example by digitizing services such as online prescriptions, market share losses could be significant. The Group is expanding its customer base by entering new markets such as children's eyewear. From a strategic and legal perspective, this is a delicate area, and complications may occur if legal standards for processes and quality are not met. To fully satisfy consumer expectations, EssilorLuxottica needs to pay attention to specific tendencies in regional markets.	EssilorLuxottica has enhanced its business model with omni-channel and digital strategies (new payment methods, virtual try-on, microscopic data processing) in order to completely engage its own customers and consumers (e.g. Sunglass Hut). The Group is able to identify all market trends and weak signals to adjust its offer to customer expectations thanks to a fully integrated business model (strong brands, vision care model, retail footprint, close proximity to services). Furthermore, the Group is pursuing an open culture where the other players in the eyewear and eye care industry can profit from its technology and foster market innovation. EssilorLuxottica is aware of the importance of the centrality of decision-making and is therefore committed to understanding local needs, acting on its global footprint. A continuous effort is conducted to effectively reach and expand its current customer base and investments in alliances with strong marketing initiatives are performed. Moreover, in 2022, the Group announced a 15-year license renewal with Armani Group, a 5+5-year agreement with Swarovski Eyewear and a 10-year agreement with Brunello Cucinelli.

Climate Transition

Risk Factors	Risk Details	Mitigation Measures
Climate Transition **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤	The term "climate transition" describes the risk brought on the unpredictability of supply and demand (e.g. energy), the emergence of new, strict climate regulations (e.g. a carbon tax), the development of competing low-carbon technologies (e.g. 3D printing), and increased concern / expectations from stakeholders. A lack of resilience may lead to business disruption and operational costs increase, with consequences on the ability of the Group to achieve the 2025 carbon neutrality target (Scope 1 and 2) or to adapt the business model. The manufacture of lenses and injected frames necessitates the usage of petroleum-derived plastics which significantly increases the environmental footprint. The achievement of low carbon transition may be hampered by (i) failure to segregate waste; (ii) strong reliance on the monomer producer which may increase the business continuity risk; (iii) the tie-up with chemical companies may cause a lack of control over the chain and a limitation in the development of innovative activities and on the materials used. EU law requires all large companies and all listed companies (except listed micro-enterprises) disclose information on their risks and opportunities arising from social and environmental issues, and on the impacts of their activities on people and the environment. Climate and overall ESG (Environmental, Social and Governance) considerations are expected to be at the heart of mainstream investing. Studies have shown that companies with high ESG rating scores, on average, experience lower costs of capital compared to companies with poor ESG scores. Other studies show that ESG portfolios continually outperform traditional portfolios. The risk may be exacerbated by the Group's inability to track the effectiveness of existing actions and consequent missed opportunities	Due to the nature of the Group's activities, the current exposure to the consequences of climate change transition is deemed to be limited. In fact, EssilorLuxottica continues its path in full compliance with the legal indications and with ambitious recommendations on the climate at an international and local level. Given that the society, especially younger generation, is more concerned with Corporate Social Responsibility factors, it is crucial to approach the issue with care and attention. The Group is investing in stabilizing strategies and promoting integrity principles to support its interest in the theme. EssilorLuxottica, proactively engaged in activities to foster carbon neutrality, has created a Carbon Neutrality roadmap in accordance with the "Eyes on the Carbon" pillar to reduce its reliance on fossil fuels and cut greenhouse gas (hereinafter GHG) emissions. Material sovereignty would represent for the firm a relevant competitive advantage. The Group pursues (i) regular reporting of GHG emissions for scope 1, scope 2 and scope 3 transportation emissions and completion of the carbon footprint assessment to evaluate the Group's overall GHG portfolio; (ii) investing in renewable energy production (e.g. solar and biomass heating systems) and maximizing the use of renewable energy where possible; (iii) decreasing CO2 emissions caused by logistics operations to create a low-carbon supply chain. The Group is considering contracts with large suppliers with respect to a green orientation; (iv) assisting carbon capture or reduction projects to contribute to the global goal of carbon neutrality. For more information on the CSR dimension, see Section 5.1.4 of this Universal Registration Document.

Product Innovation & Circularity

Risk Factors	Risk Details	Mitigation Measures
Product Innovation & Circularity **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤	The eyewear industry is characterized by dynamism and has a great margin in terms of innovation and introduction of sustainable solutions, new development in vision correction therapies. Failure to invest in R&D may result in delayed adoption of new technologies negatively affecting EssilorLuxottica competitive advantage, sales, and profitability, together with consequent reputational damage. It is crucial for EssilorLuxottica, as leader in the eyewear sector, to anticipate customer needs, to be the first entrant in innovative eyewear market, both in terms of wearable and medical devices and prescriptions. If the group's customer base is reduced due to competitive products or to obsolete products offered by EssilorLuxottica, the Group's turnover would be negatively impacted leading to underutilized resources. **Vision correction alternatives and trends** The prescription market has been severely impacted by new technologies for the treatment of eye problems, leading to a more competitive environment. Lenses with medical benefits, like as myopia correction, are one of the challenges for innovation in the industry with a limited number of companies. The availability of alternative effective vision correction methods, including as refractive optical surgery, or the tendencies of the final customer to use contact lenses (due to new trends or innovating solutions) could have a negative impact on the optical frames and prescription lenses sector. **Wearable devices** Strong competitors, such as the Silicon Valley behemoths, are investing in the smart eyewear market and driving toward a new generation of products. It is imperative to foresee this significant transition and effectively address its repercussions. Additionally, the creation of novel products can bring with it a variety of new risks, including (i) defective goods, obsolescence, and disposal; (ii) dependence on partner's know-how and reputational risk deriving from its actions; (iii) and legal disputes over data privacy violations and intellectual property infringement. **Circularity** The customers' expectations are more focused on sustainability topics, thanks to the influence and attention of newer generations. Failure to implement these actions may result in a reputational risk, which would affect turnover volumes.	EssilorLuxottica invests a substantial amount of resources in research and development (€ 343 million on an adjusted basis, for more information see Section 2.3) and forms beneficial alliances with leading innovators (Universities – research centers, manufacturers of industrial and medical gadgets, and tech behemoths) to anticipate consumer preferences and trends. In March 2022, EssilorLuxottica and CooperCompanies announced the finalization of their joint venture agreement for SightGlass Vision which accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category. Following in July, the Group and Politecnico di Milano announced the creation of the first ever joint research center aimed at designing the smart glasses of the future, EssilorLuxottica Smart Eyewear Lab. The project involves an investment worth over € 50 million and will encompass industrial research and experimental development of devices underlying a new generation of wearables that are capable of autonomous network connection. Stellest lenses (the line of eyeglass lenses for controlling myopia), E-lenses, near vision, Myopia & advanced single vision, and light management are all examples of innovation projects aimed at meeting the needs of consumers and facilitating the creation of entirely new categories. EssilorLuxottica has a keen interest in sustainability and innovation, and thanks to a circular economy approach, it aims at minimizing the impact on the environment while enhancing product excellence and quality. This is well exemplified by the in house nylon recycling process set up first in the Agordo plant in Italy and it is moving progressively to the other regions. This process has been confirmed by the international scheme ISCC Plus which guarantees the entire value chain from waste collection in the injection moulding process. As a result of recent acquisitions and partnerships (such as Barberini, Giorgio Fedon & Figli S.p.A., Mazzucchelli 1849, etc.) the Group is leveraging on its increased vertical integration to introduce innovative processes and circular initiatives in order to reduce its environmental footprint and adopting more and more sustainable materials. The Group is focusing on shifting from fossil based to bio-based materials through the introduction of renewable and recycled materials. 2022 saw a strong permeation of sustainable collections into most of the eyewear brands both in house (Ray-Ban, Oakley, Arnette, Costa, etc.) and licensed (Giorgio Armani, Chanel, Burberry, Ralph Lauren, etc.). The Group also applies circularity into its manufacturing sites. For example, it has implemented advanced semi-finished products with a significantly reduced amount of monomer consumption, saving 20% of monomer in comparison to the norm and an innovative RX to Stock supply chain, which employs finished lenses from casting rather than semi-finished goods to reduce the monomer usage. For more information on the CSR dimension, see Section 5.1.4 of this Universal Registration Document.

Competition

Risk Factors	Risk Details	Mitigation Measures
Competition **Severity:** ▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤	The market in which EssilorLuxottica operates over-the-cycle is characterized by a low-to-mid single digit growth trend. The expected prosperity and opportunities are linked to the increased onset of eyesight related disorders, such as eye irritation and Computer Vision Syndrome. Trends continue to change rapidly, resulting in a continuous evolution of consumer preferences. The inability to timely detect and anticipate such trends may lead to a loss of market share or margin reductions. This may stimulate (i) the outbreak of new entrants proposing either new products, technologies or new digital business models or entering through different channels with aggressive strategies; (ii) enlarged competition in traditional products from fashion groups, which have highly invested in the eyewear sector by aggregation of their own brands and acquisition of new ones; (iii); the increasing competition in the Managed Vision Care markets may entail the competitors to enter with aggressive strategies; (iv) EssilorLuxottica's position in the smart glasses industry has been strengthened by its relationship with Meta, but other businesses, such as tech behemoths, could enter this market by introducing new products. Furthermore, different private equity players are pursuing aggressive online discount offers, that may have an impact on Group revenues.	The competition for the Group is perceived positively since it can enhance market awareness and foster innovative solutions. EssilorLuxottica is a global leader across the value chain in the eyewear and eyecare industry thanks to its vertically integrated, large manufacturing and retail operations. The Group holds a consolidated position in the market with a worldwide presence leveraging its omnichannel business model to combine online and in store activities. Its efficient product portfolio is composed of frames, which might rely on licensed and proprietary fashion and luxury labels as well as lenses that could take advantage of cutting-edge technologies (such as Transition, Varilux). EssilorLuxottica through its subsidiaries has entered into trademark license agreements (23 license agreements) related to the manufacturing and distribution of prescription frames, lenses and sunglasses under designer brands, including Prada, Versace, Dolce&Gabbana, etc. (also see Chapter 1.4.5). Around two-thirds of the license agreements have terms within 5 years with an automatic renewal clause and more than one-third have terms between 5 and 15 years. The Group, to react to the digital evolution of the sector, applies an innovative approach in terms of products, digital agility and customer experience that can lean on multiple patents (more than 12,000). The Company focuses on high quality products and on providing the best possible customer experience, ensured through staff training programs and the inclusion of eye-catching technologies in store to attract customer interest. The Group is heavily investing in an innovative approach both concerning customer experience (e.g. virtual try-on tool) and wearable devices to enter new markets. To forecast trends and create new competitive products, EssilorLuxottica scrutinizes consumer preferences. Precisely, the Group is investing in sustainable products and solutions as it is becoming a key aspect of the Group's stakeholders. For Group's efforts toward eco-design and sustainable products also see Section 5.1.4 of this Universal Registration Document.

M&A and Join Ventures

Risk Factors	Risk Details	Mitigation Measures
M&A and Join Ventures **Severity:** ▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤	During the year 2022, EssilorLuxottica continued to pursue its selective M&A strategy in several businesses and geographies. The execution of EssilorLuxottica M&A strategy (acquisitions and/or partnerships), exposes the Group to (i) inadequate due diligence (financial, IT, legal, tax, labor, environmental, intellectual property, compliance, data privacy, ESG, environmental matters, etc.; (ii) low contractual protections; (iii) purchase price adjustments. Failure to properly identify new M&A targets or Joint Venture partners may have a negative impact on the future Group's performance. Moreover, failure to (i) maximize potential synergies generated by the integration of acquired businesses (ii) implement Group policies and standards, could impact Group's future profitability, overall business performance and reputation. The Group has several agreements with minority partners. Governance provisions and minority protection rights sometimes limit the level of control and influence that the Group can deploy over the business. Finally in the current environment compliance and reputational risks are noticeably relevant and could adversely affect the Group's ability to continue to pursue its M&A strategy.	EssilorLuxottica has established a strict M&A process based on internal principles and the execution of due diligence to analyze potential targets. The procedure guarantees that the targets are adequately assessed, lowering the exposure to customary transaction risks. In addition, M&A agreements usually include customary provisions to address specific and general risks. After the acquisition, in a reasonable timeframe, integration plans are implemented to benefit from synergies (IT, procurement, etc.) and ensure a smooth transition into the EssilorLuxottica organization. To manage the dialogue with Group's partners EssilorLuxottica generally (i) appoints representatives in the boards of its partners; (ii) implemented corporate internal controls; (iii) performed internal audit activities; (iv) established a dedicated joint team between the corporate EssilorLuxottica Finance department and the regional offices, allowing for a complete financial overview of its Joint Ventures. Moreover, a Fraud Detection Platform has been implemented by the Group. The Group also pursues M&A opportunities to accelerate on CSR objectives. Concerning carbon footprint neutrality, the firm has considered buying solar and wind fields to produce its own energy.

Intellectual Property

Risk Factors	Risk Details	Mitigation Measures
Intellectual Property **Severity:** ▲ **Impact:** ● **Likelihood:** ■■ **Velocity:** ➤➤➤	To protect its assets, including non-exhaustive product designs, services, brand names, know-how and proprietary manufacturing processes and technologies, product research, innovation, and goodwill, EssilorLuxottica relies on trade secrets, trade dress, trademarks, domain names, patents, design, and copyright laws. Particularly important are the ongoing projects with Meta with which the company is collaborating to create more innovative products to be launched on the market in the coming years. Indeed, a lack of clear understanding of the patent management may lead to a loss of the competitive advantage acquired. The company is investing to protect Myopia-related Intellectual Properties. Indeed, more businesses are attempting to reclassify their products as medical and the patent application increase may intensify the risk of being exposed to Intellectual Property infringements, harming the company's reputation. EssilorLuxottica may be exposed to various risks because (i) trademarks and patents may not always be successfully granted during official examinations or may be invalidated in the event of third-parties action; (ii) third parties may learn about and misuse EssilorLuxottica's proprietary and confidential information; (iii) the emergence of new players (such as tech giants), which are able to file numerous patents quickly, may pose a threat; and (iv) the measures taken to safeguard its intellectual property may not be adequate to stop the imitation of its goods and services, particularly in nations where IP litigation is not a common practice (especially in certain Asian countries and the Middle East). In addition, in the Latin America region, the prevalence of counterfeit goods on the market could hinder the expansion of sales and, ultimately, influence customer behavior. The problem concerns both online and physical stores. Fake products on the online market are easier to detect but difficult to interrupt. The ones sold in the shops require on-site verification, which represents an additional cost. Furthermore, it would hurt the value of EssilorLuxottica brands: • Third parties may independently develop alternative products or services that do not infringe on the Group's intellectual property rights; • Third parties may assert intellectual property rights against EssilorLuxottica, leading to litigations and other legal processes with potentially negative outcomes for the Group.	An essential key to entering the future market is the project with Meta which contributes to technical advancement, as well as the Partnership established with the Politecnico di Milano (also see Product Innovation & Circularity risk). The Group allocates resources to protect and enforce patents and trademarks, as well as trade secrets and other Intellectual Property rights, in particular Myopia-related investments. EssilorLuxottica keeps an eye on the market to determine if any of its third parties are infringing the Group's patents. For instance, EssilorLuxottica cooperates with international governmental organizations to strengthen intellectual property enforcement. The Group has put in place a robust program, centrally coordinated, to guarantee the reliability of its products genuineness at a global level to handle challenges linked to product counterfeiting and the parallel market. Through this initiative, local branches help the central team evaluate local circumstances by conducting and supporting both in-store and online audits to quickly identify potential violations and implement corresponding operational and legal countermeasures. The Group has enhanced the protection of its special and sensitive projects that allow close monitoring regarding IP Protection, Asset Protection and Information Security to avoid product leakage until the launch. Additionally, EssilorLuxottica seeks to reduce the risk through contractual protection, ensuring that agreements (such as those with franchisees) can be terminated in the event of unauthorized use of the Group's intellectual property rights or the sale of counterfeited products in venues where EssilorLuxottica's ones are sold.

Financial Risks

Financial Market

Risk Factors	Risk Details	Mitigation Measures
Financial Market **Severity:** ▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤➤	Fluctuations in market interest rates, inflation rates and long-term overall economy growth rates in countries where the Group operates may negatively impact EssilorLuxottica investments capabilities and market value. Future execution of the external growth strategy through M&A operations may require borrowings which would increase EssilorLuxottica's exposure to interest rate fluctuation. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.	The impact of interest rate fluctuations is limited due to the high percentage of gross indebtedness, at a fixed rate (95%). To hedge interest rate risk on gross debt or optimize its cost of funding, EssilorLuxottica may use interest rate swaps from time to time. In this case, financial income and expenses relating to interest rate derivatives are recognized in the income statement in the same period as the hedged item. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.

Currency

Risk Factors	Risk Details	Mitigation Measures
Currency **Severity:** ▲ **Impact:** ● **Likelihood:** ■ **Velocity:** ➤➤	As EssilorLuxottica operates all over the world, conducting business in several currencies, the Group's results may be materially affected by foreign exchange fluctuations. The primary exchange rate to which the Group is exposed is the EUR/USD parity, as around 40% of sales are in USD and around 65% of the Adjusted Operating Profit is USD dependent. • Around 75% of EssilorLuxottica sales are performed in foreign currencies (mostly USD, AUD, BRL, GBP, CNY, etc.), significantly impacting the volatility of sales of the Group. Similar to 2021, 2022 was characterized by strong currency volatility in the markets in which the Group operates, including Argentina, Turkey and Brazil. The Group has been subsequently exposed to variations in its earnings. Also see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document for IFRS information.	EssilorLuxottica seeks to limit currency risk exposure with natural hedges and will only use financial derivatives to offset its residual transactional exposure. These financial derivatives are entered into solely to hedge currency risks arising for business and financing operations. Overall, the Group's Treasury department is at the forefront of this issue, making sure that the organization is flexible on costs and well managing this risk across the Group. Also see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document for IFRS information.

Credit

Risk Factors	Risk Details	Mitigation Measures
Credit **Severity:** ▲ **Impact:** ● **Likelihood:** ■ **Velocity:** ➤➤	**Financial counterparties** The Group is exposed to financial counterpart risk, i.e., the risk that a bank defaults on its contractual obligations (short-term investment, hedge or credit facility), which would result in a financial loss for the Group. Default by a counterpart may result in loss in value (the case of non-payment of a financial asset) or liquidity (the case of inability to draw on an unused line of credit). **Commercial counterparties** The Group is exposed to late payments or even default from some of its Professional Solutions customers. Exposure to credit risk is greater in some regions where the Group operates, such as India, Middle-East, Turkey and Africa or Latin America To support some of its customers, EssilorLuxottica has implemented specific solutions during the pandemic. Certain payment terms have thus been extended while short-term loans have been granted. The Group does not have a significant concentration of credit risk. As of December 31, 2022, non-provisioned past due trade receivables amount to € 332 million. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.	**Financial counterparties** To mitigate this risk, EssilorLuxottica diversifies its banking counterparties, to limit individual exposure depending on the rating of the counterparty. In addition, 90% or more of excess cash must be invested in products complying with the Cash and Cash Equivalent definition under IFRS. The Group enters into derivatives transactions under various master agreements, which contain clauses for the offsetting of amounts payable and receivable only on the occurrence of future events such as a default or other credit event by one of the contracting parties. **Commercial counterparties** The credit risk is managed locally and monitored centrally by the Group. There are proper procedures in place to ensure that the sales of products and services are made to reliable customers based on their financial position as well as past experience. Credit limits are defined according to thresholds that take into consideration internal and external evaluation of the customer's reliability. The utilization of credit limits is regularly supervised by automated controls. The implementation of a new IT roadmap is in line with the desire to make sure these processes are reliable and standardized across the Group. The Group's exposure to non-provisioned trade receivables is naturally limited by the high number of countries in which it operates (hence mitigating the consequences of a national economy collapsing) and the number of customers served (hence avoiding any significant stand-alone exposures to individual customers). There are no repayment problems to date and the consequences are even positive, since actions like the payment terms extension allow the Group to retain as much as possible of its clients. Concerning loans allocated to private customers, these operations are carried out in a documented framework. In addition, EssilorLuxottica never intervenes alone in this type of arrangement and systematically requires the presence of the client in the financial arrangement. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.

Liquidity

Risk Factors	Risk Details	Mitigation Measures
Liquidity **Severity:** ▲ **Impact:** ● **Likelihood:** ■ **Velocity:** ➤➤	The Group may be exposed to the risk that its liquidity sources may be insufficient to cover its financial needs to support its growth target (e.g. external growth related to acquisition). However, the risk is limited given the high cash flow generation level and the solid credit ratings of the Group. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.	EssilorLuxottica operates to have continuous high liquidity to ensure its independence and growth. The funding policy is based on the diversification of funding sources, the use of medium- and longterm financing, the distribution of debt maturities over time and the establishment of committed credit facilities. To ensure consistent management and success in obtaining optimal conditions on the market from the most robust financial institutions, funding for the whole Group is ensured by the central Treasury department, which subsequently takes on the responsibility of the various entities refinancing. In specific situations, due to local regulations, some entities may be required to realize their own refinancing. As of December 2022, the Group has € 2,258 million of committed credit facilities with leading banks. For more information, see Note 29 to the Consolidated Financial Statements, in Section 4.1.6 of this Universal Registration Document.

Operational Risks

Cybersecurity

Risk Factors	Risk Details	Mitigation Measures
Cybersecurity **Severity:** ▲▲▲ **Impact:** ●● **Likelihood:** ■■■ **Velocity:** ➤➤➤	Digitalization increases efficiency and optimizes processes limiting exposure to human-error. However, the dependence from new technologies may jeopardize the Group's security from possible cyberattacks. Furthermore, the international conflict had established a new age in which cyberattacks are used as a tool of state power. The digital environment is evolving, and the threats exposure will surge, in particular in online activities' data sharing. Cyber-attacks may result in a substantial financial loss arising from: theft of corporate, financial information (e.g. bank details or payment card details), theft of money or disruption to e-commerce trading. Additionally, phishing attempts are a frequent cyber type to counteract with adequate and regular training sessions to make aware employees and act against cyber criminals. The Group has accelerated its closing processes and financial communication to the market. For instance, a prolonged resolution time of a cyberattack may impact the ability to handle financial communication on the due date, which will lead to reputational damage. A global IT security approach has been adopted by different firms and consists of compliance with security standards applicable to health data (e.g. HITRUST certification or SSAE SOC I & II especially in the US). A failure to comply with the new requirements would have impacts even on shareholder interests. The intensified risk may affect the Group's image and reputation, not to mention its business operations. In fact, it can even affect the relationships Group's partners and investors.	The Group is proactively responding to the possible threats through extensive paths to ameliorate protective measures and strengthen the current system. Indeed, the company is continuously investing to mitigate the risk. The InfoSecurity department, operates on different paths to deal with the risk through security and vulnerability assessment, penetration tests, remediation plans implementation, prevention activities and monitoring. In details: • The annual risk assessment is performed with the support of external firms, to verify the security posture of the most critical applications and services, evaluating the promptness of cybersecurity actions; • Awareness program with mandatory cybersecurity training and frequents communications (e.g. information campaigns, phishing notifications) to sensibilize the employees on the risks. Those activities are performed and shared through the company training platform Leonardo; • EssilorLuxottica is investing a lot in cybersecurity, particularly in terms of system-protection tools like antivirus, antimalware, firewalls, EDR, and SIEM; • A global SOC (Security Operation Center) oversees 24x7 all the events trying to find all the possible anomalies in systems, devices and users' behaviors. Moreover, the Group recently engaged with external providers for an evaluation and calibration on the cyber risk profile with the objective to reduce the exposure and adopt the adequate insurance. The company is also implementing an integration strategy on all the operating units to facilitate the control process, while still keeping a segmentation in place in order to isolate the entity object of the cyber-attacks if they may occur.

Data Management

Risk Factors	Risk Details	Mitigation Measures
Data Management **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤➤	Due to recent integrations (e.g. GrandVision), EssilorLuxottica has enlarged its dimension and complexity. In addition, to cope with stricter data management regulations introduced by different governments, the need of adequate controls multiplicate. EssilorLuxottica is carrying out an IT harmonisation project and a centralisation process which could lead to malfunctions, such as: • Difficulty in managing the transition of the various departments while maintaining data security, availability and integrity: • Business interruption or technical delays due to the size of the organization. In its business and especially in e-commerce, the Group needs to properly manage the extensive amount of data collected, without compromising security standards. Oversight may lead to loss of market shares and reputation. The market is generally becoming more proficient, requiring the company to be up-to-date and aware about possible reputational impacts.	EssilorLuxottica is acting on a multiyear plan for the rationalization and integration of its IT systems, establishing an adequate level of security for all IT systems. To mitigate the risks, the Group is continuously monitoring and updating its Business Continuity Plans and Disaster Recovery Plans. The company is proactively implementing solutions to deal with future changes. It has adopted a modular system: maintain a centralized business and data model while working on the design of applications and architecture. In addition, the Group is working toward a sustainable IT green plan. Through cloud systems, it is minimizing the footprint of the local hardware. The business is seeking software consolidation opportunities such as: • Exploring automation options to translate energy consumption; • Reducing the number of applications. Finally, the Group develop data management policies valid across all the businesses of the company.

Integration and Change Management

Risk Factors	Risk Details	Mitigation Measures
Integration And Change Management **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤	EssilorLuxottica's newly established organizational framework is the result of a thorough simplification of the structure performed at both central and local level. Strengthened by this experience, the Group has focused its efforts in 2022 on the integration of GrandVision. Employees of the Group become acquainted with the new structure and progressively gain speed in the adaptation to the updated processes. Post integration has generated a perceived need to centralize the activities for an optimal decision-making strategy. This centralization may require an increased control, approval requirements which could enhance complexity, therefore the vertical integration may represent a rigidity in the adaptation to new environments. Such a complex organization requires a longer time frame to accomplish intended changes. The other risks that arise are: • Potential negative impact on relations with external stakeholders (e.g. Unions in the US, or third parties) that may lead to major exposure of the Group at global level; • A lack of an Enduring, Goal-Focused Communication Strategy and a failed attempt to adapt to remodeling may cause dysfunctionalities in people, systems, policies, and techniques; • The centralization of the Group's governance can have several internal downsides over the people management (including CSR topics as human rights, diversity and inclusion). Also, see People Management risk in this Section.	The Group was able to create a clear governance model with little to no overlap of important positions, a defined set of roles and responsibilities, and the adoption of standard operating procedures. To foster the integration, the Group has created a shared identity and corporate culture for the entire Group. Several key milestones helped it to take shape: • One voice: launch of dedicated corporate EssilorLuxottica accounts for LinkedIn, Facebook, Instagram and Twitter to share its latest news and accomplishments; • One EssilorLuxottica intranet: to provide all Group-related information and services on a single communications platform and enhance connection. In addition, it has introduced new, unified policies and procedures to uphold its integrated businesses. These principles include embracing new ways of working in a post-pandemic scenario, offering practical tools to empower managers so they can better understand the impact and continue leading their teams effectively.

Business Interruptions

Risk Factors	Risk Details	Mitigation Measures
Business Interruptions **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤➤➤	EssilorLuxottica is operating worldwide, with production and logistic networks spread across Northern America, Latin America, Europe, Africa, and Asia Pacific). The Group can leverage on its vertical integration, howbeit it could also represents a liability due to its long supply chain. The different product combinations and flows between mass production plants (50), suppliers, laboratories (614), transporters, distribution centers (57), retail stores (17,687) increase the magnitude of possible business interruptions. The main cause of business interruption for the following years may be the result of: • The geopolitical unstable situation: due to the conflict, pandemic, and rising expenses, the supply chain might be more vulnerable, rendering the threats from importing goods from afar and a lack of source differentiation even greater; • Climate changes: extreme weather conditions or natural events, may lead to business disruption and high costs as a consequence of the damage caused. For instance, EssilorLuxottica operates in countries that are exposed to adverse natural events such as heat waves, floods, droughts and earthquakes, such as the one that recently struck Turkey; • Water scarcity: EssilorLuxottica might not have enough access to good quality and quantity of water and thus could be vulnerable to a production decrease, interruptions, and price increase; • Facility incidents/issues: EssilorLuxottica may affected by incidents or facilities issues, as fire or explosions; • Single source suppliers: possible shortage of supplies of auxiliary elements (equipment, molds, inserts, etc.) The Group's operations, results, financial position, reputation, and image may all suffer if efficient distribution, a well-organized production system, and business continuity are not ensured.	The adaptable supply chain of EssilorLuxottica is essential for reducing the threats to business continuity. In addition, the Group is moving toward a shorter supply chain based on countries that are geographically closer to reduce the risk and be more sustainable. The Group is continuously and gradually enhancing its Business Continuity Plans (BCPs) to better address new risks, ensuring an interconnected and coherent with each other through specific measures: • Deployment of safety measures, adaptation of cost base and working capital requirements, definition of alternative supply roads, leveraging of the network of production sites, strengthening of its ecommerce activities; • An evaluation of the risks and resilience to potential natural disaster and climate change events (also refer to Chapter 5.2.1) that the most pertinent production sites are exposed to; • Projections and continuous monitoring earthquake-resistance of facilities located in regions at risk of earthquake. EssilorLuxottica has established a dedicated team to support people involved in the earthquake in Turkey and constantly monitored their situation. In terms of business, some stores had been closed in a preventive way; • External audits performed by insurance companies; • Local loss prevention plans at its facilities (including checking on fire systems and back-up power generators); • Periodic simulations of IT systems failure to test efficiency and effectiveness of Disaster Recovery Plan. In recent years, the network has been streamlined. The Group continually makes investments to guarantee logistical and production back-up by moving manufacturing from one site to another thanks to the standardization of production processes. EssilorLuxottica is continuously seeking to improve commercial partnerships and has established a proper vendor portfolio to have backups and avoid reliance on unique suppliers.

Supply Chain

Risk Factors	Risk Details	Mitigation Measures
Supply Chain **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤➤	Resiliency and stability of the supply chain have been in the recent year challenged in withstanding unprecedented conditions. The more severe scenarios as frequent lockdowns in China, sanctions and trade restrictions (Russo-Ukrainian conflict) have highlighted the real fragility of their interdependence. EssilorLuxottica's supply chain could be negatively influenced by the following issues: • The energy shortage and the gas crisis come with a high degree of price volatility, which may hinder the ability to maintain the typical manufacturing cycle and jeopardize the efforts to achieve carbon neutrality. The unit cost of technology semiconductors and chips which is also rising, may force the Group to replan the distribution network and investigate logistics alternatives; • Sole-source suppliers may enhance dependency, especially in relation to specific chemicals used in the lens production process. The key is the selection of suppliers that adhere to the Group's social, ethical and environmental standards. Failing to do so may result in value loss and reputational damage; • Production process concentrated in a few plants, as a consequence of Technology or Product transfer limitations (e.g. Chemicals, molds, etc.) from one site to another, could result in the same dependency and rigidity, hitting directly the lead time and production costs; • Weak agility in production and Inventory planning. Thanks to the rebound of brick-and-mortar channels, retail demand trend is expected to continue to rise, therefore timely delivery of goods is a variable that the Group has to handle effectively to supply all the stores and meet the excellent service level to the customers. A particular attention to the Luxury collection, much more time-sensitive than other categories. Finally, the growing cost of labor and the political instabilities at the global level are affecting several countries (also see Political & Social Environment and People Management Risk Factors).	The different networks and flexibility in various channels allow to leverage on the company's resilience, and the strong integrated business model to better manage adversity. The Group has a structured supply chain as well as trustworthy and competent professionals, with the aim to engage the suppliers in a virtuous collaboration. To counter high price levels and avoid production interruption EssilorLuxottica (i) anticipate the commodities acquisition. The Group secures the acquisition of 2023 energy needs; (ii) increase the stock of digital devices (such as switch, routers, cables, led walls, screens) and materials for construction activities; (iii) is able to adapt the production to contain labor costs. The Group is developing a long run strategy to reduce its reliance on single-source countries and supplier. In relation with the chemical industry, especially in Japan, new projects and collaborations with other companies in different countries are carried out, as well as an adequate review of the transshipment through other hubs and different transit times to reach markets. Furthermore, EssilorLuxottica performs and updates constantly its Responsible Sourcing and Manufacturing program. It consists in verifying that suppliers respect and adhere to the Company' s values and commitment in the areas of ethics, human rights and labor standards, environment, health and safety with the same high standards of its plants. To ensure this, qualified third-parties assess suppliers' environmental and social performance through either a self-assessment platform or on-site audits. (For further details, also see Section 5.2.5). The Group implemented a solid process enabling the teams to monitor and react swiftly in moving the production in the Group's dislocated sites to guarantee business continuity and deliver the goods, to approximately 18.000 stores. Moreover, as a more sustainable approach, the Group regularly keeps track of Scope 3 emissions associated with transportation and distribution of products and has already launched several initiatives within the supply chain, such as carbon neutral shipment.

Compliance Risks

Data Privacy

Risk Factors	Risk Details	Mitigation Measures
Data Privacy **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■■ **Velocity:** ➤➤➤	International legal regulations concerning data privacy are different among each other and constantly evolving. Cross-border data transfer control policies are becoming increasingly stringent all over the world. The different approaches that countries have (even within the EU), with regards to privacy legal frameworks and their interpretation by Data Protection Authorities, risks to generate gaps in the implementation of processes and commercialization of products or services managed centrally. In addition, the variety and complexity of the personal data that EssilorLuxottica manages, along with the Group's data exchange mechanism, increases rapidly. Furthermore, the new merging and acquisition operations have enhanced the challenge. The implementation of processes and commercialization of products or services managed centrally became therefore more complex and could expose the Group to non-compliance risk. IT system diversity and complexity, the personal information (individual health data, biometric data) collected by EssilorLuxottica, and the Group's data exchange process may increase the risk of exposure. On this concern, the HIPAA is a specific law that regulates privacy on health data in the US and refers to security and privacy with specific obligations. The main causes for personal data breaches may be (i) IT system failures; (ii) network disruptions; (iii) cyber security threats; (iv) inappropriate data management of new technological devices; (v) health data inadequately secured; (vi) personal data may occasionally be exchanged internationally. Therefore, the Group is exposed to financial and reputational risk. From an investment point of view, data collection and data privacy are considered by rating agencies as key indicators for sustainability issues. The exposure may potentially affect internal organization data and regular business activities as well.	To ensure compliance with the various regulations, the EssilorLuxottica is investing resources in the protection of its stakeholder's data privacy, ensuring it complies with all the applicable Data Protection and Privacy acts across the world. The Privacy Office at the Compliance department monitors at central level any data privacy matters with the assistance of local correspondents. A privacy compliance program is currently ongoing. It aims at contributing to the integration of a compliance by design approach and to the protection of personal data processed by the Group or by its suppliers in accordance with all applicable regulations. The Group is actively developing and finalizing policies for data breach, data protection and data retention. Trainings are available on Leonardo learning platform and awareness programs are disclosed to enhance the privacy culture of Group and ensure Data Privacy by design is addressed when implementing new projects. Particular attention is paid also on the way its business partners process personal data when launching new products or services (e.g. teleoptometry, Ray-Ban Stories, apps). The Compliance department assists subsidiaries in establishing systems for responding to information requests from data subjects as well as preventing and responding to data breaches. Finally, EssilorLuxottica is raising awareness for privacy data through conferences and collaborates with several authorities and Data Protection Authorities to implement appropriate information programs as data privacy awareness campaigns.

Reporting & Communication

Risk Factors	Risk Details	Mitigation Measures
Reporting & Communication **Severity:** ▲▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤	EssilorLuxottica's international and large footprint requires the Group to be compliant with different national and international rules and regulations. These laws and regulations, including but not limited to labor laws, anti-corruption laws, anti-money laundering laws, trade sanctions, competition laws, sourcing restrictions on materials, and health, safety and environmental regulations may vary from country to country and are continuously evolving. Furthermore, the growing investor interest in CSR related information as well as the media awareness of its reporting leads to higher stakeholder expectations on transparency, data accuracy, consistency of information, etc. The changing regulatory scenarios that may have an impact on the Group's business include: trade compliance, anti-corruption (Sapin II Act on transparency, fight against corruption and modernization of economic life), anti-money laundering, duty of vigilance, human rights regulations (e.g. Duty of Care, UK Modern Slavery Act), environmental regulations (e.g. hazardous waste management regulation in China), and healthcare regulations (US Patient Protection and Affordable Care Act). The scope of applicable laws and regulations is also evolving, implying an increasing responsibility of EssilorLuxottica over its value chain, third party's business partners, suppliers and distributors. In addition, in the event of violations of these laws and regulations by its various partners, EssilorLuxottica is exposed to fines and reputational damage. The presence of joint ventures with a certain level of operational autonomy and the small size of some of the Group's entities may represent additional risks. Given the Group's complexity, a lack of regular check reporting requirements may increase the compliance risk in terms of accuracy and completeness of information. In addition, failure to comply with such laws and regulations could result in criminal and/or civil liabilities being imposed on responsible individuals and, in certain cases, on the Group entities. In this light, the different regulatory requirements may require EssilorLuxottica to make greater efforts towards transparency, consistency of metrics, data integrity to improve corporate reporting. Neglecting regulatory developments may result in compliance issues that endanger business sustainability and increase the risk of a negative reputational impact. A lack of communication on the achievement reached may lead to decreased credibility and not attaining stakeholder expectations.	EssilorLuxottica is dedicated to improving and advancing its reporting & communication and the connectivity between financial and non-financial reporting, as well as to ensure compliance with the upcoming regulations regarding corporate sustainability reporting. It includes: (i) Committed teams that collaborate closely with internal audit and internal control teams and routinely report on the actions taken to senior management, the Group Audit Committee, and the Board of Directors; The compliance team is made up of corporate compliance officers and regional compliance officers; (ii) Regulatory monitoring at central and local level; (iii) Effective and risk-based compliance programs conducted by the Compliance department. For instance, the Group has conducted a cartography of anti-corruption risk in accordance with Sapin II Law. The risk assessment conducted on the integrated Group activities has been translated into an anti-corruption policy required by Sapin II Law, which is under work council consultation process; (iv) Constant revision of policies and practices to reflect regulatory needs and group evolutions and application of EssilorLuxottica for a clear communication; (v) Creation of a culture of compliance through the training "Leonardo" platform (personal data protection, anti-corruption, trade sanctions, human rights, etc.); (vi) Routine checks and audits performed by internal audit and internal control teams, as well as by external parties, with remedial actions put into place afterward; (vii) An integrated whistleblowing system which enables the reporting of compliance and other violations of laws; (viii) Controls on third parties on compliance with the principles defined in its Code of Ethics. EssilorLuxottica oversees its external communication and monitors media and discussions on social media about the Group. Before launching new campaigns in a particular area, the corporation ensure the compliance with local rules tailoring the communication if needed while staying true to EssilorLuxottica values. For more information on the CSR dimension, also see Chapter 5.1.4 of this Universal Registration Document.

Litigations and proceedings arbitration

Risk Factors	Risk Details	Mitigation Measures
Litigations and proceedings arbitration **Severity:** ▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤	The Group is a party to legal actions, claims, lawsuits, arbitrations, investigations, governmental and administrative proceedings, and litigation in the ordinary course of its business, some of which are or may be material. The risk is compounded by EssilorLuxottica's growing complexity and international footprint. Any ongoing or upcoming material litigation could have significantly negative consequences on the financial situation and reputation of the Group. **Fraud** Civil and criminal actions are pending in many jurisdictions following the fraud that took place in 2019 in Thailand. As of December 31, 2022, the outstanding amount to be recovered is USD 102 million approximately, before insurance and further recovery. **Alleged anti-competitive practices** Following lengthy proceedings against Luxottica, the Group was sentenced by the French Competition Authority to a € 125 million fine on July 22, 2021 on the account of cartel practices. The Group has appealed this decision on September 10, 2021 and remains confident that it will successfully demonstrate that the decision is wrong from both a factual and a legal perspective. Accordingly, no provisions have been booked in this respect. Following lengthy proceedings against Essilor, the Group was sentenced by the French Competition Authority to a € 81 million fine on October 6, 2022 for discrimination of online players and protection of brick-and-mortar retailers in connection with the distribution of certain specific prescription lenses. The Group has appealed this decision on November 23, 2022 and remains confident that it will successfully demonstrate that the decision is ungrounded. Accordingly, no provisions have been booked in this respect. **Investigations** In 2022, (i) Essilor of America and the US Department of Justice reached a settlement pursuant to which the Company paid an overall amount of approximately USD24 million to the US Authorities and entered into a Corporate Integrity Agreement, and (ii) the case with the Insurance Commission of the State of California was also settled for approximately a USD24 million. Meanwhile, similar cases are still pending with regard to Shamir Optical, another subsidiary of the Group. Moreover, in relation to local commercial practices, the Group is still under investigations initiated in 2021 and 2022 by the Turkish and Greek Competition Authorities. The Group is working with the authorities in connection with these ongoing investigations, and received a Statement of Objections by the Turkish Competition Authority on October 31, 2022 **Class actions** Certain US and Canadian subsidiaries of EssilorLuxottica are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. The relevant subsidiaries dispute the merits of all these actions.	EssilorLuxottica addresses all claims, arbitrations and litigation proceedings through specialized resources (internal and external). Furthermore, to meet its statutory and regulatory duties, and enhance internal professional knowledge, EssilorLuxottica provides dedicated training sessions to its employees. EssilorLuxottica evaluates risks related to actual lawsuits, arbitrations, investigations and governmental and administrative proceedings and litigation and books provisions in accordance with applicable accounting standards. Such provisions amounted for EssilorLuxottica to € 208 million as of December 31, 2022, compared to € 248 million as of December 31, 2021.

Risk Factors	Risk Details	Mitigation Measures
	Other existing proceedings EssilorLuxottica and its subsidiaries are defendants in other legal proceedings arising in the ordinary course of business, relating to various aspects of its activities, including relating to commercial issues and intellectual property rights. EssilorLuxottica disputes the merits of all such outstanding claims, which it will vigorously pursue, and believes that such outstanding claims are not likely to have a significant impact on the Group's financial position or profitability.	

Taxation

Risk Factors	Risk Details	Mitigation Measures
Taxation **Severity:** ▲ **Impact:** ●● **Likelihood:** ■ **Velocity:** ➤➤	As a result of its global presence, EssilorLuxottica is subject to a large number of local tax regulations. Future effective tax rate may be impacted by changes in (i) mix of earnings in countries with different statutory tax rates; (ii) valuation of deferred tax assets and liabilities; (iii) tax laws or their interpretation. The ongoing corporate changes raise the scale of potential risks, particularly compliance risks. Indeed, the new complex environment in which the Group operates increases the firm's responsibilities and the number of factors to consider. Possible changes in country tax regulations would affect Group tax compliance and tax disclosure, potentially leading to tax adjustments, fines, and penalties. EssilorLuxottica's income tax returns are periodically reviewed by the appropriate tax authorities; therefore, it cannot be assured that any upcoming investigations won't materially harm the Group's operations, financial situation, and prospects.	EssilorLuxottica's Tax department oversees the compliance with applicable tax laws and regulations. It commits local subsidiaries to adopt a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which the Group operates. It also guides subsidiaries on tax matters, provides guidance on the transfer pricing approach, defines the Company tax policies, and suggests adequate tax solutions to the Company's business requirements. In this context, the Tax Strategy of EssilorLuxottica endeavors to comply with all applicable French and international Laws and Regulations, in accordance with its Code of Ethics and it is committed to keeping a cooperative and transparent relationship with the Tax Authorities in the countries where the Group operates. Where available and possible, it looks for tax dispute prevention instruments to ensure advance tax certainty like Rulings or Advance Pricing Agreements. The Group is part of Cooperative Compliance programs in France, Italy in the Netherlands. As a result, the internal control system at EssilorLuxottica, which includes financial controls over tax management activities, is continually improved. Finally, the Group pursue the reduction of the number of companies with the aim of reducing complexity.

Antitrust

Risk Factors	Risk Details	Mitigation Measures
Antitrust **Severity:** ▲ **Impact:** ● **Likelihood:** ■■ **Velocity:** ➤➤	Due to the Group's relevant size, some competitors are attempting to have EssilorLuxottica more heavily supervised by regulatory authorities. As a result, the Group may be exposed to increased antitrust concerns. There also remains a risk for the Group to be seen as taking an unfair advantage thanks to its current position on the market. Negative opinion from antitrust authorities may hinder the Company to pursue specific strategic initiatives. For instance, the investigation opened in 2014 by the French Competition Authority (FCA), for discrimination of online players and protection of brick-and-mortar retailers, in connection with the distribution of certain specific prescription lenses, has been closed in October 2022 with an 81 million Euro penalty. Notwithstanding, the Group stated that its practices were fully compliant with the competitive and regulatory contexts of the concerned period, and that they benefitted not only its customers and partners but also the whole industry. Therefore, EssilorLuxottica decided to appeal the sentence and remain confident that it will successfully demonstrate that the decision is ungrounded. Currently the Group is subject to different antitrust procedures in various countries (e.g. China, Greece and Turkey). In Turkey, the Group is under the anti-trust scrutiny and had to make concessions to get clearance from the Turkish Competition Authority further to the Essilor/Luxottica combination and the GrandVision acquisition. Any sanctions, fines or restrictions for violations of antitrust regulations or non-compliance with applicable remedies, whether actual or alleged, may materially adversely affect EssilorLuxottica's business, reputation, operating results, financial conditions and cash flow.	In accordance with antitrust or competition laws and regulations, EssilorLuxottica promotes integrity and fair competition among all parties, including competitors. EssilorLuxottica has defined and is deploying a global antitrust policy stating principles for conducting business in compliance with antitrust regulations. Anti-trust consideration is actively managed within business decisions and strongly built into processes. To ensure that M&A operations and commercial practices are compliant with antitrust laws and regulations, EssilorLuxottica performs preventive antitrust related assessments with the support of multiple specialized international advisors. Furthermore, specific trainings on anti-trust matters are provided to the employees to sensibilize on the topic.

1.7 Main characteristics of the risk management and internal control systems implemented by the Company for the preparation and processing of accounting and financial information

EssilorLuxottica internal control systems is consistent with international best practices such as the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework and in line with the requirements imposed on companies listed on the French Stock exchange and, more precisely, with the "Reference framework for risk management and internal control system" published by the AMF in 2010.

1.7.1 The Company risk management process

EssilorLuxottica has developed and adopted an Enterprise Risk Management (ERM) framework defining:

- a Group Risk Model, which clusters risks into four categories (strategic, operational, financial and compliance);
- an assessment methodology based on the impact, the likelihood and the velocity of each risk;
- an assessment of risks related to sustainability performance (so called "CSR risks") discussed in Chapter 5 of this Universal Registration Document.

In 2022, EssilorLuxottica has performed its risk assessment, based on the Group Risk Model:

- identification and analysis of risks through interviews and questionnaires;
- assessment of impact, likelihood and velocity, on a residual basis, considering all mitigating measures adopted by EssilorLuxottica;
- prioritization aimed at identifying risks and implementing action plans to minimize those risks.

The risk assessment has been performed globally, incorporating all geographical areas, legal entities and activities of the Group. In 2022, the results of this risk assessments were integrated in the identified risk factors for the Group, in terms of nature and mitigation actions.

EssilorLuxottica identified 23 relevant risk factors to which the Company may be exposed. For each risk factor, the overall severity has been calculated considering the likelihood and the potential impact (operational, financial and reputational) as well as velocity of occurrence. Risks presented are clustered by risk categories.

1.7.2 The Company's internal control objectives

The risk management of EssilorLuxottica and the internal control frameworks implemented within the Group are designed to:

- ensure that management actions, execution of transactions, and staff behavior fall within the scope defined by the guidelines applicable to activities undertaken by the relevant corporate bodies. This includes compliance with applicable laws and regulations, as well as values, standards and internal rules of the Group;
- verify the quality and accuracy of all accounting, financial, legal and management information reported to the relevant corporate bodies, regulatory or supervisory authorities, shareholders or the public;
- comply with applicable laws and regulations;
- cover all the policies and procedures implemented by the Group that provide reasonable assurance that business is managed efficiently and effectively;
- limit the risk of error or fraud, particularly of an economic, financial or legal nature, to which the Group may be exposed. However, no control system can provide an absolute guarantee that all such risks have been completely avoided, eliminated.

1.7.3 Organization of internal controls

The internal control systems implemented within the Group are based on:

- clear definitions of responsibilities, backed by the necessary resources and skills, appropriate information systems, procedures and processes, tools and practices;
- internal communication of all the information needed for each individual to fulfill his or her responsibilities;
- systems that aim to identify and analyze the main identifiable risks and to ensure the implementation of procedures to manage these risks;
- control procedures that are proportionate to the risks associated with each process and are designed to provide assurance that measures are taken to limit and, to the extent possible, manage the risks that could prevent them from fulfilling their respective objectives;
- supervision of the internal control and risk management systems and regular reviews of their operations.

1.7.3.1 Main finance control activities and key stakeholders

Various internal control activities help to ensure that the application of finance standards and procedures defined at the corporate level are consistent with Senior Management's guidelines.

The risk management and control framework in place at EssilorLuxottica can be described as follows:

- first line of defense: the operational people responsible for transactions at the entity level;
- second line of defense: the functional departments in charge of specific areas of activities (such as Internal Control, Treasury, Accounting and Consolidation, Forecasting, Tax…) with a solid reporting line from the regions to the corporate finance heads.
- third line of defense: the Internal Audit department, which independently checks the effectiveness of controls and reports on them to the relevant functions and bodies.

The following departments are under the responsibility of the Group Chief Financial Officer of EssilorLuxottica:

Group Internal Control

Group Internal Control focuses mainly on the controls related to Internal Control Over Financial Reporting (ICoFR) scope. Several initiatives on the consolidated entities started in 2021 were rolled out during 2022, such as:

- Monitoring key controls related to payment and cash management processes via a Data Analytics tool,
- Control testing on the financial statement closing process,
- Redefining the set of Minimum Control Standards
- Follow up on the remediation plans raised by internal audit.

And other projects led with IT to strengthen some digital processes.

The results of these internal control activities are periodically reported to the Group Chief Financial Officer and shared with the heads of Finance departments.

In addition, as part of the year-end closing process, Group entities must sign an Internal Representation Letter which discloses the compliance of all the consolidated entities with the accounting principles of EssilorLuxottica Group in the context of preparation and production of financial statements.

The aim is to focus on reinforcing controls and suggesting remedies in the finance area to prevent and detect potential fraud, and also to contribute to the continuous enhancement of the quality of the financial information reported.

Group Accounting and Consolidation

The EssilorLuxottica consolidation team (the "Group consolidation team") is responsible for the preparation of the consolidated financial statements of EssilorLuxottica, including the coordination of the consolidation teams at Essilor, Luxottica and GrandVision ("Sub consolidation teams"). The Group consolidation team issues instructions to the Sub consolidation teams to ensure a consistent and reliable consolidation process; in addition there is an open communication line among the consolidation teams and the local Finance Departments which allows the understanding and analysis of the financial data and enables consistency in the accounting approaches with respect to complex transactions and/or implementation of new accounting standards.

Subsidiaries adopt the accounting and management policies communicated by the Group consolidation team and submit their financial information through a consolidation software that, in turn, enables the consolidation process at the sub – consolidation level first and then at Group level.

EssilorLuxottica consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, based on reporting packages submitted by each Group subsidiary. The statutory financial statements of EssilorLuxottica are prepared by a dedicated team in accordance with the French accounting standards.

The yearly consolidated and statutory financial statements are audited by the Statutory Auditors who apply the standards of the profession.

Group Treasury

Group Treasury department handles at parent company level the strategic funding and liquidity management, including asset management. Short, medium and long-term financing is achieved through bonds, private placements, medium-term credit facilities and commercial paper. Cash Surpluses are invested in short-term instruments (such as bank deposits and money market funds), mainly concentrated at EssilorLuxottica.

The interest rate risk management is centralized, and aims at balancing the cost of financing and protecting the Group against adverse changes in interest rates.

Group and Regional Treasury Departments of EssilorLuxottica oversee the funding, risk hedging and local asset management of the affiliates, also providing general advice and assistance services to Group subsidiaries for these duties and cash management. Whenever possible, the financing needs of subsidiaries are funded intercompany. Exposures to currency risk are routinely hedged by the Treasury Departments through customary market instruments. Invoicing in local currency of importing or exporting companies allows the bulk of foreign exchange risk to be concentrated on a small number of entities.

Group Controlling

The Group Controlling function (i) defines and monitors the indicators for checking that the Group is operating in accordance with its targets, (ii) measures the performance of the various operating divisions and their contribution of the Group, (iii) performs consistency tests on management reporting data to check the overall reliability of the applicable information, working in cooperation with the business analysis units embedded in each operating division. The Group Controlling function identifies differences compared with targets set, risks and opportunities, provides decision-making guidance, and coordinates projection phases (forecasts and budget).

Group Tax

The EssilorLuxottica group Tax Department is in charge of monitoring and ensuring compliance with applicable tax laws and regulations, consistently with the values of honesty and fairness of EssilorLuxottica's Code of Ethics. It commits local subsidiaries to endorse a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which they operate. It also guides subsidiaries on tax matters, provides guidance on the transfer pricing approach, defines Group tax policies and suggests adequate tax solutions to the Group's business requirements.

1.7.3.2 Internal control procedures relating to the production and processing of accounting and financial information

The production of the accounting and financial information is ensured at the EssilorLuxottica group level by the following processes:

(i) quarterly accounting closing processes performed at Group level, based on the closing processes implemented at each sub group level in accordance with the instructions and timelines communicated by the Group consolidation team;

(ii) implementation of general Group procedures to guarantee compliance with the applicable rules (*e.g.* IFRS and AMF guidelines);

(iii) existence of specific guidelines and procedures followed at Group level;

(iv) presentation of financial information, at each period-end preceding the publication, to the Audit and Risk Committee.

Data related to the income statement, the statement of financial position and the cash-flow statement are prepared quarterly. The Group consolidation team quarterly checks the figures reported by the Sub consolidation teams and ensures that they comply with applicable policies.

Even though they are not an integral part of the internal control procedures, the Statutory Auditors take into consideration the accounting and internal control systems to plan their audits and define their audit strategies.

1.7.4 Internal Audit department

The goal of the Internal Audit department at EssilorLuxottica is to provide independent, risk-based and objective assurance and consulting services designed to add value to Group's operations and improve the effectiveness of its governance, risk management and control processes, with a geographical organization matching the Group's footprint.

The Head of Internal Audit regularly reports to the Audit and Risk Committee on the status of the audits, the most significant issues and the implementation of the related action plans. Additionally, the Audit and Risk Committee reviewed and subsequently the Board of Directors approved the 2023 Internal Audit Plan for EssilorLuxottica.

The Internal Audit department is not responsible for any operational area, and has full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement. If the Head of Internal Audit determines that independence or objectivity of the Internal Audit department may be impaired, the details of impairment will be disclosed to appropriate parties.

The Internal Audit department has a specific budget, assigned in accordance with the activities it is required to perform to achieve the objectives defined in the approved Internal Audit Plan.

Internal Audit activities are carried out according to the approved plan and applying common methodologies in all geographies. For each audit, a report is prepared and distributed to the relevant stakeholders.

Through continuous monitoring of the risk environment, the plan has been reviewed and updated, taking into account the new priorities from Management and also resources availability in the regions in order to ensure an adequate and balanced coverage. The adjustments to the 2022 audit plan have been reviewed by the Audit and Risk Committee during the year and subsequently approved by the Board of Directors when necessary. The Internal Audit department executed and completed the 2022 approved plan.

The results of the Internal Audit activities are periodically reported to the Audit and Risk Committee and to senior management, allowing the Group to identify areas for improvement of the internal control system for which specific action plans are agreed to further strengthen the foundation of the system itself. The implementation of the recommendations formulated by the Internal Audit activities is the responsibility of the entity being audited, and it is periodically monitored to ensure that the action plans agreed upon are carried out within the specified time frame.

2

Chapter 2

EssilorLuxottica in 2022

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NOTES

1. **Constant exchange rates**: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.
2. **Adjusted measures or figures**: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance. A description of those other transactions that are unusual, infrequent or unrelated to the normal course of business is provided in the half-year and year-end disclosure (see dedicated paragraph *Adjusted measures*).
3. **Comparable (revenue):** comparable revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021. Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information. No adjustments are made to 2022 revenue.
4. ***Pro forma***: *pro forma* information as presented in the Restated Unaudited *Pro Forma* Consolidated Financial Information. The Restated Unaudited *Pro Forma* Consolidated Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Restated Unaudited *Pro Forma* Consolidated Financial Information are accurate in all respects or that the result disclosed in the Restated Unaudited *Pro Forma* Consolidated Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Restated Unaudited *Pro Forma* Consolidated Financial Information. For a reconciliation between adjusted *pro forma* measures and their most comparable measures reported in the IFRS consolidated financial statements, please refer to the reconciliation table provided in Section 4.3 of this Universal Registration Document.
5. **Comparable-store sales**: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

2.1 Significant events of the year

Tribute to Leonardo Del Vecchio, and appointment of new Chairman

On June 28, 2022, EssilorLuxottica's Board of Directors met and paid homage to Chairman, Leonardo Del Vecchio, who passed away peacefully on June 27, 2022. He will forever be remembered for his values, robust leadership, passion, exceptional character as well as his dedication toward the company and its employees.

During the meeting, the Board of Directors appointed Francesco Milleri as its new Chairman for the remaining duration of his mandate. Francesco Milleri will also carry on assuming his term of office as Chief Executive Officer of EssilorLuxottica.

The Board further confirmed Paul du Saillant as Deputy Chief Executive Officer of EssilorLuxottica.

New members of EssilorLuxottica's Board of Directors

On January 20, 2022, EssilorLuxottica's Board of Directors appointed Virginie Mercier Pitre as a new Director. This followed her nomination as the new President of Valoptec Association, the independent Association of EssilorLuxottica's employee shareholders. Her nomination to the Board of Directors was ratified at the EssilorLuxottica Annual Shareholders' Meeting held on May 25, 2022. Upon joining the Board of Directors, Mrs. Mercier Pitre became a member of its Corporate Social Responsibility (CSR) Committee.

Mrs. Mercier Pitre replaces on the Board of Directors Juliette Favre, who was President of Valoptec Association from 2015 to 2021 and served three terms on the Valoptec Board, which is the maximum allowed by the Association bylaws.

On June 28, 2022, the Board co-opted Mario Notari as a new Director. Mario Notari is full Professor of Company and Business Law at Università Bocconi in Milan and member of the PhD Board in Business Law at Università Bocconi. He is also founder and partner of "ZNR notai", public notaries and lawyers in Milan. He was Director of Luxottica Group S.p.A. from 2015 to 2018 and is a Director of Delfin S.à.r.l.

Mario Notari will be considered as a non-independent director on the Board of EssilorLuxottica. His appointment will be submitted to shareholders' vote at the next Annual Shareholders' Meeting of the Company.

Share buyback programs

On February 1, 2022, EssilorLuxottica announced the launch of a share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from February 1, 2022, up until March 31, 2022 included. 1,500,000 EssilorLuxottica's shares have been acquired from February 1 to February 8, 2022 at an average price of €174.14 per share. EssilorLuxottica launched this share buyback program in accordance to the 10th resolution approved by the Annual Shareholders' Meeting of May 21, 2021.

On June 17, 2022, EssilorLuxottica announced the launch of a second share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 2,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from June 17, 2022, up until August 31, 2022 included. 938,409 EssilorLuxottica shares were purchased for an average price of €139.14 per share. EssilorLuxottica launched this second share buyback program in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

Finally, on September 23, 2022, EssilorLuxottica announced the launch of a third share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from September 23, 2022, up until March 31, 2023 included. As of December 31, 2022, 548,714 EssilorLuxottica shares were purchased for an average price of €139.30 per share. EssilorLuxottica launched this third share buyback program in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

The launch of these share buyback programs reflects the Group's confidence in its value creation and long-term prospects. The shares so acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

EssilorLuxottica closes the acquisition of Walman

On March 1, 2022, EssilorLuxottica announced the closing of its acquisition of US based lab network Walman Optical, a leading lab partner to vision care practices around the country. First announced in March 2021, the acquisition will draw on EssilorLuxottica's focus on product and service innovation to create growth opportunities for Walman Optical.

European divestment

On March 2, 2022, EssilorLuxottica, GrandVision and Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, announced that the companies had completed the transaction for Vision Group to acquire the VistaSì chain in Italy, including the brand and all the 99 stores, and 75 GrandVision stores in the country.

On April 4, 2022, EssilorLuxottica, GrandVision and the Optic Retail International Group BENE, a member of MPG Austria ("ORIG/MPG"), announced that the companies had completed the transaction for ORIG/MPG to acquire 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

Both transactions follow the commitments agreed upon with the European Commission on March 23, 2021, as part of the acquisition of GrandVision by EssilorLuxottica. All the parties confirmed that the European Commission approved the transactions.

SightGlass Vision joint venture

On March 17, 2022, EssilorLuxottica and CooperCompanies announced the finalization of their joint venture agreement for SightGlass Vision. This collaboration of two global vision care leaders accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category.

SightGlass Vision's Diffusion Optics Technology™ incorporates thousands of micro-dots into the lens that softly scatter light to reduce contrast on the retina, which is intended to reduce myopia progression in children.

Fedon acquisition

On April 11, 2022, Luxottica Group S.p.A. ("Luxottica"), a company subject to the management and coordination of EssilorLuxottica S.A., announced that it had entered into a preliminary sale and purchase agreement for the acquisition of a total of 1,727,141 shares of the company Giorgio Fedon & Figli S.p.A. ("Fedon"), listed on Euronext Growth Milan, the market organized and managed by Borsa Italiana S.p.A., representing 90.9% of the share capital of Fedon.

The agreement was entered into with the relevant shareholders of Fedon (i.e. CL & GP S.r.l., Piergiorgio Fedon, Sylt S.r.l., Italo Fedon, Laura Corte Metto, Francesca Fedon, Roberto Fedon, Flora Fedon and Rossella Fedon), as well as other non-relevant shareholders (hereinafter collectively the "Sellers").

The transaction represents a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards along the entire value chain and optimizing the service for the benefit of all industry players. Thanks to cutting-edge technologies and dedicated innovations, the acquisition will allow to better fit the eyewear and spectacles with the cases and packaging to ensure maximum protection and integrity of the product, for the benefit of the final consumer. Furthermore, EssilorLuxottica will also leverage on Fedon to pursue its sustainability strategy, investing in the recyclability and circularity of the packaging materials produced by the company.

The purchase price agreed and to be paid on the closing date to the Sellers, in proportion to the respective shareholdings, is equal to €17.03 for each share and therefore to an aggregate of €29.4 million. The agreed price includes a premium of 135% over the last official price of Fedon's shares recorded on April 8, 2022 (last trading day preceding the date of entry into the agreement) as well as a premium of 114% over the weighted average of the official price of Fedon's shares in the 12 months preceding the date of April 8, 2022.

Completion of the sale and purchase was subject to the fulfilment of certain conditions precedent, as customary in transactions of this kind. On May 31, 2022, the transaction was completed: as of that date, legal conditions arose for Luxottica to have the obligation to launch a mandatory tender offer ("MTO") on all the outstanding ordinary shares of Fedon, at the same price of €17.03 per share. The MTO process was completed during the month of July, during which all the outstanding ordinary shares were acquired, and Fedon's shares delisted from July 20, 2022.

Completion of statutory buy-out of GrandVision shareholders

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, i.e. €28.42 per share, plus financial interests as per the applicable regulations.

EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

Acceleration in Mission activities with the launch of a unified foundation

On May 25, 2022, EssilorLuxottica announced the launch of the OneSight EssilorLuxottica Foundation marking a new chapter in the Group's journey to achieve its unique Mission to help everyone in the world "see more and be more". This comes as a major pillar in EssilorLuxottica's sustainability strategy and supports its commitment to advocate for good vision as a basic human right.

The OneSight EssilorLuxottica Foundation unites many of the Group's global advocacy and philanthropic actions and will play a leading role in the fight against poor vision. By raising awareness on the importance of good vision and supporting the creation of sustainable vision care through philanthropic grants, the OneSight EssilorLuxottica Foundation will work with like-minded partners to help realize the United Nations' resolution, "Vision for All", and help eliminate uncorrected poor vision in a generation.

This new step in the integration of the Mission related activities is a strong sign of EssilorLuxottica's commitment to improve access to good vision to underserved communities. The Foundation will provide a platform that truly represents and harnesses the power and commitment of EssilorLuxottica, its employees and its partners, to make progress in this space.

The OneSight EssilorLuxottica Foundation unites the following organizations: Vision for Life, Essilor Vision Foundations in North America, India, Southeast Asia and China, Salmoiraghi & Viganò Foundation in Italy as well as the Company's long term global partners OneSight and the Vision Impact Institute.

Dividend distribution

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €135.60 per share (so-called *scrip dividend*). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the dividend to be distributed for the financial year ended on December 31, 2021, this total being rounded up to the next euro cent.

The period to opt for payment of the dividend in newly issued shares was open from June 1, 2022, up to, and including, June 15, 2022. At the end of that period, 258,731,714 dividend rights were exercised in favor of the payment of the 2021 dividend in shares. Accordingly, on June 21, 2022, 4,789,194 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new share confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the *scrip dividend* amounted to €454 million and was paid on the same date, June 21, 2022.

Agreement for the first joint Smart Eyewear Lab with Politecnico di Milano

On July 19, 2022, EssilorLuxottica and Politecnico di Milano announced the creation of the first ever joint research center aimed at designing the smart glasses of the future, EssilorLuxottica Smart Eyewear Lab.

The project involves an investment worth over €50 million, and will encompass industrial research and experimental development of devices underlying a new generation of wearables which are capable of autonomous network connection. It is a pioneering and tangible project that will enable the development of technologies and services by means of a widely used interface such as eyewear.

The EssilorLuxottica Smart Eyewear Lab will initially last five years and will employ when fully operational over 100 among researchers and scientists working closely together in a dedicated space within the Innovation District, which the Politecnico di Milano is currently developing in the Parco dei Gasometri, located in the Bovisa area in Milan.

EssilorLuxottica and the Politecnico di Milano also aim to jointly create an ad hoc curriculum fostering the development of increasingly specific skills in the wearable and smart eyewear field and virtuously feeding the new Lab's research activities.

Release of three-year clinical trial results of Essilor Stellest lens

On September 7, 2022, EssilorLuxottica announced to have released, on the day before, the much-anticipated three-year clinical trial results of its breakthrough innovation Essilor Stellest lens, for the first time at the International Myopia Conference (IMC) 2022 in Rotterdam, Netherlands. The results show that the Essilor Stellest lenses continue to exhibit strong efficacy in slowing myopia progression and axial elongation in the third year of the clinical trial.

The clinical trial was conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, China, where 151 children from the first two years of the study were switched to spectacle lenses with highly aspherical lenslets (HAL) while a new set of 56 children were recruited and wore single vision lenses. Key highlights from the clinical trial include:

- Essilor Stellest lenses saved more than one diopter of myopia on average over three years, demonstrating conclusive evidence that they remain effective in slowing down myopia progression in children in the third year.
- The results confirmed the significant positive impact of wearing time on myopia control efficacy. Children who wore Essilor Stellest lenses full time (≥ 12h/day, everyday) saw a marked increase in myopia control efficacy.
- Aside from being effective in younger children, the results confirm that the Essilor Stellest lenses are also effective in slowing myopia progression and axial elongation in older children.

Updates on licensed brands

On September 14, 2022, EssilorLuxottica and the Armani Group announced the renewal of their licensing agreement for the development, production and worldwide distribution of eyewear under the Giorgio Armani, Giorgio Armani Privé, Emporio Armani, EA7 Emporio Armani and A|X Armani Exchange brands. The existing agreement, which took effect on January 1, 2013, and expired on December 31, 2022, has been renewed for 15 years, effective January 1, 2023.

On November 21, 2022, Brunello Cucinelli Casa di Moda and EssilorLuxottica signed, at Casa Cucinelli in Milan, an exclusive ten-year license agreement for the design, manufacture and distribution of eyewear under the "Brunello Cucinelli" brand. The new agreement came into effect on January 1, 2023 and will run until December 31, 2032. The first collection will be introduced to the market in the first quarter of 2024. This agreement represents an extension of the ongoing collaboration between the two companies started in 2021, which included the launch of a capsule collection signed by Brunello Cucinelli and Oliver Peoples, an EssilorLuxottica's exclusive brand.

On December 6, 2022, Swarovski and EssilorLuxottica announced that they have signed an exclusive license agreement for the design, manufacture and worldwide distribution of Swarovski Eyewear. The agreement will be effective until December 31, 2028, with an automatic renewal option of an additional five years. The first collection under the agreement will be available on the market from September 2023.

On December 15, 2022, EssilorLuxottica announced the renewal and expansion of its partnership with Ferrari S.p.A., a wholly-owned Italian subsidiary of Ferrari N.V., that began in 2016. Under the new multi-year agreement, signed by the two companies and effective from 1 January 2023, EssilorLuxottica will continue to design, produce and market eyewear products featuring the Scuderia Ferrari and Ray-Ban brands. The licensing activities also extend to the first collection of monobrand eyewear featuring the Prancing Horse trademark. EssilorLuxottica's sponsorship is also expanding under the new agreement: the Ray-Ban logo, in addition to remaining on the Formula 1 single-seaters, will appear for the first time on the cars and apparel of the official drivers in Competizioni GT, competing in the World Endurance Championship with the Le Mans Hypercar and in a Gran Turismo championship with GT3 cars.

EssilorLuxottica challenges the decision of the French Competition Authority

On November 8, 2022, EssilorLuxottica acknowledged the decision concerning its subsidiary Essilor International published on the same day by the French competition authority (FCA). The FCA decision itself is dated October 6, 2022.

Related to an investigation opened in 2014, a €81 million penalty is imposed on Essilor International (out of which €15 million is to be borne jointly by its parent company EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica firmly believes in its practices legality and in the relevancy of distributing specific segments of prescription products under conditions that enable to ensure that consumers can get the best vision correction that is required by their individual vision needs.

The Company also restates that its practices were fully compliant with the competitive and regulatory contexts of the concerned period, and that they benefited not only its customers and partners but also the whole industry.

EssilorLuxottica has appealed the decision of the FCA on November 23, 2022 and remains confident that it will successfully demonstrate that the decision is ungrounded.

Russia-Ukraine conflict

In February 2022, EssilorLuxottica's immediate reaction to Russia-Ukraine conflict was to protect its employees and their families in Ukraine ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those crossing the border.

Moreover, due to the uncertainties and significant disruptions, EssilorLuxottica decided to temporarily restrict its operations in Russia while continuing to provide essential medical vision care services.

The magnitude of the financial impact resulting from the Russia-Ukraine conflict remains not material on the total Group consolidated assets and liabilities as well as on the statement of profit or loss for the year ended December 31, 2022, where the Group's operations represented approximately 1% of the 2022 consolidated revenue.

The Group continue to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale business has been restricted, as announced by the Company in March 2022. Moreover, the cash balances available in Russia are not significant and are used to ensure the continuity of the residual operating activity.

The Company is monitoring the evolution of the conflict and its macroeconomics impacts so as to adapt its response accordingly.

2.2 Consolidated revenue

EssilorLuxottica revenue

As a result of the acquisition of GrandVision (herein after referred as the "GV Acquisition"), GrandVision's revenue has been consolidated into EssilorLuxottica since July 1, 2021, i.e. for the second half of 2021 only. The comparability of the financial information presented for 2022 and 2021 is therefore affected.

€ millions	2022	2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**24,494**	**19,820**	**16.6%**	**23.6%**

€ millions	Q4 2022	Q4 2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

EssilorLuxottica comparable[3] revenue

To fully appreciate the performance of the Company resulting from the GV Acquisition, comparable[3] revenue has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information. Comparable[3] revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the acquisition of GrandVision by EssilorLuxottica, as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021.

Revenue by operating segment

EssilorLuxottica is a vertically integrated player supplying eyecare and eyewear products and services to third party professionals as well as through a retail brick-and-mortar network and e-commerce websites.

The Group's operating segments are:

- the **Professional Solutions** ("PS"): representing the wholesale business of the Group, i.e. the supply of the Group's products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry; and
- the **Direct to Consumer** ("DTC"): representing the retail business of the Group, i.e. the supply of the Group's products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

€ millions	2022	2021*	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	11,770	10,399	6.3%	13.2%
Direct to Consumer	12,724	11,099	8.6%	14.6%
REVENUE	**24,494**	**21,498**	**7.5%**	**13.9%**

* Comparable[3] revenue.

€ millions	Q4 2022	Q4 2021*	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,905	2,678	2.8%	8.5%
Direct to Consumer	3,201	2,901	4.9%	10.3%
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

* Comparable[3] revenue.

Fourth-quarter revenue by operating segment

Professional Solutions

In the fourth quarter of the year the Professional Solutions division posted revenue of €2,905 million, up 2.8% at constant exchange rates[1] compared to the same period in 2021 (+8.5% at current exchange rates).

All the regions supported the segment revenue growth, with the only exception of Latin America. North America accelerated to mid-single-digit growth at constant exchange rates[1], thanks to recovering independent ECPs and the continuing support of the partnership programs. EMEA carried forward its growth trajectory at mid-single-digit pace, mostly driven by France, Italy, and Spain. Following the strong acceleration of the previous quarter, the Asia-Pacific growth trajectory softened during the fourth quarter, landing at low-single digit as Mainland China was impacted by new Covid-19 outbreaks; however, the demand for Stellest continued to be sound. All the other key markets in the region were growing, in India, Japan, South Korea and South-East Asia. Latin America turned negative on tough comparison, especially related to the key market of Brazil, also jeopardized by political instability.

Licensed brands posted an outstanding year of growth at double digits thanks to the strength of our luxury brand portfolio contributing to the growth of all regions and segments, with Prada, Burberry and Chanel as the fastest growing.

Direct to Consumer

In the fourth quarter the Direct to Consumer division posted revenue of €3,201 million, up 4.9% at constant exchange rates[1] compared to the same period of 2021 (+10.3% at current exchange rates).

The segment expanded at a sound pace in every region, with brick-and-mortar comparable-store sales[5] rising approximately 4%, with former GrandVision banners progressing faster, at around 6%. E-commerce grew low-single digit on top of a growth in excess of 60% in fourth quarter 2021 *versus* 2019 at constant exchange rates[1].

In terms of comparable-store sales[5] by region, North America was flattish due to the weakening performance of Sunglass Hut, which closed slightly negative, while the optical business was recovering, with all the banners ramping up throughout the quarter. EMEA was up high-single digit, with Sunglass Hut still fast growing paired with optical banners growing at approximately 5%. Asia-Pacific was up mid-single digit, with sun continuing to grow fast and optical turning negative dragged by Mainland China. Latin America increased mid-single digit, sustained by Sunglass Hut and all main optical banners.

Licensed brands were the best performing also in Direct to Consumer, with luxury still outperforming, led by Prada, Burberry and Versace.

Full-year revenue by operating segment

Professional Solutions

The segment representing the wholesale business posted comparable[3] revenue of €11,770 million, up 6.3% at constant exchange rates[1] *versus* 2021 (+13.2% at current exchange rates), confirming the solidity of the business during the year and leading the division to account for 48% of the Group's total revenue.

The full-year performance of all the regions has been positive, with Latin America outperforming in the double-digit territory.

North America posted mid-single-digit growth proving its resilience, despite softer trends with independent ECPs offset by a solid performance of key accounts. Both EMEA and Asia-Pacific performed at high-single digit. The former consolidated its growth in all main product categories and the latter benefited from the positive performance of all its countries but Mainland China, affected by Covid-19 restrictions and surging cases. The lens category supported the business and the myopia management portfolio, led by Stellest's sales more than doubling, maintained its momentum. In Latin America, all the main countries performed positively thanks to the supporting demand for both lenses and frames.

Direct to Consumer

The Direct to Consumer division posted comparable[3] revenue of €12,724 million, up 8.6% at constant exchange rates[1] compared to 2021 (+14.6% at current exchange rates), accounting for 52% of the Group's total turnover. After a solid growth in 2021 *versus* 2019, 2022 continued its positive trajectory.

Brick-and-mortar comparable-store sales[5] posted approximately 8% on a full year basis, with around 10% expansion in the first semester and around 5% in the second semester, despite the gradually tougher comparison base of the prior year. EMEA posted mid-teens growth, being the engine of the growth for the year, followed by Latin America up double digits and Asia-Pacific up high-single digit, while North America was flat on a challenging comparison base. Also helped by the recovering global tourism, the sun business outpaced the optical driven by a positive trend in all the regions, especially in EMEA and Asia-Pacific. The e-commerce channel was up 3.3% at constant exchange rates[1], after growing in the excess of 60% in 2021 *versus* 2019, overall representing 7% of the Company's total revenue, with SunglassHut.com and EyeBuyDirect.com outpacing the rest of the business.

Revenue by geographical area

EssilorLuxottica's geographical areas are **North America**, **EMEA** (*i.e.* Europe, including Turkey and Russia, together with Middle East and Africa), **Asia-Pacific** and **Latin America**.

€ millions	2022	2021*	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,492	9,868	4.0%	16.5%
EMEA	8,749	7,953	11.2%	10.0%
Asia-Pacific	2,842	2,542	7.2%	11.8%
Latin America	1,410	1,136	13.1%	24.2%
REVENUE	**24,494**	**21,498**	**7.5%**	**13.9%**

* Comparable[3] revenue.

€ millions	Q4 2022	Q4 2021*	Change at constant exchange rates[1]	Change at current exchange rates
North America	2,892	2,528	2.7%	14.4%
EMEA	2,086	1,987	6.2%	5.0%
Asia-Pacific	731	706	3.1%	3.5%
Latin America	398	359	0.6%	10.6%
REVENUE	**6,106**	**5,579**	**3.9%**	**9.4%**

* Comparable[3] revenue.

Fourth-quarter revenue by geographical area

North America

North America posted revenue of €2,892 million, up 2.7% compared to the fourth quarter of 2021 at constant exchange rates[(1)] (+14.4% at current exchange rates), slightly decelerating from the previous quarter on a slowing Direct to Consumer division.

Professional Solutions was up mid-single digit at constant exchange rates[(1)]. Both lenses and frames were growing, with lenses in further acceleration compared to the previous quarter, thanks to the continued success of the branded product portfolio. The contact lens category kept up its positive performance started from the beginning of the year. Key accounts continued to be the main growth driver in the quarter, but the independent channel also progressively recovered thanks to the positive contribution of the partnership programs and alliances keen on value-added lens solutions and top-end frame brands. The consolidation of Walman had a positive impact on the overall growth of the segment.

The Direct to Consumer business grew at low-single digit at constant exchange rates[(1)] on a particularly tough comparison base (+21% in the fourth quarter of 2021 *versus* 2019 at constant exchange rates[(1)]) with brick-and-mortar leading the performance. Comparable-store sales[(5)] in LensCrafters visibly accelerated during the month of December thanks to an effective marketing campaign engaging insured customers, while delivering a flat performance in the quarter as a whole. Traffic continued to be somewhat challenged, while the conversion of in-store eye exams picked up progressively and price-mix remained favorable. Target Optical also showed a nice acceleration in the quarter, up mid-single digit in comparable-stores sales[(5)]. Sunglass Hut turned negative struggling with a record comparison base in the fourth quarter of last year, up around 16% *versus* 2019. E-commerce decelerated, vis-à-vis the strong growth of the prior year compared to 2019. EyeMed continued to post solid growth in the fourth quarter.

EMEA

EMEA recorded revenue of €2,086 million, up 6.2% compared to the fourth quarter of 2021 at constant exchange rates[(1)] (+5.0% at current exchange rates), benefiting from positive results in both segments and with brick-and-mortar business representing the key growth driver.

Professional Solutions continued to expand, growing in the mid-single-digit area at constant exchange rates[1]. Both lenses and frames contributed to the quarterly results, with sunglasses driving the growth. Among the key markets, France, Italy and Spain kept on a solid growth trajectory, Germany was back to growth and the UK was only flattish. In terms of channels, key accounts stood out with a high-single-digit growth in the quarter.

The Direct to Consumer segment grew high-single digit, with sun continuing to be the fastest growing business. Sunglass Hut performance remained buoyant, with comparable-store sales[(5)] increasing by around 40% driven by luxury brands. The optical banners nicely accelerated, driven by former GrandVision's networks, namely in France (with Générale d'Optique and GrandOptical), the UK (Vision Express), Italy, Spain and Eastern Europe, as the integration journey gains traction. Salmoiraghi & Viganò kept slightly positive in comparable-store sales[(5)] in Italy, despite the tough comparison basis. The e-commerce business grew high-single digit.

Asia-Pacific

Asia-Pacific posted revenue of €731 million, up 3.1% compared to the fourth quarter of 2021 at constant exchange rates[(1)] (+3.5% at current exchange rates). The performance progressively deteriorated during the quarter dampened by the negative performance in Mainland China, due to the severe Covid-19 wave hitting the country.

Professional Solutions was up low-single digit at constant exchange rates[(1)], despite China turning negative following the surge of new Covid-19 cases. Notwithstanding, Stellest in China closed the quarter at the robust pace of +80%. During the course of the quarter, it was also introduced to the Australian market, soliciting vivid interest among ECPs. All the other main countries of the region delivered solid growth, led by India and South-East Asia expanding at double digits and Japan and South Korea at mid-to-high-single digit.

The Direct to Consumer business was up mid-single digit at constant exchange rates[(1)], thanks to a vibrant sun business offsetting softer results on the optical side. Comparable-store sales[(5)] in optical were down mid-single digit. Traffic in the Chinese retail stores found themselves under pressure following the dramatic rise of Covid infections, while OPSM in Australia was confronted with a challenging comparison base last year (up double digits *versus* 2019). Strong in-store execution drove the excellent performance at Sunglass Hut and Oakley in Australia, growing comparable-store sales[(5)] by approximately 20% and 40% respectively. Sunglass Hut continued to show its strength also in South-East Asia.

Latin America

Latin America posted revenue of €398 million, up 0.6% compared to the fourth quarter of 2021 at constant exchange rates[(1)] (+10.6% at current exchange rates) on a tough comparison base up around 25% *versus* 2019, with the positive results of brick-and-mortar stores offsetting the negative performance of the wholesale segment.

Professional Solutions declined in revenue mid-single digit at constant exchange rates[(1)]. Brazil turned negative, mainly due to a challenging comparison base while Mexico, Argentina and Colombia continued to grow in the period, on top of the strong performance posted last year.

Direct to Consumer progressed at double digits at constant exchange rates[(1)] in both brick-and-mortar and e-commerce. On the brick-and-mortar side results were driven by the former GrandVision's banners that delivered a double-digit growth in the region. Comparable-store sales[(5)] at GMO returned positive in the quarter and Sunglass Hut grew mid-single digit driven by both Brazil and Mexico.

Full-year revenue by geographical area

North America

North America posted comparable[3] revenue of €11,492 million, up 4.0% compared to 2021 at constant exchange rates[1] (+16.5% at current exchange rates), normalizing its growth profile after the extraordinary rebound of 2021, when revenue grew double digits compared to pre-pandemic levels.

Professional Solutions was up mid-single digit at constant exchange rates[1]. Both lenses and frames delivered solid growth, the latter despite a record comparison base in the previous year. The success of the top of the range product suite led to a favourable price mix throughout the year. Contacts lenses closed the year with a double-digit growth. Key accounts and in-program independent ECPs were the growth engines of 2022.

The Direct to Consumer division grew mid-single digit at constant exchange rates[1] led by sun banners. The performance of LensCrafters and Target recovered in the fourth quarter thanks to a successful insurance marketing campaign, after a challenging mid of the year. The return of international tourism and the demand for luxury frames fueled the growth at Sunglass Hut. The banner was also one of the top performers online together with EyeBuyDirect.com. EyeMed's consistently strong sales growth contributed to the positive results.

EMEA

EMEA posted comparable[3] revenue of €8,749 million, up 11.2% compared to 2021 at constant exchange rates[1] (+10.0% at current exchange rates). Performance in the region remained solid throughout the entire year, with all countries closing into positive territory, the only exception being Russia which turned negative in the second semester.

Professional Solutions increased high-single digit at constant exchange rates[1]. Both volumes and price-mix progressed nicely throughout the year, with sun frames, ophthalmic and contact lenses representing the key growth engines from a product category perspective. In terms of channels, key accounts led the growth up double digits in the year.

The Direct to Consumer segment drove the results in the region, growing double digits at constant exchange rates[1], and was the business contributing the most to the overall Company's revenue expansion during the year. Sunglass Hut stood out as one of the best performing banners in the region and the optical business was supported by the sound results of the former GrandVision's networks as well as Salmoiraghi & Viganò.

Asia-Pacific

Asia-Pacific posted comparable[3] revenue of €2,842 million, up 7.2% compared to 2021 at constant exchange rates[1] (+11.8% at current exchange rates), with Mainland China diluting the otherwise excellent performance of the region.

Professional Solutions was up high-single digit at constant exchange rates[1]. All countries recorded strong growth except Mainland China, where the performance was strongly influenced by the Covid-19 circumstances present at different times during the year. However, despite the volatile environment, the demand for myopia management solutions in the country did not fade and Stellest recorded exponential growth more than doubling sales from the prior year.

The Direct to Consumer division grew mid-single digit at constant exchange rates[1] driven by Australia, with a solid performance in OPSM and a record year for Sunglass Hut growing comparable-store sales[5] by more than one third. The Chinese retail business remained negative throughout the entire year impacted by Covid-19 constraints.

Latin America

Latin America posted comparable[3] revenue of €1,410 million, up 13.1% compared to 2021 at constant exchange rates[1] (+24.2% at current exchange rates).

All countries closed 2022 in the positive territory at constant exchange rates[1], and both Professional Solutions and Direct to Consumer grew double digits. Brazil, the largest country in the region, expanded high-single digit in the year, with both segments positively contributing.

The region posted the strongest performance of the Group in Direct to Consumer. Sunglass Hut stood out among the best performing banners, the former GrandVision's network posted sound results in all countries, while performance at GMO softened during the second semester.

2.3 Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica consolidated statement of profit or loss

€ millions	2022	2021*	Change
Revenue	24,494	19,820	23.6%
Cost of sales	(8,910)	(7,589)	17.4%
Gross profit	**15,583**	**12,231**	**27.4%**
% of revenue	*63.6%*	*61.7%*	
Total operating expenses	**(12,427)**	**(9,924)**	**25.2%**
Operating profit	**3,157**	**2,307**	**36.8%**
% of revenue	*12.9%*	*11.6%*	
Profit before taxes	**3,032**	**2,181**	**39.0%**
% of revenue	*12.4%*	*11.0%*	
Income taxes	(751)	(582)	28.9%
Effective tax rate	*24.8%*	*26.7%*	
NET PROFIT	**2,281**	**1,598**	**42.7%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,152**	**1,448**	**48.6%**

* 2021 information has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

The table above shows the performance of EssilorLuxottica activities in 2022 and 2021. However, since the acquisition of GrandVision by EssilorLuxottica occurred on July 1, 2021, the Company's performance shown for 2021 includes GrandVision's results of the second half of the year only. The comparability of the financial information presented is therefore affected.

- *Revenue* increased by 23.6% compared to 2021, however the comparison with 2021 is not entirely relevant since the Company started consolidating GrandVision's revenue only from July 1, 2021; accordingly the Group's net sales performance has been commented on a comparable[3] basis in the paragraph *Consolidated revenue* above.
- *Cost of sales* increased as a direct consequence of the consolidation of GrandVision, showing a +17.4% variation compared to 2021.
- *Operating expenses* are still materially affected by the depreciation and amortization resulting from the recognition of tangible and intangible assets following the purchase price allocation related to the EL Combination (approximately €752 million in 2022 *versus* approximately €720 million recorded in 2021). GrandVision contributed to the Group operating expenses for approximately €2.8 billion, including €225 million related to the amortization of new intangible assets recognized as part of the GV Acquisition.
- *Net profit* significantly increased to €2,281 million from €1,598 million reported in 2021, as a consequence of the growth achieved by the Group in the year as well as of the contribution of GrandVision business.

EssilorLuxottica Alternative Performance Measures (APM)

Adjusted measures

In this document, management presented certain performance indicators that are not envisioned by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Such measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica consolidated financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group and should be read in conjunction with EssilorLuxottica consolidated financial statements. Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

The combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the year under review compared to previous years, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted ("adjusted measures"). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit*, *Operating expenses*, *Operating profit*, *Profit before taxes* and *Net profit*.

Such adjusted measures are reconciled to their most comparable measures reported in the consolidated statements of profit or loss for the twelve-month periods ended December 31, 2022.

In continuity with previous years, in 2022 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the strategic and material acquisitions completed by the Group ("*Adjustments related to PPA impacts*"); and (ii) other adjustments related to transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance ("*Other non-GAAP adjustments*").

€ millions	2022	Adjustments related to PPA impacts	Other non-GAAP adjustments	2022 Adjusted[2]
Revenue	24,494	—	—	24,494
Cost of sales	(8,910)	13	9	(8,888)
Gross profit	**15,583**	**13**	**9**	**15,606**
% of revenue	*63.6%*			*63.7%*
Total operating expenses	**(12,427)**	**880**	**55**	**(11,491)**
Operating profit	**3,157**	**893**	**65**	**4,115**
% of revenue	*12.9%*			*16.8%*
Cost of net debt and other*	(125)	(2)	(2)	(129)
Profit before taxes	**3,032**	**891**	**63**	**3,986**
% of revenue	*12.4%*			*16.3%*
Income taxes	(751)	(199)	(28)	(978)
NET PROFIT	**2,281**	**692**	**35**	**3,007**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,152**	**681**	**27**	**2,860**

* Including *Other financial income/(expenses)* and *Share of profit of associates*.

The Other non-GAAP adjustments are described below.

- Non-recurring *Cost of sales* for €9 million related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint to increase the Group's operational and organizational efficiency; the non-recurring costs mainly refer to severance, accelerated depreciation and write-off.
- Non-recurring *Selling* expenses for €24 million associated with restructuring projects mainly in EMEA and US.
- Non-recurring *Advertising and marketing* expenses for €24 million, mainly associated with impairment losses on intangible assets.
- Non-recurring *General and administrative* expenses for €70 million, mainly associated with the following impacts:
  - severance for approximately €6 million, mainly related to key management personnel;
  - non-recurring expenses related to M&A projects for €11 million, incurred in connection with the significant business combinations completed in 2022;
  - restructuring and reorganization projects, targeting the Group's operations in EMEA, US and Asia-Pacific, for approximately €34 million; those non-recurring costs mainly refer to severance and write-off; and
  - other one-off costs incurred by the Group, of which approximately €10 million as net negative impact related to significant claims and litigations.
- *Other income/(expenses)* are adjusted for a positive effect of €62 million mainly associated with: (i) the completion of the acquisition of GrandVision for approximately €10 million (of which €8 million resulting from the sale of the European businesses the Group disposed in the year in accordance with the remedies agreed with the European Commission); (ii) the income of approximately €41 million resulting from the remeasurement of the Group's previously held equity interest in an US-based company consolidated by the Group in 2022; and (iii) other income resulting from Group's M&A activities for approximately €8 million.
- *Income taxes* are adjusted for an amount of €(28) million corresponding to the tax effects of the above-mentioned adjustments.

Adjusted[2] consolidated statement of profit or loss

Due to the structure of 2021 consolidated statement of profit or loss, which does not include GrandVision's results of the first semester of the year, management deemed relevant to comment the Group's performance of 2022 *versus* the *pro forma*[4] information of 2021. 2021 *pro forma*[4] information has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information.

€ millions	2022 Adjusted[2]	2021 Adjusted[2] *Pro forma*[4]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	24,494	21,498	7.5%	13.9%
Cost of sales	(8,888)	(7,869)	6.2%	12.9%
Gross profit	**15,606**	**13,628**	**8.3%**	**14.5%**
% of revenue	*63.7%*	*63.4%*		
Research and development	(343)	(321)	2.3%	7.0%
Selling	(7,190)	(6,105)	11.9%	17.8%
Royalties	(219)	(174)	19.6%	25.6%
Advertising and marketing	(1,692)	(1,560)	2.3%	8.4%
General and administrative	(2,045)	(2,000)	-2.9%	2.2%
Other income/(expenses)	(3)	3	> -100%	> -100%
Total operating expenses	**(11,491)**	**(10,157)**	**7.4%**	**13.1%**
Operating profit	**4,115**	**3,471**	**10.9%**	**18.5%**
% of revenue	*16.8%*	*16.1%*		
Cost of net debt and other*	(129)	(144)	-23.8%	-10.5%
Profit before taxes	**3,986**	**3,327**	**12.4%**	**19.8%**
% of revenue	*16.3%*	*15.5%*		
Income taxes	(978)	(840)	9.4%	16.6%
Effective tax rate	*24.5%*	*25.2%*		
NET PROFIT	**3,007**	**2,487**	**13.5%**	**20.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,860**	**2,319**	**15.4%**	**23.3%**

* Including *Other financial income/(expenses)* and *Share of profit of associates*.

Revenue for the year totalled €24,494 million, an increase of 7.5% at constant exchange rates[1] (+13.9% at current exchange rates).

Adjusted[2] *Gross profit:* +8.3% at constant exchange rates[1] (+14.5% at current exchange rates)

Adjusted[2] Gross profit in 2022 ended at €15,606 million, representing 63.7% of revenue *versus* 63.4% in 2021. Despite the challenging current scenario driven by inflationary trends, the Group posted a margin expansion thanks to its capability of managing price-mix, its high manufacturing efficiency and the progressive harmonization of supply chain.

Adjusted[2] *Operating expenses:* +7.4% at constant exchange rates[1] (+13.1% at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €11,491 million for the full year 2022, translating to 46.9% of revenue (47.2% in 2021). The Group benefited from a tight control of the discretionary expenses that partially offset the increase in selling expenses.

The main variances related to *Operating expenses* refer to:

- *Selling* expenses amounting to €7,190 million, an increase of 11.9% at constant exchange rates[1]. The main driver of the cost increase is related to the higher cost of labor in the Group business units, in particular in the retail Brick&Mortar division. In addition the Group faced material inflationary trends on logistic and rent costs;
- *Advertising and marketing* expenses amounting to €1,692 million, increased of approximately 2% on a constant exchange rates[1] basis due to specific investments in the Group's house brands as well as to the contractually agreed advertising activities to support the Group's licensed brands which over performed compared to 2021;
- *General and administrative* expenses amounting to €2,045 million, a decrease of 2.9% at constant exchange rates[1] compared to 2021, thanks to savings on discretionary spending and simplification of the organization structure partially offset by increased investments in the Group IT infrastructure and the effect of inflationary trends on labor costs.

***Adjusted*[2] *Operating profit:* +10.9% at constant exchange rates[1] (+18.5% at current exchange rates)**

The Group posted an adjusted[2] *Operating profit* of €4,115, representing 16.8% of revenue compared to 16.1% in of 2021 (16.7% at constant exchange rates[1], an improvement of approximately 60 basis points compared to 2021).

Adjusted[2] *Cost of net debt and other*

The adjusted[2] *Cost of net debt and other* decreased to €129 million in 2022 due to a more efficient financing structure.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €978 million, reflecting an adjusted[2] tax rate of 24.5% for the full year 2022, lower than the adjusted[2] tax rate in 2021 (25.2%).

Adjusted[2] *Net profit attributable to owners of the parent:* significantly increased by +13.5% at constant exchange rates[1] (+20.9% at current exchange rates)

2.4 Statement of financial position, net debt, cash flows and other non-GAAP measures

EssilorLuxottica reclassified consolidated statement of financial position

The reclassified consolidated statement of financial position aggregates the amount of assets and liabilities from the consolidated statement of financial position in accordance with functional criteria which considers the Group conventionally divided into the three fundamental areas focusing on resources investments, operations and financing.

€ millions	December 31, 2022	Restated[a] December 31, 2021
Goodwill	30,734	29,104
Intangible assets	12,122	12,599
Property, plant and equipment	4,747	4,211
Right-of-use assets	3,010	2,930
Investments in associates	83	91
Other non-current assets	817	718
Fixed Assets	**51,512**	**49,653**
Trade working capital	**3,189**	**2,582**
Employees benefits and provisions	**(1,016)**	**(1,152)**
Tax receivables/(payables)	(451)	(509)
Deferred tax assets/(liabilities)	(1,970)	(2,049)
Tax assets/(liabilities)	**(2,421)**	**(2,558)**
Other operating assets/(liabilities)	**(2,871)**	**(3,020)**
Assets / (liabilities) held for sale	**—**	**69**
NET INVESTED CAPITAL	**48,392**	**45,573**
EQUITY	**38,147**	**35,875**
NET DEBT	**10,246**	**9,698**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Fixed assets amount to €51,512 million and increased by €1,859 million compared to December 31, 2021. The main categories contributing to the variation of the year are mentioned below.

(i) Goodwill: goodwill increased by approximately €1,629 million, of which €697 million arising from the business combinations completed in the year (the key transactions are described in the paragraph *Significant events of the year*) and approximately €932 million due to foreign currency fluctuations.

(ii) *Intangible assets*: the overall decrease of the year, amounting to €477 million, results from the combined effects of new intangible assets recognized following the business combinations occurred in the year (€304 million), capital expenditure (€289 million) and foreign currency fluctuations (€262 million), counterbalanced by the amortization and impairment of the year (€1,328 million).

(iii) *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the year amounts to approximately €615 million mainly coming from capital expenditure of the year (€1,116 million) as well as the recognition of new *Right-of use assets* in connection with lease contracts signed or renewed in 2022 (€961 million), counterbalanced by the depreciation and impairment of the year amounting to €1,642 million.

Trade working capital (*i.e.* the sum of inventories, trade receivables and trade payables) increased by €607 million compared to December 31, 2021, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Assets / (liabilities) held for sale, amounting to €69 million as of December 31, 2021, were derecognized as a result of the divestment of the European businesses disposed in the year according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

Equity increased mainly as a result of foreign currency fluctuations (approximately €1,091 million) and for the net result attributable to owners of the parent (€2,152 million); its balance was also affected by the dividend distribution of the year that led to a decrease of €595 million, of which €454 million paid to EssilorLuxottica's shareholders who did not opt for the *scrip* dividend (see paragraph *Significant events of the year*) and €140 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€189 million increase) as well as the net sale/(net purchase) of treasury shares (€439 million decrease). Finally, the transactions involving non-controlling interests (such as the acquisitions of additional non-controlling interests in consolidated companies, see paragraph *Acquisitions and partnerships*) generated an overall decrease in equity amounting to €494 million.

Net debt increased by €547 million compared to December 31, 2021 as illustrated in the dedicated paragraph.

Other non-GAAP measures

Other non-GAAP measures such as Net debt, Free Cash Flow, EBITDA and the ratio Net debt to EBITDA are also included in this document in order to:

- improve transparency for investors;
- assist investors in their assessment of the Group's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group's cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Those other non-GAAP measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica's consolidated financial statements prepared in accordance with IFRS. Rather, these other non-GAAP measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group. Moreover, investors should be aware that the Group's method of calculating those non-GAAP measures may differ from that used by other companies.

The following table provides a reconciliation of those non-GAAP measures to the most directly comparable IFRS financial measures.

€ millions	2022	2021*
Net cash flow provided by operating activities[(a)]	4,783	4,545
Purchase of property, plant and equipment and intangible assets[(a)]	(1,572)	(1,030)
Cash payments for the principal portion of lease liabilities[(a)]	(955)	(722)
Free cash flow	**2,256**	**2,792**
Operating profit[(b)]	3,157	2,394
Depreciation, amortization and impairment[(c)]	2,970	2,834
EBITDA	**6,127**	**5,228**
NET DEBT[(D)]	**10,246**	**9,698**
NET DEBT / EBITDA LTM[(E)]	**1.7**	**1.9**

* 2021 information has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.
(a) As presented in the consolidated statement of cash flows.
(b) As presented in the consolidated statement of profit or loss, except for 2021 where restated *pro forma*[(4)] information is shown.
(c) As presented in the consolidated statement of cash flows, except for 2021 where restated *pro forma*[(4)] information is shown.
(d) Net debt is presented in Note 22 – Financial debt, including lease liabilities of the Notes to the consolidated financial statements. Its components are also reported in the Net debt paragraph below.
(e) EBITDA LTM = Last Twelve Months.

Net debt

Group *Net debt (excluding Lease liabilities)* amounted to €7,063 million at the end of December 2022, increasing by €433 million compared to the position at the end of December 2021.

€ millions	December 31, 2022	December 31, 2021
Non-current borrowings	7,858	8,913
Current borrowings	1,164	1,036
Total liabilities	**9,022**	**9,950**
Short-term investments	—	—
Cash and cash equivalents	(1,960)	(3,293)
Total asset	**(1,960)**	**(3,293)**
Interest Rate Swap measured at fair value	2	(21)
Foreign exchange derivatives at fair value	(1)	(4)
Net debt excluding lease liabilities	**7,063**	**6,630**
Lease liabilities (current and non-current)	3,182	3,068
NET DEBT	**10,246**	**9,698**

Non-current borrowings decreased compared to December 31, 2021 due to the reclassification to current borrowings of the €1 billion Eurobond due in May 2023, while the overall decrease in total financial liabilities (€928 million) is mainly linked to the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022, the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022 and the repayment of €416 million GrandVision commercial papers.

Reclassified consolidated statement of cash flows

The reclassified consolidated statement of cash flows reconciles the EBITDA to the net cash flow generated by the Group highlighting the cash flow derived from its operations (Free Cash Flow).

As consequence of the acquisition of GrandVision by EssilorLuxottica (occurred on July 1, 2021), the Company's performance shown for 2021 includes GrandVision's results of the second half of the year only.

€ millions	2022	2021
EBITDA	**6,127**	**4,787**
Changes in trade working capital[(a)]	(251)	(197)
Capital expenditure	(1,572)	(1,030)
Lease payments (excluding interests)[(b)]	(955)	(722)
Other cash flow from operations	(1,093)	(45)
Free cash flow	**2,256**	**2,792**
Dividends paid	(595)	(242)
Acquisitions net of cash acquired	(965)	(7,078)
Other changes in equity	(1,068)	(350)
Other changes in financial and non-financial assets	(83)	49
Changes in borrowings (excluding FX)	(962)	(726)
NET CASH FLOW	**(1,417)**	**(5,555)**

(a) *Trade working capital* comprises inventories, trade receivables and trade payables.
(b) *Cash payments for the principal portion of lease liabilities* as presented in the consolidated statement of cash flows.

Capital expenditure cash-out amounted to €1,572 million, representing approx. 6% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the year, and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2022, the amount was mainly related to the acquisitions described in the paragraph *Significant events of the year*, while in 2021, that amount was almost entirely related to the acquisition of GrandVision net of GrandVision's cash and cash equivalents acquired on July 1, 2021.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest (€674 million in 2022, €67 million in 2021) as well as the cash-out related to the share buyback programs (approximately €470 million in 2022, €335 million in 2021) compensated by the cash-in related to share capital increases.

The flows reported in *Other changes in financial and non-financial assets* in 2022 include the proceed from the sale of the European businesses the Group divested in accordance with the remedies agreed with the European Commission in the context of the GV Acquisition, entirely counterbalanced by the cash-out related to some financial investments in non-consolidated companies. In 2021 those flows mainly referred to the €75 million investment in Mazzucchelli 1842 SpA (associate) as well as €100 million financial investments in other non consolidated companies, counterbalanced by the re-investment of a short-term cash deposit in cash equivalent instruments (€200 million).

Finally, the line *Changes in borrowings (excluding FX)* was manly affected by the movements described in the *Net debt* paragraph.

2.5 Acquisitions and partnerships

During 2022, EssilorLuxottica continued to pursue its M&A strategy in selected businesses and geographies. Among others, key transactions include the following.

On August 1, 2022, EssilorLuxottica completed the acquisition of the remaining 50% interest in Shamir Optical, to further leverage the Shamir brand as well as enhance R&D and commercial capabilities.

On May 31, 2022, Luxottica announced the completion of the purchase of a 90.9% shareholding in the share capital of Giorgio Fedon & Figli S.p.A. As a result, a mandatory tender offer on the outstanding listed shares was launched and then successfully completed in July, when the Fedon stock was delisted. The transaction represents a step forward in EssilorLuxottica's vertical integration strategy and will allow to achieve a better fit between eyewear and packaging.

On April 14, 2022, EssilorLuxottica announced the completion of the statutory buy-out procedure aimed at acquiring 100% of the issued share capital of GrandVision.

On March 17, 2022, EssilorLuxottica announced the finalization of the joint venture agreement with CooperCompanies for the acquisition of SightGlass Vision and on March 1, 2022, the closing of the acquisition of the U.S. based lab network Walman Optical.

2.6 Investments made in 2022 and planned for 2023

€ millions	2022	2021	2020
Property, plant and equipment and intangible assets (gross of disposals)	1,572	1,030	650
Depreciation, amortization and impairment	2,970	2,480	2,155
Financial investments net of cash acquired	965	7,078	133
Purchase / (sale) of treasury shares	431	317	159

Capital expenditure

In 2022, EssilorLuxottica cash-out related to capital expenditures amounted to €1,572 million (6.4% on revenue) and increased approximately by half a billion compared to 2021, due to strong investments in the retail business (including GrandVision's investments), IT infrastructure and operations (mostly related to new production and distribution plants).

Financial investments

Financial investments net of cash acquired amounted to €965 million in 2022 compared to €7,078 million in 2021. These amounts represent the net cash-out related to business combinations completed during the year and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2022, the amount was mainly related to the transactions described in the previous paragraph (*i.e.* acquisition of Walman, SightGlass Vision and Fedon, amongst the other); whereas in 2021, the amount was almost entirely related to the acquisition of GrandVision net of GrandVision's cash and cash equivalents acquired on July 1, 2021.

Moreover, in 2022 the Company acquired nearly 3 million EssilorLuxottica shares in the context of the share buyback programs launched during the course of the year (see paragraph *Significant events of the year*) for an average price per share of €156.74 and a total cash-out amounting to €470 million (including bank and other fees). A similar program was launched in 2021, when the Company acquired 2 million EssilorLuxottica shares for an average price per share of €166.72 and a total cash-out amounting to €335 million (including bank and other fees). The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its subsidiaries, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

Main future investments

In 2023, the Group will continue investing strongly in the renewal of its retail network, its manufacturing capacities (completion of the new sites), IT and technology platforms to complete the integration.

2.7 Subsequent events

Lead Director

On February 22, 2023, the Board of Directors decided to appoint Mr. Jean-Luc Biamonti as lead director, following the announcement made on June 28, 2022 to examine the benefits of making such an appointment among the independent directors.

EssilorLuxottica renews license agreement for Target Optical

On February 22, 2023, EssilorLuxottica announced that it has renewed its licensing agreement with Target Corporation (Target), a Minneapolis-based retailer serving guests at nearly 2,000 stores across the U.S. and at Target.com, for the operation and management of Target Optical within Target stores. The multi-year agreement became effective on February 12, 2023.

2.8 Recent trends and outlook

Recent trends

Some of the trends that emerged during 2022 are expected to persist and impact the global economy as well as the Company's performance in 2023.

The progressive exit from the Covid-19 crisis, thanks to the rising vaccination levels, is not expected to be derailed by new potential outbreaks of variants in 2023, while differences might remain among the regions in terms of number of cases and healthcare policies.

Inflation surged in 2022, following supply-chain disruptions from Covid-19 lockdowns as well as the Russia-Ukraine conflict, and forced central banks to tighten their monetary policies, putting an end to a long period of monetary easing. These macro-economic dynamics are expected to persist in 2023.

A devastating earthquake hit Turkey and Syria on February 6, 2023. EssilorLuxottica, that operates in Turkey through its retail network and wholesale subsidiaries, is providing direct support to its impacted colleagues on the ground. The Company is also assessing the best way to support the wider population. Overall sales in the country represent approximately 1% of consolidated revenue in 2022.

Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 at constant exchange rates[1] (based on 2021 *pro forma*[4] revenue) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% by the end of that period.

3

Chapter 3

Report on Corporate Governance

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IN BRIEF

Composition of the Board of Directors

January 1, 2022 to June 27, 2022

Leonardo DEL VECCHIO, Chairman, Non-Independent Director,
Francesco MILLERI, Chief Executive Officer, Non-Independent Director,
Paul du SAILLANT, Deputy Chief Executive Officer, Non-Independent Director,
Margot BARD, Director representing employees,
Romolo BARDIN, Non-Independent Director,
Jean-Luc BIAMONTI**, Independent Director,
Sébastien BROWN, Director representing employees,
Marie-Christine COISNE-ROQUETTE**, Independent Director,
Juliette FAVRE, Director representative of Valoptec*
association of shareholders employees and former employees, Non-Independent Director (until January 20, 2022),
José GONZALO**, Independent Director,
Virginie MERCIER PITRE[1], Director representative of Valoptec*,
association of shareholders employees and former employees, Non-Independent Director (from January 20, 2022),
Swati A. PIRAMAL**, Independent Director,
Cristina SCOCCHIA**, Independent Director,
Nathalie von SIEMENS**, Independent Director,
Andrea ZAPPIA**, Independent Director.

* Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
** For a summary table detailing each Director's compliance or non-compliance with the independence criteria of the AFEP-MEDEF Code for the fiscal year 2022 refer to Section 3.1.1.3.

June 28, 2022 to December 31, 2022

Francesco MILLERI[2], Chairman and Chief Executive Officer, Non-Independent Director,
Paul du SAILLANT, Deputy Chief Executive Officer, Non-Independent Director,
Margot BARD, Director representing employees,
Romolo BARDIN, Non-Independent Director,
Jean-Luc BIAMONTI**, Independent Director,
Sébastien BROWN, Director representing employees,
Marie-Christine COISNE-ROQUETTE**, Independent Director,
José GONZALO**, Independent Director,
Virginie MERCIER PITRE[1], Director representative of Valoptec*,
association of shareholders employees and former employees, Non-Independent Director,
Mario NOTARI[3], Non-Independent Director,
Swati A. PIRAMAL**, Independent Director,
Cristina SCOCCHIA**, Independent Director,
Nathalie von SIEMENS**, Independent Director,
Andrea ZAPPIA**, Independent Director.

* Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
** For a summary table detailing each Director's compliance or non-compliance with the independence criteria of the AFEP-MEDEF Code for the fiscal year 2022 refer to Section 3.1.1.3.

(1) On January 20, 2022 Virginie Mercier Pitre was co-opted to replace Juliette Favre, she is also the representative Director of Valoptec Association.
(2) On June 28, 2022 the Board decided that Francesco Milleri will replace Leonardo Del Vecchio as Chairman, following his passing on June 27, 2022.
(3) On June 28, 2022 Mario Notari was co-opted for the remaining of the deceased Leonardo Del Vecchio's mandate.

The EssilorLuxottica bylaws approved by the Shareholders' Meeting of May 11, 2017 entered into force on October 1, 2018, along with the Board of Directors' Internal Rules as amended from time to time, a full version of which is available on the Company's website under Governance.

Special Committees

Audit and Risk Committee	Chairman: Jean-Luc Biamonti Members: Romolo Bardin, Cristina Scocchia.
Nomination and Compensation Committee	Chairman: Andrea Zappia Members: Romolo Bardin, José Gonzalo.
Corporate Social Responsibility (CSR) Committee	Chairwoman: Swati Piramal Members: Juliette Favre (until January 20, 2022), Virginie Mercier Pitre (from January 20, 2022), Nathalie von Siemens.

The Report on Corporate Governance reported in the following Sections has been reviewed by the Board of Directors of EssilorLuxottica on February 22, 2023.

3.1 Information on Corporate Governance

In accordance with the provisions of Article L.225-37 and L.22-10-11 of the French Commercial Code, this report includes notably the following information:

- the composition of the Board of Directors and the description of the diversity policy applied to the members of the Board of Directors, as well as a description of the aims of this policy, its implementation and the results obtained during the financial year;
- the agreements signed between Directors or significant shareholders and a subsidiary;
- the conditions governing the preparation and organization of the work of the Board of Directors during the fiscal year ended December 31, 2022;
- the AFEP-MEDEF Code[1] recommendations to which the Company has referred since 2009 and the applications that have been disregarded (Section 3.4);
- the restrictions on the powers of the Chief Executive Officer decided by the Board of Directors (Section 3.1.3);
- the specific procedures for shareholders participation in Shareholders' Meetings (Section 3.2);
- the summary table of current authorizations granted by the Shareholders' Meeting in respect of increases in share capital, and the use made of these authorizations during the financial year (Section 3.2.3);
- the information that may have an impact in the event of a public offering (Section 3.2.4);
- the compensation for corporate officers and specifically the compensation policy applicable to the Chairman, the Vice-Chairman if applicable, and the Executive Corporate Officers (Chief Executive Officer and Deputy Chief Executive Officer) and the corresponding resolution submitted for approval by the Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ending December 31, 2022 (Section 3.3).

This report was presented to the Nomination and Compensation Committee at its meeting of February 17, 2023 before being submitted to the Board of Directors for approval on February 22, 2023.

3.1.1 Composition of the Board of Directors

Principles relating to the composition of the Board of Directors of EssilorLuxottica

The Board of Directors of EssilorLuxottica is composed as follows:

(i) article 11 of EssilorLuxottica's bylaws stipulates that "the Company shall be governed by a Board of Directors, the minimum and maximum number of members of which is defined by the legal provisions in force, currently a minimum of three (3) members and no more than eighteen (18) members", it being specified that the Directors representing employees shall not be taken into account when determining the minimum and maximum number of members stipulated in paragraph 1 of this article;

(ii) the EssilorLuxottica Board of Directors is composed of fourteen members;

The composition of the EssilorLuxottica Board of Directors and Committees shall comply with applicable laws and regulations and the AFEP-MEDEF Code (subject to limited exceptions). As of the date of this document, the deviations from the AFEP-MEDEF Code are described in Section 3.4.

Combination of Chairman and CEO functions:

On December 17, 2020 the Board of Directors approved the separation of the functions of Chairman and Chief Executive Officer on the one hand and of Vice-Chairman and Deputy Chief Executive Officer on the other hand. The same day Francesco Milleri was appointed Chief Executive Officer and Paul du Saillant was appointed Deputy Chief Executive Officer.

Upon the death of Mr. Leonardo Del Vecchio, the Board of Directors decided on June 28, 2022, to recombine the functions of Chairman and CEO and to entrust Mr Milleri, as CEO with the role of Chairman of the Board of Directors.

The Board of Directors has considered, that in light of the challenges to be addressed in the integration phase of Essilor, Luxottica and GrandVision, this governance model was the most efficient and appropriate for the operations of the Company. It gives some continuity, given the close working relationship that existed between Mr. Milleri and the late Mr. Leonardo Del Vecchio.

(1) This Code can be viewed online at http://www.medef.com.

Furthermore, the balance of power within the Company's bodies is ensured by the composition of the Board of Directors and its committees which comprises a high proportion of independent Directors and members having a wide diversity of profiles and skills, who are fully involved in the works of the Board.

On February 22, 2023, the Board of Directors, upon recommendation of the Nomination and Compensation Committee, appointed Jean-Luc Biamonti as lead director (hereafter the "Lead Director") for the duration of his mandate as Director, in accordance with Article 3.2 of the AFEP-Medef Code, which provides that the Board may appoint a lead director among its independent members.

The Lead Director shall maintain a regular dialogue with and coordination of the Directors and ensure the quality of the information provided to Directors and the proper functioning of the Company's governance bodies.

3.1.1.1 Composition of the Board of Directors at December 31, 2022

As at December 31, 2022, EssilorLuxottica's Board of Directors had 14 members, including one member representing Valoptec[1] and two members representing employees.

As required by the law, the complete list of the positions of Directors in office is provided in Section 3.5.

EssilorLuxottica Board of Directors' members have a three-year term of office. Any new member of the EssilorLuxottica Board of Directors is nominated for election at EssilorLuxottica's Shareholders' Meeting by the EssilorLuxottica Board of Directors based on the recommendation of the EssilorLuxottica Nomination and Compensation Committee or any EssilorLuxottica shareholder in accordance with applicable law.

(1) Valoptec is not an employees' shareholding representative body within the meaning of article L. 225-23 of the French Commercial Code.

Composition of the Board of Directors at December 31, 2022

14	7	2	1	6	5
Directors	Independent Directors ●	Directors Representing Employees □	Director Representing Valoptec Association[1] ■	Women	Nationalities

Francesco Milleri

Non-Independent Director

Chairman (since June 28, 2022) and Chief Executive Officer of EssilorLuxottica (mandate renewed on 21/05/2021)

Paul du Saillant

Non-Independent Director

Deputy Chief Executive Officer of EssilorLuxottica (mandate renewed on 21/05/2021)

Margot Bard

□ Director representing employees

Romolo Bardin

Non-Independent Director

Jean-Luc Biamonti

● Independent Director

Sébastien Brown

□ Director representing employees

Marie-Christine Coisne-Roquette

● Independent Director

José Gonzalo

● Independent Director

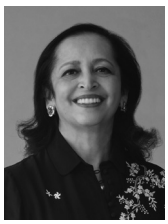
Virginie Mercier-Pitre[2]

■ Director representative of Valoptec[1], association of shareholders employees and former employees

Non-independent Director

Mario Notari[3]

Non-Independent Director



Swati A. Piramal

● Independent Director

Cristina Scocchia

● Independent Director[4]

Nathalie von Siemens

● Independent Director

Andrea Zappia

● Independent Director[4]

(1) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(2) On January 20, 2022 Virginie Mercier Pitre was co-opted to replace Juliette Favre; she represents Valoptec Association.
(3) On June 28, 2022 Mario Notari was co-opted for the remaining term of the late Leonardo Del Vecchio's mandate, expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the 2023 financial statements.
(4) Qualified as an independent Director by derogation from the criteria defined by the AFEP-MEDEF Code; see Section 3.4.

Composition of the Board of Directors at December 31, 2022

Director	Gender	Age	Nationality	Main positions	Term of office	
					Start date	End date[a]
Francesco Milleri Non-independent Director, Chairman and Chief Executive Officer	M	63	Italian	Chairman and CEO of EssilorLuxottica	01/10/2018	2024
Paul du Saillant Non-independent Director, Deputy Chief Executive Officer	M	63	French	Deputy CEO of EssilorLuxottica	30/03/2020	2024
Margot Bard Non-independent Director, Employees' representative	F	57	French	Supply Chain (SC) Services Director for Essilor's Worldwide SC Department	22/09/2021	2024
Romolo Bardin Non-independent Director	M	44	Italian	CEO of Delfin SARL (Luxembourg)	01/10/2018	2024
Jean-Luc Biamonti Independent Director	M	69	Monegasque	Chairman of the Strategic Committee of Calcium Capital	21/05/2021	2024
Sébastien Brown Non-independent Director, Employees' representative	M	28	French	Industrial Performance and IT Systems Manager	22/09/2021	2024
Marie-Christine Coisne-Roquette Independent Director	F	66	French	Chairperson of Sonepar Group and Colam Entreprendre	21/05/2021	2024
José Gonzalo Independent Director	M	57	French	Executive Director of Direct Investment of Bpifrance	21/05/2021	2024
Virginie Mercier Pitre Non-independent Director Representative of Valoptec[1], association of shareholders employees and former employees	F	56	French	VP Key Accounts EssilorLuxottica EMEA Representative of Valoptec Association	20/01/2022	2024
Mario Notari Non-independent Director	M	58	Italian	Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)	28/06/2022	2024
Swati A. Piramal Independent Director	F	66	Indian	Vice Chairperson of Piramal Enterprises Limited (India)	21/05/2021	2024
Cristina Scocchia Independent Director	F	49	Italian	Chief Executive Officer of Illy caffè (Italy)	01/10/2018	2024
Nathalie von Siemens Independent Director	F	51	German	Positions in Supervisory Boards (Germany)	21/05/2021	2024
Andrea Zappia Independent Director	M	59	Italian	EVP and CEO New Markets & Business of Sky Group	21/05/2021	2024

(1) On January 20, 2022 Virginie Mercier Pitre was co-opted as Director in replacement of Juliette Favre; she is the representative of Valoptec Association, association of employees and former employees shareholders. Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(a) Date of the Annual Shareholders' Meeting for Directors not representing employees.

Directors' terms of office

Pursuant to Article 11 of the bylaws, "Directors shall serve for a three-year term. The terms of office of directors representing employees shall terminate automatically on the relevant anniversary date of their appointment, and shall not require any specific notice. The Company shall take all measures to organize a new appointment no later than one (1) month before the expiry date of their terms of office."

Consequently the terms of office of the current Directors appointed by the Shareholders' Meeting convened in 2021 to approve the financial statements for the fiscal year ending December 31, 2020 shall expire at the date of the Shareholders' Meeting convened in 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

Notwithstanding Recommendation 13.2 of the AFEP-MEDEF Code, during the Initial Term[1], the terms of office of the Directors of EssilorLuxottica have not been staggered, to ensure a smooth transition and seamless integration of the Essilor and Luxottica groups in the context of the combination of the two groups. The Shareholders' Meeting held on May 21, 2021 amended Article 13 of the bylaws so that the staggered term of office of Directors only starts to apply in 2024. This allows Directors renewed and newly appointed in 2021 to have three full years of stability to work more efficiently (see Section 3.4, "Summary table of recommendations of the AFEP-MEDEF Code that have not been applied").

3.1.1.2 Expertise and skills of Directors

Director (as of December 31, 2022)	Contribution to the Board of Directors'work
Francesco Milleri Non-independent Director, Chairman and Chief Executive Officer	Extensive expertise as a strategist for global companies and proven ability to futurize business through digital technology and infrastructure.
Paul du Saillant Non-independent Director, Deputy Chief Executive Officer	37 years of international experience in world-class groups with successful long-term strategy, values and global/local presence. He contributes detailed knowledge of the optical business, markets and human strength.
Margot Bard Non-independent Director, employees' representative	Knowledge of the optics industry and supply chain.
Romolo Bardin Non-independent Director	High level expertise in strategy, management and finance.
Jean-Luc Biamonti Independent Director	International expertise in retail and luxury goods.
Sébastien Brown Non-independent Director, employees' representative	Knowledge of the optics industry and of IT systems.
Marie-Christine Coisne-Roquette Independent Director	Extensive international expertise in terms of strategy and management ability.
José Gonzalo Independent Director	Extensive expertise and practice in terms of strategy, mergers and acquisitions and management.
Virginie Mercier-Pitre Non-independent Director, Representative of Valoptec[1], association of shareholders employees and former employees.	In-depth knowledge of EssilorLuxottica through its manufacturing and sales operations. Nominated by Valoptec Association. Her membership is a strong indication of the importance EssilorLuxottica attaches to employee share ownership.
Mario Notari Non-independent Director	Profound expertise in corporate, financial and competition Law and practise in corporate governance and M&A deepened over the years.
Swati A. Piramal Independent Director	Experience in healthcare, financial services, manufacturing and academic general management with long term perspectives, as well as a knowledge of the Indian market.
Cristina Scocchia Independent Director	Extensive experience in strategy and management.
Nathalie von Siemens Independent Director	Experience in governing bodies of global leading companies active in various industries as well as expertise in terms of management in impact-oriented philanthropy.
Andrea Zappia Independent Director	Extensive expertise in terms of strategy and management in key industrial sectors.

(1) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

(1) The governance principles defined in the Combination Agreement between Delfin and Essilor were applicable during an initial term that expired at the Shareholders' meeting of May 21, 2021 (the "Initial Term").

Obligation of Directors appointed by Shareholders' Meeting to hold shares

In accordance with Article 12 of the bylaws, each Director appointed by a Shareholders' Meeting must own at least 1,000 shares of the Company. Notwithstanding the foregoing, the Director representing employees is not required to hold shares, pursuant to Article L.225-25 of the French Commercial Code.

The records relating to each Director state the number of shares held by each of them (see Section 3.5).

Independence of the members of the Board of Directors

The criteria for determining Board of Directors' members' independence are set out in the Company's Internal Rules as adopted by the Board of Directors on October 1, 2018 as last updated on February 22, 2023. These criteria, which comply with the AFEP-MEDEF Corporate Governance Code, are as follows:

"A Board of Directors' member is independent when he/she has no relationship of any kind whatsoever with the Company, the Group or the management thereof which may color his/her judgment. The criteria for a member to qualify as independent are as follows:

1. not to be and not to have been during the course of the previous five years:
   - an employee or Executive Officer[1] of the Company,
   - an employee, Executive Officer or Director of a company belonging to the Group (other than a Director of the Company, Essilor International (SAS) or Luxottica Group S.p.A.)[2];
2. not to be an Executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee or an Executive Officer of the Company (currently in office or having held such office during the last five years) is a Director;
3. not to be a customer, supplier, commercial banker or investment banker (or be linked directly or indirectly to these persons):
   - that is material to the Company or its Group,
   - or for a significant part of whose business the Company or its Group accounts;
4. not to be related by close family ties to a Company's officer;
5. not to have been an Auditor of the Company within the previous five years;
6. not to have been a Director of the Company for more than 12 years. Loss of the status of independent Director occurs on the date at which this period of 12 years is reached.

Given the EssilorLuxottica group's structure, the fact that a Company Director has a seat on the Board of Directors of one of its two operating subsidiaries, Essilor International (SAS) or Luxottica Group S.p.A., does not affect his or her independence.

Board of Directors' members representing shareholders who do not have a controlling interest in the Company are considered independent Directors.

However, if a Board of Directors' member represents a shareholder holding more than 10% of the share capital or voting rights, the Board of Directors determines whether that Board of Directors' member is an "independent Director," based on the written opinion of the Nomination and Compensation Committee. This opinion takes into account:

- the composition of the Company's share capital;
- whether there exists a potential conflict of interest.

Every year, the Board of Directors reviews the situation of each Director with regard to the independence criteria set out in the AFEP-MEDEF Code in force.

As at February 22, 2022, seven Directors could be considered independent under the independence criteria of the AFEP-MEDEF Code, namely Jean-Luc Biamonti, Marie-Christine Coisne-Roquette, José Gonzalo, Swati A. Piramal, Cristina Scocchia, Nathalie von Siemens, Andrea Zappia.

On that date, the Board of Directors' independence ratio was 58.33%, pursuant to the recommendations of the AFEP-MEDEF Code (*i.e.*, not including the two Directors representing employees).

The Board of Directors is of the opinion that none of these Directors who qualified as independent had any material business relationships with the Company and its Group.

However, the following Directors did not qualify as independent according to the AFEP-MEDEF Code:

- Francesco Milleri (Chairman and Chief Executive Officer);
- Paul du Saillant (Deputy Chief Executive Officer);
- Romolo Bardin (Chief Executive Officer of Delfin);
- Margot Bard and Sébastien Brown (the two Directors representing employees appointed as of September 22, 2021 by the Essilor "Comité de Groupe" following deliberation of July 9, 2021 for a three-year term in application of the By-laws).
- Virginie Mercier Pitre (since January 20, 2022) (Director representative of Valoptec[3], association of employees and former employees shareholders);
- Mario Notari (Director of Delfin).

(1) In these Internal Rules, "executive officer" designates the CEO and any Deputy CEO when used in reference to the Company or any similar function in companies registered under a different corporate form; "non-executive officer" designates any non-executive Chairperson of the Board; "corporate officers" includes the executive officers, the non-executive officers and the other Board members.

(2) Nearly all the independent Board members in place at EssilorLuxottica prior to the May 2021 change in the Board of Directors were Board members who also served as independent Board members, either on the Luxottica or Essilor International Board of Directors prior to the combination of the two groups. This situation results from the fact that the merger of the two groups did not occur through a conventional merger, but through the implementation of an *ad hoc* structure in which Luxottica and Essilor International became two sister companies, subsidiaries of the same holding company called EssilorLuxottica, the management of which was very broadly autonomous. This is therefore a different situation from what is addressed by Article 9.5.1 of the AFEP-MEDEF Code, which aims to prevent situations in which a Board member is asked to monitor, supervise or question decisions in which s/he himself or herself has taken part as a corporate officer ("mandataire social") within a controlled subsidiary. It was to take account of the specific nature of the operation that the EssilorLuxottica Board Internal Rules stipulated from the outset that, with regard to what constitutes independence, and as an exemption from the principle set out in Article 9. 5.1 of the AFEP-MEDEF Code, the fact of being or having been a Board member of Essilor International or Luxottica in the five preceding years would not affect the "independent" criterion. The Board's rules in relation to conflict of interests apply to all Board members and these provisions should also apply in case of conflicts of interests between EssilorLuxottica and its subsidiaries, including Essilor International and Luxottica Group. Consequently, Mrs. Scocchia and Mr. Zappia would be prevented from deliberating and voting on any decision concerning a matter relating to Luxottica Group that derives from a decision submitted to the Board of Directors of this entity at the time they were member of such Board.

(3) Valoptec is not an employees' representative body within the meaning of Article L.225-23 of the French Commercial Code.

3.1.1.3 Summary table detailing the compliance or non-compliance of each Director in office at December 31, 2022 with the independence criteria of the AFEP-MEDEF Code

In the table below, √ indicates an independence criterion has been satisfied, *X* indicates that it has not.

	AFEP-MEDEF independence criteria							
	Employee or Executive Director	Employee, Executive Director or Director within the past five years						
Director	Of the Company	Of the Company or a Group company	Cross-director-ships	Is a client, supplier, investment banker or financing banker (significant business relationships)	Has a close family tie with a corporate officer	Has been a Statutory Auditor within the past five years	Has been a Director for more than 12 years	Represents a major shareholder
Francesco MILLERI	x	x	√	√	√	√	√	x
Paul du SAILLANT	x	x	√	√	√	√	√	√
Margot BARD	√	x	√	√	√	√	√	√
Romolo BARDIN	√	√	x	√	√	√	√	x
Jean-Luc BIAMONTI*	√	√	√	√	√	√	√	√
Sébastien BROWN	√	x	√	√	√	√	√	√
Marie-Christine COISNE-ROQUETTE*	√	√	√	√	√	√	√	√
José GONZALO*	√	√	√	√	√	√	√	√
Virginie MERCIER PITRE	√	x	√	√	√	√	√	√
Mario NOTARI	√	√	√	√	√	√	√	x
Swati A. PIRAMAL*	√	√	√	√	√	√	√	√
Cristina SCOCCHIA*	√	√	√	√	√	√	√	√
Nathalie von SIEMENS*	√	√	√	√	√	√	√	√
Andrea ZAPPIA*	√	√	√	√	√	√	√	√

* Independent Director within the meaning of the AFEP-MEDEF Code. (Given the EssilorLuxottica group's structure, the fact that a Company Director has or had, a seat on the Board of Directors of one of its two operating subsidiaries, Essilor International or Luxottica, does not affect his or her independence, see Section 3.4).

3.1.1.4 Changes in the composition of the Company's Board of Directors from January 1, 2022

The composition of the EssilorLuxottica Board of Directors was as follows between January 1, 2022 and June 27, 2022:

1. Leonardo Del Vecchio, EssilorLuxottica Chairman;
2. Francesco Milleri, qualified as non-independent Director, Chief Executive Officer;
3. Paul du Saillant, qualified as non-independent Director, Deputy Chief Executive Officer;
4. Margot Bard, employees' representative, qualified as non-independent Director;
5. Romolo Bardin, qualified as non-independent Director;
6. Jean-Luc Biamonti, qualified as independent Director;
7. Sébastien Brown, employees' representative, qualified as non-independent Director;
8. Marie-Christine Coisne-Roquette, qualified as independent Director;
9. José Gonzalo, qualified as independent Director;
10. Juliette Favre until January 20, 2022; then Virginie Mercier Pitre[1], starting January 20, 2022, representative of Valoptec[2], association of employees and former employees' shareholders, qualified as non-independent Director;
11. Swati A. Piramal, qualified as independent Director;
12. Cristina Scocchia, qualified as independent Director;
13. Nathalie von Siemens, qualified as independent Director;
14. Andrea Zappia, qualified as independent Director.

(1) On January 20, 2022 Virginie Mercier Pitre was co-opted as Director in replacement of Juliette Favre; she is the new representative of Valoptec Association.
(2) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

The following changes have taken place in 2022:

- On January 20, 2022, Virginie Mercier Pitre was appointed as Director representative of Valoptec[1], association of employees and former employees' shareholders, in replacement of Juliette Favre;
- On June 28, 2022, Mario Notari was appointed Director in replacement of Leonardo Del Vecchio, deceased.

Since June 28, 2022, the composition of the EssilorLuxottica Board of Directors is as follows:

1. Francesco Milleri[2], qualified as non-independent Director, Chairman and Chief Executive Officer;
2. Paul du Saillant, qualified as non-independent Director, Deputy Chief Executive Officer;
3. Margot Bard, employees' representative, qualified as non-independent Director;
4. Romolo Bardin, qualified as non-independent Director;
5. Jean-Luc Biamonti, qualified as independent Director;
6. Sébastien Brown, employees' representative, qualified as non-independent Director;
7. Marie-Christine Coisne-Roquette, qualified as independent Director;
8. José Gonzalo, qualified as independent Director;
9. Virginie Mercier Pitre, representative of Valoptec[1], association of employees and former employees' shareholders, qualified as non-independent Director;
10. Mario Notari[3], qualified as non-independent Director;
11. Swati A. Piramal, qualified as independent Director;
12. Cristina Scocchia, qualified as independent Director;
13. Nathalie von Siemens, qualified as independent Director;
14. Andrea Zappia, qualified as independent Director.

The composition of the EssilorLuxottica Board of Directors is seven Directors qualified as independent (58.33% of the members of the EssilorLuxottica Board of Directors[4]) and six women (five women not taking into account the Directors representing employees, which is more than 40% of the members of the EssilorLuxottica Board of Directors) in compliance with applicable laws and regulations and the recommendations of the AFEP-MEDEF Code.

3.1.1.5 Diversity policy

a) Applied to the members of the EssilorLuxottica Board of Directors

The Board of Directors comprises:

- seven independent Directors within the meaning of the AFEP-MEDEF Code;
- six women; more than 40% of the EssilorLuxottica Board of Directors, as required under Articles L.225-18-1 and L.22-10-3 of the French Commercial Code are women (the female Director representing employees was not taken into account when calculating the aforementioned 40% minimum requirement);
- five nationalities (French, German, Indian, Italian and Monegasque).

In accordance with Article L.22-10-10 of the French Commercial Code, the two summary tables in Sections 3.1.1.1 and 3.1.1.2 detailing the main criteria (gender, age, nationality, qualifications and professional experience) illustrate the Company's efforts to promote diversity.

Gender balance

EssilorLuxottica ensures that it complies with the principle of balanced gender representation on its Board of Directors. Six of the Board of Directors' 14 members are women, (five of the Board of Directors' 12 members excluding Directors representing employees), which is over 40% of its membership.

Average age of Directors

As at December 31, 2022, the Board of Directors had 14 Directors with an average age of 56.1 years.

b) Applied to the members of any given committee set up, as appropriate, by senior management to assist it on a regular basis in the performance of its general duties and in connection with the results in terms of gender balance in the 10% of positions with the most responsibility. If the Company does not apply such a policy, the report must include an explanation of the reasons for this

At December 31, 2022, Women represented 41% of the Management bodies. At the date of this Universal Registration, EssilorLuxottica had not set up any Executive Committee or collective body to assist Francesco Milleri and Paul du Saillant within the meaning of the regulation.

The organisation of EssilorLuxottica is the following:

- Executive Corporate Officers:
  Chairman and Chief Executive Officer: Francesco Milleri,
  Deputy Chief Executive Officer: Paul du Saillant.

(1) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(2) On June 28, 2022, the Board decided that Francesco Milleri will replace Leonardo Del Vecchio as Chairman of the Board, following his death on June 27, 2022.
(3) On June 28, 2022 Mario Notari was co-opted for the remaining of the deceased Leonardo Del Vecchio's mandate.
(4) In accordance with the AFEP-MEDEF Code, Directors representing employees are not taken into account for the calculation of this percentage.

c) Applied to the members of the Board of Directors of the operating companies, Essilor International (SAS), Luxottica Group S.p.A. and GrandVision B.V.

Composition of the Essilor International (SAS) and Luxottica Group S.p.A. Boards of Directors and of the GrandVision B.V. Management Board as at December 31, 2022

Essilor International (SAS) (unlisted operating company)	Luxottica Group S.p.A.	GrandVision B.V.
Francesco MILLERI, Chairman and CEO	Francesco MILLERI, Chairman and CEO	Massimiliano MUTINELLI, Member of the Management Board
Paul du SAILLANT, Director	Leonardo Maria DEL VECCHIO, Director	Niccolò BENCIVENNI, Member of the Management Board
Stefano GRASSI, Director	Paul du SAILLANT, Director	Frederic DAUCHE, Member of the Management Board
	Stefano GRASSI, Director	
	Mr. Luigi FRANCAVILLA, Honorary Chairman (not a Board member).	

3.1.1.6 Directors'ethical awareness and conflicts of interest management

No potential conflicts of interest

In accordance with the Board of Directors' Internal Rules and with the Directors' Charter, Directors have an obligation to inform the Board of Directors of any conflict of interest, even potential, as provided for in the rules defined by the Board of Directors' Internal Rules, an extract from which is provided in the box below and pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers (throughout the different versions and henceforth in the version as of January 2020).

Participation of the Director in a transaction in which the Company, or any other Group company, is directly involved is brought to the attention of the Board of Directors prior to the completion of that transaction.

As part of an annual declaration, the Director informs the Board of Directors of the terms of office and positions he or she holds in other companies and must request the opinion of the Nomination and Compensation Committee prior to accepting any new Directorship.

The Director must, more specifically, make an annual declaration of any conflicts of interest, even potential, he or she has detected. On the basis of these declarations, the Board of Directors has not identified any conflict of interest. The information referred to in Appendix 1 of European Commission Regulation (EU) 2019/980 below contains additional information.

Based on the information above, to the best of the Company's knowledge:

- there are no potential conflicts of interest between the duties, with regard to the issuer, and the private interests and/or other duties with regard to third parties, of any of the members of the Company's Board of Directors, except as disclosed below. To this end, the Directors' Charter stipulates that Directors have an obligation to inform the Board of Directors of any conflict of interest, even potential, and must refrain from participating in the deliberations related thereto;
- none of the Executive or non-Executive Directors has a service contract with EssilorLuxottica or any of its subsidiaries providing for the award of benefits at the end of such contract;
- none of the Executive or non-Executive Directors has been convicted of a fraudulent offense in the past five years;
- none of the Executive or non-Executive Directors has been associated with bankruptcy, receivership or liquidation as a member of an administrative, management or supervisory body or as Chief Executive Officer within the past five years;
- none of the Executive or non-Executive Directors has been publicly charged and/or sanctioned by statutory or regulatory bodies (including designated professional bodies);
- there are no family ties between the members of the Board of Directors.

EXTRACT FROM BOARD OF DIRECTORS' INTERNAL RULES ON THE MANAGEMENT OF CONFLICTS OF INTEREST (AS MODIFIED ON MAY 21, 2021)

"1.3 Conflicts of Interest

Any Director (whether he/ she is an individual Director or a permanent representative of a legal entity holding directorship) of the Company shall consider himself or herself as being bound by the provisions of Article 19 of the AFEP-MEDEF Code, the Director's Charter included as Annex 1 to these Board Rules of Procedure and the rules set forth in the following paragraphs.

1.3.1 Situations giving rise to Conflict of Interest

Any Director who is directly or indirectly exposed to an actual or potential conflict between his or her interests (or those of the legal entity holding directorship he/ she represents) and those of the Company (or any company of the Group) because of the positions that he/ she holds, and/ or any interests that he/ she has elsewhere (a "Conflict of Interest"), shall inform the Chairperson of the Board with a copy to the Secretariat of the Board, and the Chairperson of the relevant Committees, if applicable. When a Director takes office and by January 31 of each year, he/ she shall prepare (and update when needed) and submit to the Chairperson of the Board and to the Nomination and Compensation Committee, a statement indicating any actual or potential Conflict of Interest he/ she may have with any Group's companies.

A Director may be requested by the Chairperson, at any time, to confirm in writing that he or she is not in a Conflict of Interest situation. Pursuant to Section 3.5 below, Directors and any other persons who attend Board Meetings shall be required to treat all information provided during these meetings as strictly confidential.

1.3.2 Guidelines for dealing with Conflicts of Interest

In the event of a Conflict of Interests, the concerned Director shall (i) prior to the concerned meeting, inform in due time the Chairperson with a copy to the Secretariat of the Board, and (ii) shall not attend the Board (or Committee) meeting during the discussions and debates on the concerned items of the agenda and shall not vote on the concerned deliberations.

It is specified that if the concerned Director is the Chairperson of a Committee and the concerned meeting is one of such Committee, then, such Director shall notify his or her Conflict of Interest situation to the other Committee's members and shall not attend the meeting during the discussions and debates on the concerned items of the agenda and shall not vote on the concerned deliberations.

Any issues concerning the implementation of this Section "Conflicts of interest" shall be submitted to the Chairperson with a copy to the Secretariat of the Board, and for Committee meeting, the Chairperson of the relevant Committee. If an issue relating to any concerned Director cannot be resolved following discussions between them, then, the Board (or the Committee) shall make a decision.

1.3.3 Sensitive information as defined in competition law

In the event of a Conflict of Interest relating to a position or interest in an entity whose interests compete with those of the Group, no sensitive information, as defined in competition law, may be disclosed or discussed in the presence of the concerned Director.

The definition of sensitive information in competition law covers all information not in the public domain that could enable the concerned Director to understand or influence the Company's commercial and other strategies in markets served by the entity whose interests compete with those of the Company and with which the concerned Director has ties, including, without limitations, recent, current or future pricing strategies and prices (including discounts or rebates), detailed information concerning technology and R&D projects, recent current or future profit margins on, or profitability targets for, specific products or services, and current or future strategic plans, business development projects, particularly planned potential mergers and acquisitions, market shares, market analyses, covering *inter alia* forecast changes in offer and/or demand and prices.

The risk of an exchange of sensitive information as defined in competition law is equivalent in all respects to a conflict of interest within the meaning of this Section "Conflicts of interest"

Agreements between one of the Executive Corporate Officers or shareholders with more than 10% of voting rights with a subsidiary of EssilorLuxottica group (with the exception of agreements concerning day-to-day operations entered into under normal conditions)

A non-compete agreement has been entered into on May 21, 2021 between EssilorLuxottica and Mr. Francesco Milleri. This agreement was duly authorized by the Board of Directors on May 21, 2021.

Agreements between a subsidiary of EssilorLuxottica group and a company in which an Executive Corporate Officer has a direct or indirect interest (with the exception of agreements concerning day-to-day operations entered into under normal conditions)

None.

Procedure set up to regularly evaluate if the agreements relating to ordinary transactions concluded under normal terms still fulfil those conditions

Pursuant to Article L.22-10-12 of the Commercial Code, the Charter regarding related-party agreements includes a procedure set up to regularly evaluate if the agreements relating to ordinary transactions concluded under normal terms still fulfil those conditions. The person directly or indirectly involved in the agreement does not take part to the evaluation.

Insider dealing

On October 1, 2018, the Board of Directors approved the EssilorLuxottica Directors' Charter, updated on May 21, 2021, which includes the stipulation that any holder of inside information shall refrain from engaging in any transaction involving the Company's securities or from causing or allowing others to engage in such transactions based on such information for as long as such information has not yet been made public (Articles 8, 10 and 14 of European Regulation No. 596/2014 of April 16, 2014 on market abuse – the Market Abuse Regulation ("MAR"). The Charter states that Directors must, in addition to the period preceding the publication of any inside information of which they are aware, refrain from engaging in any transaction in the Company's securities during the blackout periods set in accordance with Article 19.11 of the MAR and the AMF guide to ongoing disclosure and management of inside information.

Lastly, Directors must inform the AMF, on an annual basis, of any transactions involving EssilorLuxottica securities performed by themselves or by individuals with whom they are closely associated. These individual reporting obligations regarding securities transactions are covered in the Directors'Charter, the full version of which is available on the Company's website.

The summary statement of transactions involving EssilorLuxottica securities carried out in 2022 by the Corporate Officers is included in Section 3.3.6.

On July 28, 2022 the Board of Directors has updated its "Procedure for Management and Public Disclosure of Corporate Information"and its annexes, the Insider List Procedure and the Internal Dealing Procedure, to take into account the changes in the Company's Governance.

3.1.2 Preparation and organization of the work of the Board of Directors

The operating procedures of the Board of Directors and special Committees are governed by Board of Directors' Internal Rules adopted by the Board of Directors on October 1, 2018, as last updated on May 21, 2021 and by a Directors' Charter. These documents are periodically reviewed by the Board of Directors.

The documents reflect the main principles regarding the decision-making process in the EssilorLuxottica Group. The key points of both documents are reproduced or summarized below. The full version of these documents, along with the bylaws, is available on the Company's website.

3.1.2.1 Board of Directors' Internal Rules and the Directors' Charter

The Board of Directors' Internal Rules and the Directors' Charter, both of which were approved by the Board of Directors, as last amended on May 21, 2021, reflect the basic principles regarding the decision-making process in the EssilorLuxottica group. These principles are outlined below.

Powers of the EssilorLuxottica Chief Executive Officer and Deputy Chief Executive Officer

The EssilorLuxottica Chief Executive Officer is vested with full powers to act in all circumstances in the name of EssilorLuxottica. He shall exercise those powers within the limits of the corporate purpose and subject to the powers expressly granted to the EssilorLuxottica Shareholders' Meeting and to the EssilorLuxottica Board of Directors by law as well as to the limitations set forth by the bylaws of EssilorLuxottica and by the Board of Directors' Internal Rules.

The Deputy CEO is in charge of Administration and Finance. As such, he is in charge of the management and supervision of all the activities of the Holding Company EssilorLuxottica.

Powers of the Board of Directors of EssilorLuxottica

The Board of Directors of EssilorLuxottica directs EssilorLuxottica's business and oversees its implementation. Subject to the powers expressly granted to the Shareholders' Meeting, the limitations set forth by the bylaws of EssilorLuxottica and within the limits of the corporate purpose, the Board of Directors deals with all matters concerning the proper running of EssilorLuxottica and the EssilorLuxottica group, in accordance with the Board of Directors' Internal Rules.

A set of material decisions relating to EssilorLuxottica and/or the EssilorLuxottica group are subject to prior approval by the EssilorLuxottica Board of Directors (see Section 3.1.2.2).

The Board of Directors' Internal Rules are supplemented by a Directors' Charter which stipulates a certain number of rights and obligations, including the commitment to regularly attend meetings of the Board of Directors and Shareholders' Meetings, to inform the Board of Directors of any potential or actual conflict of interest, and to refrain from participating in the corresponding proceedings, including the work of special Committees. Board of Directors' members must also keep the Board of Directors informed of directorships held in other French and foreign companies and, in the case of Executive Directors, seek the approval of the Board of Directors before accepting a new corporate office in a company (other than a company consolidated by the Company). Directors must consider themselves subject to an obligation of professional secrecy as regards information which is not public and which they have come to know in the course of their duties; this goes further than the obligation of discretion provided for in Article L.225-37 paragraph 5 of the French Commercial Code.

3.1.2.2 Roles and responsibilities of the Board of Directors

The EssilorLuxottica Group's internal governance rules stipulate that the Board of Directors must grant its prior approval, under the conditions of quorum and majority set forth in Section 3.6.2 of the Internal Rules, for any issue, event, act or decision concerning the Company and any entity of its Group, related to:

a) review and approval of the statutory financial statements and of the consolidated financial statements of the Company;

b) approval and modification of the Group's annual budget (including the annual investments budget) upon the presentation of the forecast of the financing needs of the Group for the year made by the CFO;

c) approval and modification of the Group's three-years strategic plan;

d) any transaction outside the scope of the Group's stated strategy or above €150 million individually;

e) distribution of dividends, interim dividends, premium, reserves and/ or any other distributions by the Company;

f) any amendment, or any decision that will entail such amendment, to the Articles of Association of the Company;

g) decision relating to the admission to listing on any regulated stock exchange of securities in any Group's company;

h) any change in accounting methods or principles, or of the tax practices applied within the Group (save for mandatory changes resulting from regulatory changes);

i) appointment and renewal of the Statutory Auditors of any Group's company, based on the recommendation of the Audit and Risk Committee;

j) decisions on material capital expenditures, acquisitions, purchases, leases or divestments with a value exceeding €150 million;

k) any transaction resulting in the expansion of the geographical footprint of the Group to a new country where the Group has no operations, including through any distribution network, whether wholesale or retail, directly or indirectly (through any acquisition, lease, commercial relationships or any agreement of any nature whatsoever) for which the value is above of €30 million or for which such expansion could raise a significant risk in terms of compliance with applicable regulations (e.g., sanctions, fraud, anti-corruption or money laundering regulations) or in terms of security;

l) unless decided otherwise by the Board, (x) any decision (and any delegations of powers or authority thereto) pertaining to the entering into of any bank loan or financing facility for a par value or a notional amount exceeding €1 billion, (y) any other decision (and any delegations of powers or authority thereto) pertaining to the financing of the Company (including, for example, the issuance of bonds, notes, debt instruments and/ or hedging instruments) for a par value or a notional amount exceeding €300 million individually and €1 billion in the aggregate on a calendar year within the annual authorization for any banking financing and (z) any decision (and any delegations of powers or authority thereto) for any capital market transaction (either in equity or debt) whatever the amount of such transaction;

m) any liquidation, merger, spin-off (scission), contribution or other similar corporate restructuring (save for intra-Group transactions that trigger no change in the direct or indirect holding by the Company in the share capital or assets and liabilities of the concerned company or companies) involving any Group's company;

n) authorization, determination of the terms and conditions and modification of any mandatory or voluntary profit-sharing plan, stock option plan, free share plan (plan d'attribution gratuite) or other similar collective incentive schemes in favor of the management and/ or employees of the Group (upon proposal of the Nomination and Compensation Committee when it concerns executive officers);

o) except for intra-group transactions, the purchase, transfer or disposal of trademarks or patents and/or the acquisition or the granting of any license with respect to the right to use a trademark or patent or any other transaction entailing, directly or indirectly or as an ancillary consequence thereof (including, for example, the acquisition of a business), the purchase, transfer, disposal or granting of any such trademarks, patents or licenses, for a value exceeding €10 million and, in the case of franchise, any franchise agreement with fees in excess of €20 million.

In addition, the Board is responsible in particular for:

- defining the notion of an "Independent Director" and deliberating on this matter each year;
- identifying the Independent Directors, following recommendation by the Nomination and Compensation Committee;
- assessing its own performance (collective and individual) and the performance of management;
- debating and, if applicable, approving any compensation following recommendation by the Nomination and Compensation Committee for Executive Officers;
- appointing the CEO and the Deputy CEO (if any) (following recommendation by the Nomination and Compensation Committee);
- debating and, if applicable, approving the appointment of the special Committee members (following recommendation by the Nomination and Compensation Committee);
- approving and implementing the succession plans for the replacement of the executive officers, following recommendation by the Nomination and Compensation Committee;
- examining the procedures for the identification, evaluation, control and monitoring of the Group's commitments and risk management, in coordination with the work of the Audit and Risk Committee and the Corporate Social Responsibility Committee;
- defining the financial communication policy for the market and analysts, applicable to the whole Group, in order to allow shareholders and investors to access the same information at the same time, and making sure that they are receiving relevant, balanced and meaningful information on the Company's long-term strategy through the financial statements, in the course of major operations and development, and outlook as part of the Group's financial communications.

3.1.2.3 Self-assessment of the Board of Directors' operating procedures

The independent Directors on the Nomination and Compensation Committee, Andrea Zappia and Jose Gonzalo conducted a self-assessment of the Board of Directors' functioning between June and July 2022.

The self-assessment was based on questionnaires covering the following topics: 1) composition of the Board of Directors and Committees, 2) Board of Directors process, 3) Board of Directors information and accountability, 4) Board of Directors and strategy, 5) Communication with shareholders and the markets, 6) the standards of conduct and 7) Evaluation and comments on the Board Committees.

The results of the questionnaires were analyzed in August and September and presented to the Board of Directors on October 6, 2022. The Board of Directors unanimously approved the self-assessment summary. The overall results of the self-assessment are very satisfactory.

3.1.2.4 Information and training for the Board of Directors

Information

Any documentation required to ensure that the Directors are informed about the agenda and any items to be discussed by the Board of Directors will either be enclosed with the notice of meeting or sent or delivered at the latest five days before the meeting.

Any such documentation shall be drafted in English, and a French and Italian courtesy translations can also be provided at the request of any Director. In case of discrepancy between the English version and one of its translations, the English version shall prevail, except for those documents whose official language is French pursuant to applicable law.

To be prepared for decisions to be made, Directors must check that the information they deem necessary for the proper flow of the Board of Directors' or special Committee's work has been made available to them. If any information has not been made available or has not properly been made available in a Director's opinion, that Director must request it. Such requests should be addressed to the Chairman, with copy to the secretariat of the Board, who must satisfy themselves that the Directors are in a position to fulfil their duties.

In addition, Directors will receive between meetings any useful or critical information on significant events or operations relating to the Company or the Group, in particular press communications released, or Financial Reports made by the Company.

Training

Any Director may avail himself or herself of supplementary training on the specific concerns of the Company, its industry or business sectors, if he or she deems it necessary. From the time of their a ppointment, members of the Audit and Risk Committee receive information on the Company's accounting, financial and operational affairs.

Directors representing employees or Director(s) representing employees shareholders should be provided with suitable training enabling them to perform their duties, in accordance with regulations. In 2022, the two Directors representing employees attended courses on legal and financial matters. The legal courses focused on corporate governance and the Director's role. The financial courses were on financial statements, tax, treasury and shared services at Group level. They also attended several courses on communication.

3.1.2.5 Meetings of the Board of Directors in 2022

The Board is convened by the Chairperson. The Board of Directors shall meet as often as necessary in the interests of the Company, but at least five times per year.

The meetings of the Board of Directors are chaired by the Chairperson, or, in the absence of the Chairperson, by the Vice-Chairperson (if any), or in the absence of the Vice-Chairperson, by the person appointed by the Board to chair the meeting.

Directors may choose to be represented by another Director at meetings of the Board of Directors. Each Director may represent no more than one other Director at any Board of Directors' Meeting.

The quorum for any decision taken by the Board of Directors shall be at least half of the Directors present (in person or, as the case may be, by videoconference or telecommunication means).

The decisions shall be taken by a simple majority of the members present or represented. In 2022, the Board of Directors of EssilorLuxottica met 9 times.

Attendance of the members of the Board of Directors

As allowed by the Company's bylaws, the Board of Directors' Internal Rules state that Directors may participate in exceptional circumstances by using videoconferencing or other forms of telecommunications, with the exception of those cases explicitly stipulated, such as the approval of the financial statements and preparation of the Management Report. The Board of Directors' Internal Rules state that Directors who participate in this way are considered to be present when calculating the quorum and voting majority for the meeting.

The table below shows the number of Board of Directors and Committee meetings held during fiscal year 2022, as well as their members as at December 31, 2022 and the individual attendance at each meeting. The average attendance of the Directors was 99.21% for all meetings of the Board of Directors and the Committees in 2022.

Attendance as of December 31, 2022

	Board of Directors	Audit and Risk Committee Meeting	Nomination and Compensation Committee	CSR Committee
NUMBER OF MEETINGS IN 2022	**9**	**3**	**6**	**3**
ATTENDANCE *(IN %)*				
Leonardo Del Vecchio[1]	100%			
Francesco Milleri	100%			
Paul du Saillant	100%			
Margot Bard	100%			
Romolo Bardin	100%	100%	100%	
Jean-Luc Biamonti	100%	100%		
Sébastien Brown	100%			
Marie-Christine Coisne-Roquette	100%			
José Gonzalo	88.89%		100%	
Virginie Mercier Pitre[2]	100%			100%
Mario Notari[3]	100%			
Swati Piramal	100%			100%
Cristina Scocchia	100%	100%		
Nathalie von Siemens	100%			100%
Andrea Zappia	100%		100%	

(1) Chairman until his death on June 27, 2022. His attendance rate is calculated on the basis of his attendance to meetings held up to the date of his death.
(2) Director as from January 20, 2022.
(3) Director as from June 28, 2022. His attendance rate is calculated on the basis of his attendance to meetings held after the date of his appointment.

Major accomplishments of the Board of Directors in 2022

The Board of Directors met nine times with an attendance rate of 98.41%.

For the period from January 1, 2022 to December 31, 2022 the EssilorLuxottica Board of Directors was informed about, reviewed or discussed the following issues:

- **Corporate governance:**
  - appointment of Francesco Milleri as Chairman of the Board of Directors on June 28, 2022, in replacement of Mr. Leonardo Del Vecchio, deceased;
  - cooptation of new Directors (Virginie Mercier Pitre on January 20, 2022 and Mario Notari on June 28, 2022),
  - assessment of the independence of Directors ;
  - self-assessment of the Board functioning ;
- **2022 Budget:** the 2022 budget was discussed at a Board Meeting at the beginning of the year;
- **Accounts:** review and/or approval by the Board of the Company and consolidated financial statements for the 2021 financial year, the half-year financial statements and the forecast financial statements, after hearing the reports of the work done by the Audit and Risk Committee and the Statutory Auditors. The Board of Directors also reviewed the Company's financial and cash position;
- **Dividend:** the Board of Directors approved the option for a payment in shares of the dividend, and acknowledged the share capital increase resulting therefrom;
- **Regulated agreements (*i.e.* related parties' transactions);**
- **Shareholders' Meeting on May 25, 2022:** the Board of Directors convened the Shareholders' Meeting and decided on the draft resolutions to be submitted to the Shareholders' Meeting;
- **Business performance:** at each meeting scheduled under the annual calendar the executive corporate officers presented the general situation of the Company in the preceding period, developments in key financial indicators, noteworthy events in commercial and technical fields, the state of the competition, etc.;
- **Major commercial agreements:** renewal and/or signing of licence agreements;
- **Acquisitions:** monitoring of the GrandVision integration; update on the Walman acquisition approval of the acquisition of the 50% stake in Shamir not already owned by the EssilorLuxottica group;
- **Compliance:** regular updates were done on various compliance topics;
- **Financial authorizations:**

  The Board of Directors decided to:
  - renew for a period of one year (from March 11, 2022 to March 10, 2023 inclusive) the authorization to issue notes and/or bonds, within the framework of the EMTN program or outside it, up to a nominal amount equal to five (5) billion euros or its equivalent in any other currency to finance the Company's current needs,

  - renew for a period of one (1) year, from March 11, 2022 to March 10, 2023 inclusive, the authorization to renew and update the EMTN program as required,
  - delegate all powers, with the option of sub-delegation, to Mr. Francesco Milleri, in his capacity as Chief Executive Officer, for a period of one (1) year from March 11, 2022 to March 10, 2023 inclusive, in order to renew, update and implement the EMTN program and sign and deliver all necessary documents for this purpose, and do whatever is necessary and/or useful for the purposes of the programs,
  - Delegate to the CEO the powers to implement a share buy-back program;
- **Employee shareholding:**
  - acknowledgement of the completion of the share capital increase resulting from the issue of new shares following (i) the exercise of stock options and (ii) the award of performance shares from June 1 to December 31, 2021;
  - acknowledgement of the share capital increase resulting from the issuance of new shares following (i) the exercise of stock options until May 15, 2022 and (ii) the vesting of performance shares until May 23, 2022,
  - Delegation of authority to the CEO to carry out the 2022 employee shareholding operation, within the framework of the Company Savings Plan ("PEE") of the EssilorLuxottica group's French companies;
  - Delegation of authority to the CEO to set up an International Employee Shareholding Plan reserved for employees of EssilorLuxottica's non-French subsidiaries;
  - Allocation of performance shares to employees.
- **Compensation of corporate officers:**
  - the Board of Directors reviewed the performance of the Executive Corporate Officers for the 2021 financial year and set the variable proportion of compensation due to the latter for the 2021 financial year, the payment of which was submitted for approval to the Shareholders' Meeting on May 25, 2022,
  - allocation by the Board of Directors to the Chief Executive Officer of 50,000 performance shares and to the Deputy Chief Executive Officer of 35,000 performance shares, subject to compliance with the ceilings defined in the compensation policy. These performance shares will be allocated at the end of a vesting period starting on October 6, 2022 and expiring after three years;
- **Committee reports:** in preparation for its deliberations the Board of Directors heard the reports from the Audit and Risk Committee, the Nomination and Compensation Committee and the Corporate Social Responsibility Committee respectively, in the areas that concern them;
- **Internal Audit:** the Board of Directors approved the audit plan and the performance of the Head of Internal Audit in 2021 and his new objectives for 2022.

Minutes

During the 2022 fiscal year, the draft minutes of each Board of Directors' Meeting were sent to all Directors no later than the date of notice of the next meeting.

3.1.2.6 Committees of the Board of Directors

On the recommendation of the Nomination and Compensation Committee, the Board of Directors may create special Committees and set the rules governing their duties and composition. The Company has three permanent Directors Committees:

- Audit and Risk Committee;
- Nomination and Compensation Committee; and
- Corporate Social Responsibility (CSR) Committee.

These Committees act on the authority delegated to them by the Board of Directors and make recommendations and proposals to the Board of Directors. The Committees do not act in the place of the Board of Directors, but rather as an extension of the Board of Directors, facilitating its work.

Committee members may choose to be represented by another member at meetings of the Committee. Each member may represent no more than one other member at any Committee meeting. The deliberations of the Committees shall be valid only if at least half of their members attend the meeting in person.

Decisions shall be made based upon a majority vote of the members attending. If vote is tied, then the Chairperson of the meeting shall not have any casting vote.

Audit and Risk Committee

Composition

The Board of Directors' Internal Rules stipulate that the Audit and Risk Committee shall consist of three members appointed by the Board of Directors from among its members. At least two third of its members must be independent Directors.

The Committee shall not include any executive Directors.

The members of the Audit and Risk Committee must have special competency in financial, risk management or accounting matters.

The Chair of the Audit and Risk Committee will be held by an independent Director.

The Audit and Risk Committee is chaired by Jean-Luc Biamonti. The other members are Romolo Bardin and Cristina Scocchia.

Role

Under the Board of Directors' Internal Rules and in accordance with Article L.823-19 of the French Commercial Code, the Audit and Risk Committee, acting under the responsibility of the Board of Directors, follows up on issues related to the preparation and audit of the financial statements and financial information.

For any issues relating to the compliance and the efficiency of the internal audit and major risk management systems, the Audit and Risk Committee must work closely with the Corporate Social Responsibility Committee to establish a comprehensive picture of any financial or non-financial issues.

Without prejudice to the powers of the Board of Directors, this Committee monitors the specific procedures to ensure:

- the integrity of the financial statements, in particular, the statutory and consolidated accounts, the scope of the consolidated accounts and the off-balance sheet commitments;
- when preparing the financial information, that the accounting methods employed are relevant and applied consistently, in particular when dealing with major transactions;
- when reviewing the accounts, a focus on major transactions which could have given rise to conflicts of interest;
- the efficiency of the internal control and risk management systems;
- when monitoring the effectiveness of the internal control and risk management systems and, where applicable, the internal audit of the procedures relating to the preparation and processing of the accounting and financial information, that it hears the persons responsible for the internal audit and risk control and that it is informed of the internal audit schedule and internal audit reports or a periodical summary of these reports;
- compliance with legal requirements and regulations;
- the review of major risks and off-balance-sheet commitments, assessing the significance of any deficiencies or weaknesses of which it has been informed, and informing the Board of Directors, as the case may be;
- the performance, qualification, independence and control of incompatibilities of the Auditors;
- the performance of internal audit.

It issues a recommendation to the Board of Directors on the Auditors of the Company which have been proposed to be appointed by the Shareholders' Meeting.

The responsibilities incumbent on the Audit and Risk Committee are set out in Article 4.1.2 of the Board of Directors' Internal Rules, available on the Company's website.

The Chairperson of the Audit and Risk Committee organizes the Committees' work every year based on his or her assessment of the importance of certain types of risk, in consultation with the management and the Board of Directors, as well as the Chairperson of the CSR Committee.

The Chairperson of the Audit and Risk Committee must regularly coordinate with the Chairperson of the other Committees, and in particular with the Chairperson of the CSR Committee which is in charge of identifying and monitoring the non-financial risks.

The Chairperson of the Audit and Risk Committee or the Board of Directors may convene a meeting at any time, whenever it deems it necessary.

The Chairman, and the Vice-Chairman if applicable, may jointly request the Chairperson of the Audit and Risk Committee to arrange a meeting whenever they deem it useful.

The Audit and Risk Committee shall meet at least three times per year.

The meeting agenda is determined by the Chairperson of the Audit and Risk Committee or agreed with the Board of Directors, the Chairman or the Vice-Chairman if applicable, if the Board of Directors, the Chairman, or the Vice-Chairman if applicable, has initiated the meeting. The agenda is sent to the Audit and Risk Committee members before the meeting together with any information that is useful for the discussions.

Sufficient time must be available for the Accounts to be provided and for their review. In order to perform its duties properly, the Audit and Risk Committee must be given a delay of at least five days for considering in advance the documents on which discussions will be based and, in particular, for examining the accounts before their publication.

During the meetings, the Committee hears the Statutory Auditors and may receive presentations from the Company's corporate officers and EssilorLuxottica's Key Executives (and such other persons as it deems appropriate) who are responsible for the accounts, the risk management system (including compliance) and internal audit. Management (assisted by a person of its choice) makes a presentation to the Committee on the Group's exposure to risks and significant off-balance sheet commitments.

The Committee may also gather information directly from persons who are able to assist it with fulfilling its duties, in particular certain business and financial managers and those responsible for handling data, whilst keeping management informed. In addition, the Committee may consult external experts, if it deems this necessary, at the Company's expenses, within the limits of the budget approved by the Board of Directors for the Audit and Risk Committee.

Major accomplishments in 2022 achieved by the Audit and Risk Committee

The Audit and Risk Committee's assignments are carried out on the basis of the recommendations stipulated in the AMF working group's report for Audit Committees dated July 22, 2010.

The Audit and Risk Committee met three times with an attendance rate of 100%. In particular, the committee heard the Group's Chief Financial Officer, the Chief Compliance Officer, the Internal Audit Director, the General Counsel and Secretary of the Board of Directors and the Statutory Auditors.

During the period from January 1 to December 31, 2022, the Audit and Risk Committee reviewed the following issues:

- **Financial statements:** review of the 2021 consolidated and statutory financial statements; review of the part of the Management Report concerning primarily risk factors and internal control procedures; review of the consolidated and statutory financial statements for the first half of 2022; review of forecast management documents and forecasts for 2022;
- **Budget:** review of the 2022 budget;
- **Finance:** review of the cash management policy; renewal of the EMTN program;
- **Statutory Auditors:** presentation of the reports from the Statutory Auditors for the 2021 financial year; review of the result of the 2021 external audit plan from the Statutory Auditors and key audit points described in the Statutory Auditors' Report; review of the draft statutory auditors' report for the first half of 2022; review of the Auditors' qualifications, performance, fees and independence (particularly considering the annual statement of independence);
- **Related party agreements;**
- **Annual Shareholders' Meeting on May 25, 2022:** dividend in shares; draft resolutions of a financial nature in particular regarding the share buy-back program and the management report;
- **Non-financial performance statement:** presentation of the non-financial statement; preparation of the 2022 non-financial performance declaration (chapter 5 of the 2021 Universal Registration Document);
- **Internal audit:** presentation of the implementation of the 2021 audit plan and presentation of the 2022 audit plan: presentation of audits carried out during 2021; 2021 Management Report including the main features of the internal control systems, review of the 2022 audit plan; review of the performance of the head of Internal Audit in 2021 and of his new objectives for 2022;

- **M&A:** monitoring of the Mandatory Tender Offer on GrandVision; monitoring of the acquisition of Walman; review of the proposed acquisition of the 50% stake in Shamir not already owned by the EssilorLuxottica group;
- **Compliance:** regular reports on compliance (including the new organization, risk mapping, policies);
- **Risk management:** update on risk factors; 2021 Management Report including in particular the main characteristics of the risk management and internal control systems; Evolution of the Enterprise Risk Management framework;
- **Information security:** review of the Group's new information security organization and initiatives for 2022; update on cyber-security incidents;
- **Litigation:** presentation of the main disputes; presentation of the litigation report.

Nomination and Compensation Committee

Composition

The Board of Directors' Internal Rules as last amended by the Board of Directors on May 21, 2021 stipulate that the Nomination and Compensation Committee shall comprise three members, the majority of whom shall be appointed from among the Board of Directors' independent Directors (as defined by the AFEP-MEDEF Code).

The Committee shall be chaired by an independent Director (as defined by the AFEP-MEDEF Code).

The Nomination and Compensation Committee is chaired by Andrea Zappia. The other Committee members are Romolo Bardin and José Gonzalo.

Role

As described in the Board of Directors' Internal Rules, the main duties of the Nomination and Compensation Committee within the work of the Board of Directors are as follows:

Nominations:

- it examines and recommends to the Board of Directors the persons who may be appointed as Directors, taking into account, in particular, the appropriate balance of the composition of the Board and its Committees in view of the composition and development of the Company's shareholder base, the skills and expertise required to perform the Board's duties, and the gender balance on the Board; it may, in particular, organize a procedure to select future Independent Directors and examine potential candidates before any contact is made with them;
- it develops a succession plan for the Company's executive officers.

Assessment:

- it assists the Board in the periodic assessments of its membership, organization and operation as well as that of its committees,
- it may put forward proposals to improve the functioning of the Board;
- it puts forward proposals for creation of Committees and assignment for each of them;
- it monitors changes in the Company's shareholdings structure and Company's awareness of such changes with a view to monitor the representation of shareholders (including employee shareholders) in the governance;
- it conducts yearly a case-by-case assessment of each Director with regard to the independence criteria set forth in the AFEP-MEDEF Code and the Board Rules of Procedure and, in this respect, it puts forward its recommendations to the Board;
- it receives the conflict of interest statements (and any update of such statements when needed) prepared and submitted by each Director when he or she takes office and by January 31 of each year;
- it is informed before any corporate officer or Director accepts a new directorship or a management position in a company outside the Group; it being specified that a Director may not take on any personal responsibilities in companies or businesses that are in direct competition with the Company and its subsidiaries without first informing the Chairman of the Board of Directors, whose prior written approval must be obtained as well as the Chairman of the Nomination and Compensation Committee.

Compensation:

- it puts forward proposals on the compensation policy and the compensation of the executive officers of the Company;
- it examines the compliance of the compensation policy, its structure and components with legal requirements and the AFEP-MEDEF Code;
- it examines termination provisions and financial conditions of departure for any executive officer;
- it puts forward proposals to the Board of Directors on the general policy and terms and conditions for granting stock-options[1] and/or free performance shares, the allocation of free shares and the setting-up of employee share ownership plans, profit-sharing measures as well as any other incentive schemes for the Company's or Group's employees;
- it puts forward proposal on the allocation of stock options[1] and/or free performance shares for executive officers of the Company as well as the number of shares resulting from the exercise of stock options or performance shares that they will be required to retain until the termination of their office;
- it puts forward proposals on Directors' compensation policy and notably the fees amount and their allocation taking into account Directors' attendance rate;
- it reviews the terms and conditions of any service agreement to be entered into with any member of the Board of Directors or any executive officer of EssilorLuxottica prior to their entering into;
- it contributes to the preparation of the parts of the corporate governance report relating to the compensation policy for corporate officers and issues an opinion on the related draft resolutions on which the Shareholders' Meeting is called upon to vote in accordance with French regulations.

(1) In line with the compensation policy, no more stock options have been granted since 2022.

Governance:

- it assesses whether corporate governance practices within the Group comply with the AFEP-MEDEF Code and recommendations of the AMF and proxy agencies and monitors their compliance thereto;
- where appropriate, it points out deviations from the AFEP-MEDEF Code and prepares explanations for reasons for doing so.

The Nomination and Compensation Committee shall be associated in the preparation of any report (including the Universal Registration Committee) for the sections pertaining to its areas of expertise and duties.

It may consult external advisors, consultants, counsels or experts at the Company's expenses if necessary for the completion of its duties (including to identify directorship's candidates or to assess the membership and functioning of the Board of Directors), within the limits of the budget approved by the Board of Directors for the Nomination and Compensation Committee.

Major accomplishments in 2022 achieved by the Nomination and Compensation Committee

Between January 1 and December 31, 2022, the committee met six times, with an attendance rate of 100% for the year.

It reviewed the following matters:

- **Board of Directors' assessment:**
  - self-assessment and report on the operating procedures of the Board of Directors and its Committees,
  - review of the independence of each director with respect to the criteria set forth in the AFEP-MEDEF Code;
- **Nomination:**
  - appointment of Francesco Milleri as Chairman of the Board of Directors for the remaining term of office of the late Leonardo Del Vecchio,
  - combination of the positions of Chairman of the Board of Directors and Chief Executive Officer following the death of the Chairman of the Board of Directors,
  - assessment of the appropriateness of appointing a lead director,
  - review of succession plans for key Group executives,
  - analysis of interviews with shareholders, investors and proxy advisors regarding governance topics;
- **Compensation:**
  - determination of the achievement rate of the 2021 corporate social responsibility criteria and definition of the 2022 corporate social responsibility criteria for the annual variable compensation component in connection with the "Eyes on the Planet" sustainability program,
  - determination of the achievement rate of the variable compensation component of Mr. Francesco Milleri and Mr. Paul du Saillant for the 2021 fiscal year,
  - for each of the executive corporate officers: determination of their respective fixed compensation, structure and objectives for their target annual variable compensation and granting performance shares for 2022 fiscal year,
  - proposal of the executive corporate officers' compensation policy for 2022,
  - review of the resolutions regarding executive corporate officers' compensation submitted to the Shareholders Meeting held on May 25, 2022 and of the approval rate of these resolutions after the Meeting;
  - comparison of the Chief Executive Officer's total compensation with the compensation paid to Executive Corporate Officers of other comparable companies,
  - analysis of interviews conducted with shareholders, investors and proxy advisors regarding compensation topics;
- **Employee share ownership:** the Committee approved the main following measures to be submitted to the Board of Directors: renewal of the Company Savings Plan for the employees of the Company and of EssilorLuxottica's French subsidiaries; roll-out of the international Employee Shareholding Plan (Boost) to almost all Group countries; granting performance shares for the benefit of Group's employees after review of the proposals made by management;
- **Organization of the committee:** review of the Committee's priorities throughout the year and setting of a schedule for the next Committee's meetings for 2023.

Corporate Social Responsibility (CSR) Committee

Composition

The Board of Directors' Internal Rules stipulate that the CSR Committee shall comprise three members, two of whom must be Independent Directors.

The CSR Committee is chaired by an Independent Director.

Swati Piramal (Independent Director) chairs the CSR Committee, the other committee members are Nathalie von Siemens and Virginie Mercier Pitre (since January 20, 2022). Juliette Favre was member of the CSR Committe until January 20, 2022.

Role

The main duty of the CSR Committee, within the remit of the Board of Directors, is to ensure that the Group effectively addresses the deployment of its Mission to help people "see more and be more", which is fully integrated in the strategy of the Company to improve vision around the world by creating the best possible eyewear that protects and corrects each individual's eyesight while addressing their personal tastes and easpirations with the goal to respond to the world's growing vision needs by meeting the changing lifestyles of existing consumers and inventing new ways to reach the 2.5 billion people who suffer from uncorrected poor vision and the 6 billion people who do not protect their eyes from harmful rays.

The CSR Committee's duties go beyond philanthropy, including business and compliance to address the manner in which the Company manages its economic, social and environmental impacts and the relationships with its stakeholders, including e.g. customers, shareholders, suppliers, employees, community associations, governmental authorities and institutions, multi-lateral agencies, financial analysts and ratings agencies, consumers and the media. This policy is anchored in the common principles and values of the Group that form the basis of the corporate culture and are shared across the Group. For example, they are reflected in the way the Group works as a community of entrepreneurs, in the importance given by the Group to employee shareholding as well as in the emphasis put on the health and socially significant roles of vision correction and vision protection that allow people to learn and work to the best of their ability and to fully interact with the world around them.

The CSR Committee is notably responsible under the authority of the Board of Directors for:

- **The sustainable development matters:**

  The committee reviews and assesses the Company's strategy, policies and procedures on issues related to corporate responsibility and sustainable development as described below and provides the Board of Directors with its views on the Group's long-term development, including its economic development, through its CSR initiatives in matters of sight and its improvement. In fulfilling its role, the committee is responsible for the following:

  – to review the Group's environmental policies and management systems,
  – to review policies with respect to relationships with stakeholders,
  – to review the inclusive business roll-out,
  – to review the charitable policies of the Group and any philanthropic initiatives performed directly or via dedicated entities or in partnership with non-profit organizations,
  – to review the human resources policies and the risk management in relation to the following areas: health and safety, diversity, equal employment, employee relations and related matters,
  – to review the social impacts of the main restructuring and/or reorganizational projects,
  – to review the Group's human rights policy,
  – to receive, on an annual basis, the presentation of the Group's risk map concerning social responsibility and sustainable development; it reviews the risks and the opportunities thus identified and is kept informed of their evolution and of the characteristics of their management systems,
  – to review and assess the reporting and control procedures on non-financial indicators (environmental, health and safety, social reporting and indicators),
  – to review the rankings and assessments made on the Group by ranking agencies and non-financial agencies,
  – to review the reporting, evaluation and control systems to enable the Company to produce reliable non-financial information and primarily give an opinion on the CSR report to be published in accordance with the French legal obligations (Article L.225-102-1 and L.22-10-36 of the French Commercial Code);

- **The Ethics and Compliance matters:**

  The CSR Committee reviews and monitors the Company's policies on compliance and ethics matters and the systems and procedures in place to implement these policies and provides the Board of Directors with its views. In fulfilling its role, the CSR Committee is responsible for the following:

  – to review the definition of the Group's core values and ethics and compliance policy,
  – to review and put forward proposals to promote the corporate culture and employee shareholdings,
  – to promote ethics and ensure harmonization of ethical rules within the Group's entities and monitor their compliance thereto; it reviews the organization of the Compliance function and makes recommendations if any,
  – to review the Group's Code of Ethics, rules and procedures,
  – to receive, on an annual basis, the presentation of the Group's risk map concerning ethics and compliance; it reviews the risks thus identified and is kept informed of their evolution and of the characteristics of their management systems.

The CSR Committee shall coordinate its works with the Audit and Risk Committee for all matters related to the CSR Committee's areas of intervention, in particular concerning the internal control, compliance, management and review of risks of non-financial information and major litigation. The CSR Committee may also be consulted, jointly with the Audit and Risk Committee, on the management procedures with regard to any unusual risks, whenever the Board or management deems this useful.

The CSR Committee shall be associated in the preparation of any report (including the Annual Report) for the sections pertaining to its areas of expertise and duties.

It may consult external advisors, consultants, counsels or experts at the Company's expenses if necessary for the performance of its duties, within the limits of the budget approved by the Board for the CSR Committee.

Major accomplishments of the CSR Committee in 2022

For the period from January 1 to December 31, 2022, the committee met three times with an attendance rate of 100% for the year and reviewed the following issues:

- 2021 non-financial statement including a review of the Group's environmental, labor and social indicators;
- chapter 5 of the 2021 Universal Registration Document and the PwC verification report; methodology for preparing the 2022 Chapter 5 "Eyes on the Planet report" of the 2022 Universal Registration Document;
- the integration of CSR risks in the Group risk assessment process;
- EssilorLuxottica Mission: review of various actions in progress and action plans, including virtual live visits of sites by the CSR Committee members and a report from the Chairwomen on her on-site visits; review of the Mission Q3 highlights;
- Group CSR program (Eyes on The Planet, Eyes on Carbon, Eyes on Circularity, Eyes on Inclusion, Eyes on Ethics) and main operational projects, including a focus on product sustainability;
- Leonardo, a training in-house tool which makes quality education on eyewear and vision care accessible to everyone in the industry in a community setting and also creates a culture of continuous learning and helps in attracting and retaining talents.

3.1.3 Organization of the powers of management and control of the Company and powers of the Chief Executive Officer

Following the death of Mr. Leonardo Del Vecchio, at its meeting of June 28, 2022, the Board of Directors decided:

- to appoint Francesco Milleri as Chairman of the Board of Directors for the remaining term of office of late Mr. Leonardo Del Vecchio, i.e. for a duration expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023;
- that Francesco Milleri will continue to serve concurrently as Chief Executive Officer (Directeur Général) of the Company pursuant to article 15 of the Company's By-laws, for the duration of his mandate as Director, expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023;
- to confirm that Paul du Saillant remains Deputy Chief Executive Officer for the duration of his mandate as Director, expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023.

The Chief Executive Officer is vested with full powers to act in all circumstances in the name of EssilorLuxottica. He shall exercise these powers within the limits of the corporate purpose and subject to the powers expressly granted to the EssilorLuxottica Shareholders' Meeting and to the EssilorLuxottica Board of Directors by law, as well as to the limitations set forth by the bylaws of EssilorLuxottica and by the Internal Rules of the EssilorLuxottica Board of Directors.

However, in application of Article 3.2 of the Board of Directors' Internal Rules, a certain number of decisions require prior approval from the Board of Directors, after review by the competent committee if required.

The governance based on the balance of powers, further to the combination agreements between Delfin and Essilor, dated January 15, 2017, and to the Board of Directors Internal Rules resulting therefrom remained in place until the Shareholders Meeting called in 2021 to approve the financial statements for the financial year ended on December 31, 2020. It ended at the Shareholders' Meeting of May 21, 2021.

3.2 Special procedures for shareholder participation in Shareholders' Meetings

All holders of ordinary shares are entitled to participate in Shareholders' Meetings, regardless of the number of shares they own, provided all payments due for such shares have been met.

The rights of shareholders to be represented by proxy at Shareholders' Meetings and to participate in the vote are exercised in accordance with the relevant laws and regulations.

EssilorLuxottica's bylaws (Section V – Shareholders' Meetings) include the following provisions concerning the organization of Shareholders' Meetings, the meetings' main powers and the rights of shareholders, which are in compliance with the law.

As an exemption to the provisions of the last paragraph of Article L.22-10-46 of the French Commercial Code, no double voting rights are conferred on the shares of the Company.

3.2.1 Ordinary Shareholders' Meetings (Article 24)

The Ordinary Shareholders' Meeting has the powers defined by law and the bylaws of the Company.

The Ordinary Shareholders' Meeting votes under the rules of quorum and majority required by law. It is reminded that article 23 of the bylaws provides for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws.

3.2.2 Extraordinary Shareholders' Meetings (Article 25)

The Extraordinary Shareholders' Meeting has the powers defined by law and these bylaws. Under no circumstances may it increase the commitments of the shareholders or undermine the equality of their rights unless the shareholders unanimously approve such a decision, subject to the obligation imposed on shareholders to buy or sell fractional shares, in the event of a consolidation of shares, capital increase or reduction, merger or demerger.

The Extraordinary Shareholders' Meeting votes under the rules of quorum and majority required by law. Notwithstanding the foregoing, an Extraordinary Shareholders' Meeting that decides to carry out a capital increase through the capitalization of reserves, profits or issue premiums, votes under the rules of quorum and majority required for Ordinary Shareholders' Meetings. It is reminded that article 23 of the bylaws provides for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws.

The Extraordinary Shareholders' Meeting may also, if applicable, amend the rights of various classes of shares. However, in the event that a decision by the Extraordinary Shareholders' Meeting would affect the rights attached to a class of shares, this decision will only become final after it has been ratified by a Special Shareholders' Meeting for the relevant class. Regarding the specific capital that it represents, said Special Meeting will be subject to the legal and regulatory provisions governing Extraordinary Shareholders' Meetings. If none of the Company's Directors holds shares in the class giving rise to said Special Meeting, that Special Meeting elects its own Chairman.

3.2.3 Delegations and authorizations granted by the Shareholders' Meeting to the Board of Directors

Share capital issued and non-issued authorized share capital[1]: the table below summarizes the current delegations granted by the Shareholders' Meetings to the Board of Directors in respect of share capital and the use made of these delegations.

Type of delegation	Date of Shareholders' Meeting (resolution no.)	Duration (Date of expiration)	Maximum authorized amount
INCREASE IN SHARE CAPITAL FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE CORPORATE OFFICERS			
Increase in share capital reserved to employees (members of a Company savings plan)[(a)]	May 21, 2021 (18th)	26 months (July 20, 2023) A renewal of this authorization is submitted to the 2023 Shareholders meeting	0.5% of the share capital (at the date of issue)
AUTHORIZATIONS RELATED TO THE EMPLOYEE SHARE OWNERSHIP POLICY TO ALLOT EXISTING SHARES (USE OF VESTED SHARES UNDER THE SHARE BUYBACK PROGRAM – NO INCREASE IN SHARE CAPITAL)			
Bonus share award (performance shares) for the benefit of employees and executive corporate officers	May 21, 2021 (15th)	38 months (July 20, 2024)	2.5% of the share capital (at the award date)
INCREASE IN THE SHARE CAPITAL			
Delegation of authority to issue shares and securities entailing a share capital increase with preferential subscription rights	May 21, 2021 (16th)	26 months (July 20, 2023) A renewal of this authorization is submitted to the 2023 Shareholders meeting	5% of the share capital at the date of Shareholders' Meeting, *i.e.* May 21, 2021
Delegation of authority to increase the share capital by capitalization of premiums, reserves, profits or other rights	May 21, 2021 (17th)	26 months (July 20, 2023) A renewal of this authorization is submitted to the 2023 Shareholders meeting	€500 million
BUYBACK BY THE COMPANY OF ITS OWN SHARES			
Purchase by the Company of its own shares	May 21, 2021 (10th)	18 months (November 20, 2022) This delegation ended on May 25, 2022	10% of the share capital at the date of purchase
Purchase by the Company of its own shares	May 25, 2022 (14th)	18 months (November 24, 2023) A renewal of this authorization is submitted to the 2023 Shareholders meeting	10% of the share capital at the date of purchase
REDUCTION IN THE SHARE CAPITAL BY CANCELLATION OF SHARES			
Cancellation of shares acquired by the Company under Article L.225-209 (now Article L.22-10-62) of the French Commercial Code	May 21, 2021 (14th)	26 months (July 20, 2023) This delegation ended on May 25, 2022	10% of the share capital at the date of cancellation by 24-month periods
Cancellation of shares acquired by the Company under Article L.22-10-62 of the French Commercial Code	May 25, 2022 (15th)	26 months (July 24, 2024) A renewal of this authorization is submitted to the 2023 Shareholders meeting	10% of the share capital at the date of cancellation by 24-month periods

(a) For the record, under the employee share ownership policy, employees based abroad are also entitled to an international "Boost" offer; this annual program, launched in 2018, did not result in an increase in share capital as existing treasury shares were used to deliver shares to employees.

(1) Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

3.2.4 Factors that may have an impact in the event of a public offering

In accordance with Article L.22-10-11 of the French Commercial Code, the factors that may have an impact in the event of a public offering are presented below:

3.2.4.1 Structure of the Company's share capital

The structure of the Company's share capital is detailed in Section 6.2.1 of this Universal Registration Document.

Pursuant to the terms of the Combination Agreement, Delfin has agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the signature date of the Combination Agreement, provided that no third-party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica, or announces its intention to file a tender offer for all of the shares of EssilorLuxottica (the "**Standstill Undertaking**").

3.2.4.2 Statutory restrictions in the exercise of voting rights

- **Obligation to disclose threshold crossings**

  The Company's bylaws stipulate a disclosure requirement for any person who acquires directly or indirectly a fraction equal to 1% of the voting rights. The crossing of any additional threshold of 2% must be brought to the attention of the Company under the same conditions. This information must also be provided to the Company under the same conditions if the percentage of voting rights held falls below the above-mentioned thresholds.

  If this disclosure requirement is not complied with, at the request of one or several shareholders owning at least 5% of the share capital, the shares exceeding the fraction that should have been declared shall be denied voting rights under the conditions stipulated by law. This mechanism is described in Section 6.1 of this Universal Registration Document.

- **Article 23 of the Company's bylaws sets forth a 31% cap on voting rights, applicable to any shareholder based on a formula described therein.**

  Consequently, no shareholder may exercise, either personally or through a proxy holder, voting rights of shares that they hold, directly or indirectly, representing more than 31% of the total number of voting rights of the Company, calculated as indicated above.

  Given the share capital structure as of December 31, 2022, this cap is applicable to Delfin (see Section 6.2.1 of this Universal Registration Document).

Reminder of the statutory calculation formula (Article 23 of the bylaws)

"If no more than one natural person or corporate entity, acting alone or in concert with one or more other natural persons or corporate entities, directly or indirectly holds more than ten percent (10%) of the share capital or voting rights of the Company as of the Shareholder Listing Date for the relevant General Shareholders' Meeting or exercises more than ten percent (10%) of the voting rights of the Company for itself or as a proxy holder, the number of voting rights that any shareholder may express, personally or through a proxy holder, with respect to the voting rights attached to the shares or to the divisions of share ownership (for the rights he or she is authorized to exercise, as the case may be) that he or she holds, directly and indirectly, alone or in concert, cannot exceed the number resulting from the following formula:

31* (N-P-D) / 100

where

- (N) the total number of voting rights of the Company existing on the Shareholder Listing Date for the relevant General Shareholders' Meeting and reported to the shareholders on the date of the General Shareholders' Meeting;
- (P) the total number of voting rights attached to the treasury shares within the limits of a maximum amount of treasury shares corresponding to 1% of the Company's share capital;
- (D) the total number of voting rights of the concerned shareholder which are neutralized by this statutory clause limiting voting rights for the fraction of voting rights attached to the shares that he or she holds exceeding 34% of the Company's share capital.

If at least two (2) natural persons or corporate entities, each acting alone or in concert with one or more natural persons or corporate entities, each hold more than ten percent (10%) of the share capital or voting rights of the Company on the Shareholder Listing Date for the relevant General Shareholders' Meeting or each exercise more than ten percent (10%) of the voting rights of the Company for themselves or as proxy holders on the Shareholder Listing Date for the relevant General Shareholders' Meeting, the above-mentioned voting right limitation shall apply with the exception of elements (P) and (D), which will not be deducted."

As at the date of this Universal Registration Document, the Company has no knowledge of any agreement clauses that provide for preferential disposal or acquisition rights concerning at least 1% of the Company's share capital or voting rights.

3.2.4.3 Direct or indirect investment in the Company's share capital, to the Company's knowledge

The Company's shareholder structure is presented in detail in Section 6.2.1 of this Universal Registration Document.

Crossing of legal and statutory thresholds in 2022

The crossing of legal thresholds occurred in 2022 are listed in Section 6.4 of this Universal Registration Document.

3.2.4.4 Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board and to amendments to the Company's bylaws

The following principles apply to the appointment of the Directors:

- the members of the Board of Directors of EssilorLuxottica will be appointed for a term of office of three years; and
  - As from the expiry of the terms of office of Directors appointed by the General Shareholders' Meeting convened to approve the financial statements for the year 2020, the Board of Directors shall be renewed each year during the Ordinary General Shareholders' Meeting convened to approve the financial statements for the year ended, for the number of members necessary for the Board of Directors to be fully renewed at the end of each three-years (3-years) period.
  - Later on, in order to provide the possibility to put in place and maintain a staggered term system for Directors and ensure the best possible candidate selection and smoothest transition between directors, the Ordinary General Shareholders' Meeting may appoint one or more Directors for a term of office of two (2) years. Directors may always be re-elected. (Article 13 of the by-laws)
- any new member of the Board of Directors of EssilorLuxottica will be proposed for election at EssilorLuxottica's Shareholders' Meeting by the Board of Directors of EssilorLuxottica on the recommendation of the EssilorLuxottica Nomination and Compensation Committee.

3.2.4.5 Powers of the Board of Directors

The Company's current authorization to buy back its own shares excludes any buyback during a public offering on the Company's shares. In addition, the delegations set out above in Section 3.2.3, granted to the Board of Directors to buyback Company shares, stipulate that they may not be used during public offerings.

3.2.4.6 Control mechanisms provided for by any staff shareholding system, when control rights are not exercised by the latter

Internal shareholders and partners own 4.20% of the share capital and 4.30% of the voting rights, as of December 31, 2022. They may exercise voting rights individually, with the possibility of delegating this power to representatives of the Actionnariat EssilorLuxottica FCPE and EssilorLuxottica FCPE; they may also give power to the Chairman of Valoptec Association who will issue a vote in accordance with the vote by the Shareholders' Meeting of Valoptec Association held prior to the Shareholders' Meeting of the Company.

3.2.4.7 Significant agreements that may be amended or ended if the Company has a change in control

- The joint venture contract with Nikon Corporation includes a clause allowing Nikon Corporation, under certain conditions, to purchase the Company's 50% stake in the Nikon-Essilor joint venture or to request the liquidation of the joint venture in the event of a change in the Company's control.
- Certain licensing agreements for the production and distribution of eyewear products include clauses allowing the relevant licensor, under certain conditions, to terminate the respective agreement in the event of a direct or indirect change of Luxottica's control.
- Financing agreements entered into by the Company (or some of its subsidiaries) include acceleration clauses in the event of a change in the Company's control.

To the Company's knowledge, there is no other significant agreement which would be modified or ended in case of a change in control of the Company.

3.3 Compensation of corporate officers

3.3.1 Compensation policy for corporate officers

Pursuant to Articles L.22-10-8 and R.22-10-14 of the French Commercial Code (*Code de commerce*), the compensation policy for EssilorLuxottica corporate officers is presented in this corporate governance report and will be subject to the approval of the Annual Shareholders' Meeting of May 17, 2023, in the 10 (compensation policy of the members of Board of Directors) 11 and 12 resolutions (compensation policy for Corporate Officers).

Reminder regarding governance

Following the Annual Shareholders' Meeting of May 21, 2021, the Board of Directors appointed:

- Leonardo Del Vecchio as Chairman of the Board of Directors;
- Francesco Milleri as Chief Executive Officer;
- Paul du Saillant as Deputy Chief Executive Officer.

On June 28, 2022, following the passing of Leonardo Del Vecchio, the Board of Directors appointed Francesco Milleri as as the new Chairman for the remaining duration of his mandate, in addition to his role as Chief Executive Officer of EssilorLuxottica. In addition, the Board of Directors confirmed Paul du Saillant as Deputy Chief Executive Officer of the Company.

The Board of Directors has considered, that in light of the challenges to be addressed in the integration phase of Essilor, Luxottica and GrandVision, this governance model was the most efficient and appropriate for the operations of the Company. It gives some continuity, given the close working relationship that existed between Mr. Milleri and the late Mr. Leonardo Del Vecchio.

Following the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors' meeting of February 22, 2023, on the recommendation of the Nomination and Compensation Committee, appointed Jean-Luc Biamonti as Lead Director.

2023 compensation policy

In order to prepare the compensation policy for 2023, the Nomination and Compensation Committee reviewed the compensation policy in force since the Annual Meeting of May 25, 2022, analyzed concerns expressed by the main shareholders and stakeholders during the approval of 2022 compensation policy and took note of market trends. Discussions were held with stakeholders to better understand their expectations.

Stakeholder Discussions

In particular, the Nomination and Compensation Committee acknowledged that the 2022 compensation policies for the Chief Executive Officer and the Deputy Chief Executive Officer, as well as the approval of the amounts paid or awarded to them in relation to 2021, received around 13% of against votes. In order to address their expectations, the Company considered it appropriate to engage in discussions with proxy advisors and the main institutional investors. The Company welcomed and discussed the stakeholders' views and standpoints both before and after the Annual Shareholders' Meeting, as part of its standard best practice of maintaining an open dialogue and welcoming their engagement requests. Over the past two years the Company met more than 1,000 investment firms a year.

The Nomination and Compensation committee decided to recommend that the Board of Directors:

- Confirm the general principles of the 2022 compensation policy, in particular the correlation between compensation and the Company's sustainable performance in the interest of the shareholders and of all stakeholders;
- Maintain the structure of compensation of the corporate officers for 2023;
- Double the weight of Corporate social responsibility criterion on the variable compensation;
- Review the level of compensation of the Chairman and Chief Executive Officer for the reasons set out in Section 3.3.1.2.2 below, and in particular to take into account changes in the Group's scope of consolidation and the level of his responsibilities.

	Fixed compensation	Annual variable compensation	Long-term incentive
Francesco Milleri Chairman and Chief Executive Officer	**€1,800,000**	Target: **125% of fixed compensation** Maximum: **250% of fixed compensation**	Maximum 70,000 performance shares
Paul du Saillant Deputy Chief Executive Officer	**€1,250,000**	Target: **100% of fixed compensation** Maximum: **200% of fixed compensation**	Maximum 35,000 performance shares

3.3.1.1 General principles

3.3.1.1.1 Main aims of the policy

EssilorLuxottica, a fully integrated player, 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 "see more and be more" by addressing their vision needs and style aspirations while creating value for its employees, customers, consumers and communities.

Inventing and developing solutions that correct, protect and enhance the sight of each consumer requires operational excellence and the relentless commitment of the Group's 190,000 employees.

The compensation policy is a key driver of employee engagement. Compensation must reward performance in relation to the Company's business strategy and should be aligned with the interests of the Company and its shareholders and reflect the Group's long-term development objectives, by:

- promoting the recruitment, development and long-term retention of the talent required for the Group's growth;
- encouraging and rewarding long-term value creation for all stakeholders;
- developing a culture of sustainable performance, excellence and innovation by setting ambitious long-term objectives that are correlated with EssilorLuxottica's business and sustainability strategy;
- sharing the shareholder value generated with the widest number of employees through a proactive employee shareholding policy;
- supporting employee well-being thanks to a groundbreaking social well-being policy.

a) For members of the Board of Directors

The aim of the compensation policy for members of the Board of Directors is to set competitive compensation from an international perspective in order to promote diversity on the Board and the presence of members with a wide range of complementary skills. Separate compensation is set for the Lead Director in order to take into account the specific duties associated with this position. It is specified that the corporate officers and Directors performing duties within the Group receive compensation for their office as Director or committee member.

b) For Executive Corporate Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

The compensation policy for Executive Corporate Officers is determined on the basis of the following objectives:

- compensation must be strictly aligned with the performance of EssilorLuxottica, in connection with the Company's strategy;
- compensation must be considered as a whole: all components (cash compensation, long-term incentive, employee benefits and, where appropriate, supplementary pension) and the balance between those components must be taken into account;
- compensation must be competitive with regard to the practices of comparable European and international companies;
- compensation must take account of Group 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;
- compensation must be governed by simple, clear, transparent rules.

3.3.1.1.2 Process used to determine, revise and implement the compensation policy

The compensation policy for corporate officers is set by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

a) For members of the Board of Directors

In accordance with Article 14 of the bylaws, the Annual Shareholders' Meeting determines the total annual amount allocated to members of the Board of Directors as compensation for their duties as Director.

On November 29, 2018, the Board of Directors approved the rules for allocating this total annual amount between the Directors, pursuant to the aforementioned principles. These rules will apply until a further decision is made by the Board of Directors.

b) For Executive Corporate Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

Role of the Nomination and Compensation Committee

When drafting the compensation policy for the Company's corporate officers, the Nomination and Compensation Committee considers any changes to be made to the policy in the spirit of continuous improvement.

In order to prepare the compensation policy for the Company's corporate officers, the Nomination and Compensation Committee:

- relies in particular on the AFEP-MEDEF Code, the report of the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), and the AMF report on corporate governance and executive compensation at listed companies;
- analyzes the applicable governance rules and reviews any changes that have occurred or that are planned;
- takes note of the expectations expressed by all stakeholders (investors and proxy advisors, notably through reports drawn up in conjunction with governance roadshows);
- analyzes the approval rates for resolutions on compensation for the Company's corporate officers;
- carefully considers the compensation and employment conditions of the Group's employees with a view to ensuring the consistency of the Group's policy.

Annual work cycle of the Nomination and Compensation Committee

January-March	Recommendations regarding the previous year's compensation: • Evaluation of annual variable compensation after reviewing financial and non-financial results • Draft resolutions to be submitted to the Annual Shareholders' Meeting on the components of compensation awarded Recommendations regarding the current year's compensation: • Amount of fixed compensation • Performance criteria and amount of annual variable compensation • Performance criteria and amount of long-term variable compensation • Supported, where appropriate, by a benchmarking study of the Executive Corporate Officers' compensation carried out by an external, independent consultancy firm • Draft resolution to be submitted to the Annual Shareholders' Meeting on the compensation policy
May	Preparation of the Annual Meeting: • Presentation of the resolutions on compensation • Consideration of first feedback from proxy advisors and investors on the resolutions relating to compensation
September-November	Recommendation regarding employee shareholding plans: • Performance share awards/long-term incentive plans • Information on the deployment of other employee shareholding plans (Boost, Company Savings Plan, etc.) • Information on the delivery of performance share plans of prior fiscal years Preparation of the compensation policy for the following year: • Report on the results of the Annual Meeting, on proxy advisors' and investors' remarks • Presentation of market trends in compensation and of the practices of companies of a comparable size, operating in comparable sectors, by an external, independent consultancy firm • Discussion of priorities in terms of compensation for the following fiscal year and possible changes to the compensation policy (benchmark, etc.)

The Nomination and Compensation committee determines the various components of the compensation policy with regard to the following principles:

FIXED COMPENSATION

- Fixed compensation must help attract talented individuals from within EssilorLuxottica, or from outside the Group if necessary, to the most senior management positions. Any changes to fixed compensation must be substantiated, mainly in terms of the change in responsibilities and positioning relative to the market.

ANNUAL VARIABLE COMPENSATION

- Annual variable compensation must be linked to the achievement of strategic financial and non-financial objectives for the year to come. The structure of the variable component and the nature of the objectives are established at the start of each fiscal year.
- The objectives must be demanding but remain achievable and be selected from those that allow the best possible implementation of EssilorLuxottica's strategy.
- The annual variable component must be based predominantly on quantifiable indicators (financial and non-financial). The weighting of each indicator is reviewed annually according to the fiscal year's priorities.
- As sustainable development is at the heart of EssilorLuxottica's operations, the annual variable compensation must include an objective in this respect. Sustainable development includes corporate social responsibility practices, charitable initiatives and employee shareholding.
- The Nomination and Compensation Committee assesses whether said objectives have been achieved at the start of the following fiscal year (February/March). The financial objectives are assessed on the basis of information provided by the Audit and Risk Committee.
- The variable component for year Y is payable during year Y+1 once it has been approved by a vote taken at the Annual Meeting.

LONG-TERM INCENTIVE

- Long-term incentive plans are designed to encourage the creation of lasting value for shareholders and to align the interests of the Executive Corporate Officers with those of shareholders.
- Long-term incentive plans take the form of performance share awards pursuant to Articles L.225-197-1 *et seq.* of the French Commercial Code and the authorizations approved by the Annual Meeting.
- On the basis of ambitious objectives, the Nomination and Compensation Committee suggests the performance criteria that will determine the number of performance shares awarded within the Group and any additional performance criteria specific to Executive Corporate Officers.
- The Nomination and Compensation Committee suggests the number of performance shares to award to Executive Corporate Officers. Share awards are made during the same calendar periods (September/October). In exceptional circumstances, the Board of Directors may, on the recommendation of the Nomination and Compensation Committee, revise the award schedule. In this case, these changes are made public after the Board of Directors' meeting that approved them and are disclosed in the summary table of the AFEP-MEDEF recommendations not applied (see Section 3.4).

Role of the Board of Directors

On the basis of the work and the recommendations of the Nomination and Compensation Committee, the Board of Directors:

- defines the compensation policy for corporate officers for the year in progress;
- approves the Executive Corporate Officers' annual variable compensation for the previous year after assessing their performance;
- defines the employee shareholding policy for the year in progress;
- approves the terms and conditions of the long-term incentive plans, records the performance levels achieved with respect to plans that have expired and awards performance shares with respect to the year in progress.

All decisions taken by the Board of Directors concerning the compensation of Executive Corporate Officers must be published on the Company's website.

The decision-making process used to determine the compensation policy is also applicable in the event of any revisions of this policy.

3.3.1.1.3 Managing conflicts of interest

In order to prevent conflicts of interest, the corporate officers do not attend Nomination and Compensation Committee meetings that pertain to them personally and do not take part or vote in deliberations of the Board of Directors concerning their compensation and benefits in kind.

Pursuant to the Board of Directors' Internal Rules of procedure and the Directors' Charter (see Section 3.1.2.1), the Directors are required to notify the Board of Directors of any conflicts of interest or potential conflicts of interest in accordance with the rules set out in the Board of Directors' Internal Rules of procedure, an excerpt of which is presented in Section 3.1.1.6.

3.3.1.2 Criteria for determining, allocating and awarding the components of corporate officers' compensation

Pursuant to the aforementioned principles, the criteria for determining, allocating and awarding the components of EssilorLuxottica corporate officers' compensation are described below.

3.3.1.2.1 Members of the Board of Directors of EssilorLuxottica

The compensation policy for members of the Board of Directors builds on the policy approved by the Annual Shareholders' Meeting of May 25, 2022, subject to the granting of additional compensation for the new role of Lead Director as detailed below.

For the 2023 fiscal year, a fixed maximum amount of €2,000,000 approved by the Combined Shareholders' Meeting of November 29, 2018 will be awarded and allocated by the Board of Directors among the various members, giving priority to the variable component in accordance with the AFEP-MEDEF Code recommendations, based on the type of offices held on the Board and its committee s and the actual presence of the members at Board and committee meetings, pursuant to the rules summarized as follows:

Compensation	Fixed component (full-year basis)	Variable component (full-year basis) based on attendance
All Board of Directors' members	€40,000	€60,000
Chairman of the Audit and Risk Committee	€20,000	€15,000
Member of the Audit and Risk Committee	€10,000	€15,000
Chairman of the Nomination and Compensation Committee	€15,000	€15,000
Member of the Nomination and Compensation Committee	€5,000	€15,000
Chairman of the CSR Committee	€15,000	€10,000
Member of the CSR Committee	€5,000	€10,000
Lead Director	€40,000	-

Additional compensation (consisting solely of a fixed component) for the function of Lead Director has been set up to reflect the importance given by the Group to the specific governance duties assigned to the Lead Director as detailed in Section 3.1.1 of this Universal Registration Document.

The amounts shown above are determined on a full-year basis.

Pursuant to Article 5 of the Board of Directors' Internal Rules of procedure, the Directors may seek reimbursement of the reasonable costs required to exercise their corporate office, on the presentation of supporting documents and under the Group's standard travel conditions set out in the expenses policy applicable to all of the Group's employees.

In addition, given the current health context and changes to working methods, Directors are now compensated regardless of how they participate (for example by videoconferencing techniques). The Board of Directors favors for attending meetings in person whenever possible, but takes into account health restrictions and changes in communication methods, which allow Directors to participate in meetings and discussions under conditions as good as those of in-person meetings.

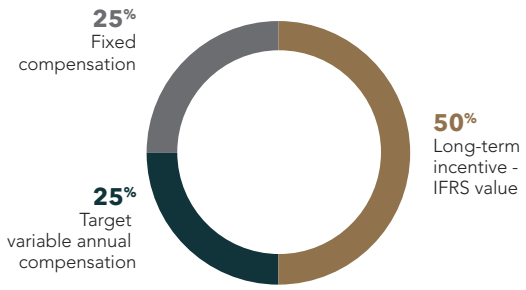
3.3.1.2.2 Chairman and Chief Executive Officer and Deputy Chief Executive Officer

Overview

	2022 compensation policy	2023 compensation policy
Fixed compensation	Chief Executive Officer, then Chairman and Chief Executive Officer since June 28, 2022: **€1,500,000** Deputy Chief Executive Officer: **€1,250,000**	Chairman and Chief Executive Officer: **€1,800,000** Deputy Chief Executive Officer: Unchanged
Annual variable compensation	Target: **100% of fixed compensation** Maximum: **200% of fixed compensation**	Chairman and Chief Executive Officer: Target: **125% of fixed compensation** Maximum: **250% of fixed compensation** Deputy Chief Executive Officer: Unchanged
	Performance conditions: • 40% Group adjusted Earnings per share (EPS) growth • 20% Revenue growth (at constant exchange rates, excluding strategic acquisitions) • 20% Adjusted *Operating profit* as a percentage of revenue • 10% Control of General and administrative expenses • 10% Corporate Social Responsibility: Reduction in greenhouse gas emissions and waste recycling	Performance conditions: • 40% Group adjusted Earnings per share (EPS) • 20% Revenue growth (at constant exchange rates, excluding strategic acquisitions) • 20% Adjusted Operating profit • **20%** Corporate social responsibility: Reduction in greenhouse gas emissions
Long-term incentive (LTI)	Chairman and Chief Executive Officer: maximum **50,000** performance shares Deputy Chief Executive Officer: maximum **35,000** performance shares	Chairman and Chief Executive Officer: maximum **70,000 performance shares** Deputy Chief Executive Officer: Unchanged
	Performance conditions: • Annualized growth in share price • Penalty in the event of underperformance compared with the EuroStoxx 50 index	Unchanged
Shareholding policy	At least the equivalent of 400% of their fixed annual compensation in EssilorLuxottica shares within five years from the appointment. Moreover, they are required to keep, for the duration of their term of office, one-third of their vested performance shares until they reach the said requirement.	Unchanged

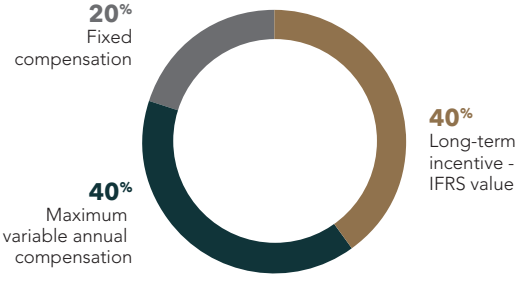
Approximately three quarters of the total annual compensation of the Executive Corporate Officers is subject to performance conditions (80% for Chairman and Chief Executive Officer), of which nearly half depend on long-term performance.

Target structure*



* The target structure takes into account the target variable annual compensation and the award of performance shares valued in accordance with IFRS. The effective structure for 2023 is 20% of fixed compensation, 25% of annual variable compensation and 55% of Long-Term Incentive for the Chairman and Chief Executive Officer and 26% of fixed compensation, 26% of annual variable compensation and 48% of Long-Term Incentive for the Deputy Chief Executive Officer.

Maximum structure**



** The maximum structure takes into account the maximum variable annual compensation and the award of performance shares valued in accordance with IFRS. The effective structure for 2023 is 16% of fixed compensation, 41% of annual variable compensation and 43% of Long-Term Incentive for the Chairman and Chief Executive Officer, and 20% of fixed compensation, 41% of annual variable compensation and 39% of Long-Term Incentive for the Deputy Chief Executive Officer.

Benchmarking

The Nomination and Compensation Committee uses independent specialist firms to measure the competitiveness of its compensation for Executive Corporate Officers.

Their surveys provide the Nomination and Compensation Committee with external insight into the competitive positioning of the compensation paid to the Executive Corporate Officers and market trends. They are one of the elements used to determine their compensation.

The Nominations and Compensation Committee contracted Willis Towers Watson to assess the competitiveness of the Chairman and Chief Executive Officer's compensation. The last such benchmarking study was conducted at end-2020 (presented in Section 2.3.1.2.3 of the 2020 Universal Registration Document). The panel of benchmark companies was revised due to the following:

- the new reality and size of the Group following the acquisition of GrandVision;
- a shift to focus on the three sectors most representative of the Group's business and strategy: healthcare, retail and luxury. The previous panel included a significant proportion of companies in the food sector.

The current panel includes 19 companies comparable to EssilorLuxottica in terms of size (revenue, number of employees, market capitalization). Sixteen of them are European and three are American.

The composition and characteristics of the 2023 panel are as follows:

	Business sector
EUROPE	
ADIDAS	Retail / Luxury
ASTRAZENECA	Healthcare
BAYER	Healthcare
CIE FINANCIERE RICHEMONT	Retail / Luxury
FRESENIUS MEDICAL CARE	Healthcare
INDUSTRIA DE DISENO TEXTIL	Retail / Luxury
KERING	Retail / Luxury
KONINKLIJKE PHILIPS	Healthcare
L'OREAL	Retail / Luxury
LVMH MOET HENNESSY	Retail / Luxury
MERCK	Healthcare
NOVARTIS	Healthcare
NOVO NORDISK	Healthcare
PUMA	Retail / Luxury
SANOFI	Healthcare
SWATCH GROUP	Retail / Luxury
UNITED-STATES	
BECTON DICKINSON AND CO	Healthcare
ESTEE LAUDER	Retail / Luxury
NIKE	Retail / Luxury

Median	Panel	EssilorLuxottica
Revenue	€20 billion	€24.5 billion
Market Capitalization	€71 billion	€76 billion
Number of Employees	75,000	190,000

The compensation levels for the role of Chief Executive Officer are shown below:

	1st quartile	Market Median	3rd quartile
Fixed compensation	€1,380,000	€1,595,000	€2,050,000
Cash compensation (fixed + target bonus)	€3,180,000	€3,590,000	€4,545,000
Total compensation (fixed + target bonus + long-term incentive valued with IFRS)	€5,500,000	€7,295,000	€10,865,000

When reviewing the compensation of the Chairman and Chief Executive Officer, the Board of Directors took the following points into consideration.

Recent changes in governance

- The passing of Leonardo Del Vecchio, EssilorLuxottica's late Chairman, who was a man of values, a visionary, and recognized for his dedication to the Company and its employees, represented a new challenge for the Company and its top management.
- At this important time in the Group's history, the Board of Directors wishes to lend its full support to its new Chairman and Chief Executive Officer who will be responsible for the future execution of the strategy initiated by Leonardo Del Vecchio and for conveying his values and entrepreneurial mindset going forward.
- It considered that Francesco Milleri's unique knowledge of the Group's industry and business, as well as his expertise, will ensure the Company's continued development and lead EssilorLuxottica through the transition period and the new challenges facing the Group in the best possible way.

Change in the Group's size and ambition: bringing together the three global industry champions to support its Mission while implementing an ambitious sustainable development program

- Over the past few years, the Company has accelerated its transformation by reshaping the Group and the global industry. Since the combination between Essilor and Luxottica in 2018, the Group has increased its adjusted operating profit by approximately one third, to over €4 billion for the full-year 2022.
- The acquisition of GrandVision, which has been consolidated since July 1, 2021, was also a major step in the Group's strategy and its positioning in the global eyecare and eyewear sector. The Group's retail footprint increased by over 7,200 stores worldwide, reaching close to 18,000 stores, further consolidating its presence in the European market. The Group now has approximately 190,000 employees, including over 39,000 from GrandVision
- The Mission to help people everywhere "see more and be more" is at the heart of the Company's business strategy. To achieve this, EssilorLuxottica must pursue the challenge of expanding its global presence – it currently operates in over 150 countries – including in under-served markets and regions. To respond to its customers' needs, the Company intends to continue to be present in all product distribution channels and all price segments and to pursue its investment policy in order to have an integrated, flexible and resilient supply chain network that has been, and will continue to be, a key factor in the expansion into new geographies and the introduction of new product categories. As the market leader in the eyecare and eyewear sector, EssilorLuxottica needs to continue to be a leading advocate for good vision through awareness raising initiatives and campaigns worldwide, including by leveraging partnerships with numerous institutions. Marking a new chapter in its ambition to eliminate uncorrected poor vision by 2050, in May 2022 the Group announced the launch of the OneSight EssilorLuxottica Foundation, the largest foundation in the world driving inclusive vision care access through philanthropic grants.
- In parallel, Senior Management launched a culture and identity project to consolidate the "One Company" approach, while implementing an ambitious sustainable development program, "Eyes on the Planet", which confirms how closely linked the corporate Mission, sustainable development and business strategy are at EssilorLuxottica.

The new Chairman and Chief Executive Officer must therefore deliver on the Group's ambition, which is to continue to grow, to seize opportunities and to meet new challenges, including in terms of sustainable development.

Accelerating innovation and developing the future technology of the eyecare and eyewear industry

- The pace of innovation in the eyecare and eyewear industry is accelerating, rendering the landscape more unsettled and challenging. Eyecare/eyewear products now present more technological features. They are evolving towards augmented and virtual reality features and could even become a platform for connectivity on a larger scale.
- Innovation and technological development are core priorities for EssilorLuxottica, and it wants to be at the forefront in providing consumers with the appropriate vision solutions to meet their needs. The Group is an industry leader in research and development, and it has recently brought to the market new product categories, including solutions to combat myopia and the next generation of smart glasses, Ray-Ban Stories, in partnership with Meta. EssilorLuxottica aspires to lead the way in this journey for the entire industry, with an enriched product portfolio that includes these new product categories.

When reviewing the compensation of the Chairman and Chief Executive Officer, the Board therefore took into account the complexity of his role, in view of the increase in the Group's size, the diversification of its businesses, and the faster pace of future technological innovation and development in the sector.

Market positioning of the Chairman and Chief Executive Officer's compensation

The benchmarking study carried out by Willis Towers Watson shows that the Chief Executive Officer's compensation, as set by the Board of Directors on March 11, 2021 and approved by the Shareholders' Meeting of May 21, 2021, is:

- below the first quartile for cash compensation;
- below the median for total compensation including performance shares.

For these reasons, the Board of Directors considered that the fixed compensation of the Chairman and Chief Executive Officer should be revised and the current maximum amount of his variable compensation be increased in order to ensure that it remains attractive.

The monetary compensation and total compensation of the Chairman and Chief Executive Officer for 2023, as proposed by the Board of Directors, lies between the median and the third quartile of the aforementioned panel, which also reflects the Group's positioning in terms of revenues, market capitalization and headcount compared to the panel.

Nearly 80% of this total compensation is linked to the Company's performance, with about half of it depending on long-term performance.

The compensation presented below for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer constitutes the entire compensation that will be paid to them by EssilorLuxottica or one of its subsidiaries.

Fixed annual compensation

Fixed compensation reflects the incumbent's level of responsibility, performance and development in the position. It must be consistent with market practices.

The fixed annual gross compensation proposed for 2023 is set at:

- €1,800,000 for Francesco Milleri, Chairman and Chief Executive Officer;
- €1,250,000 for Paul du Saillant, Deputy Chief Executive Officer.

Annual variable compensation

Payment of the annual variable compensation is subject to the achievement of specific objectives, in line with the Group's strategy.

For Chairman and Chief Executive Officer:

Target: The annual variable component is equal to 125% of the fixed compensation if targets are achieved in full.

Ceiling: The annual variable component payable may not exceed 250% of the fixed compensation.

For Deputy Chief Executive Officer:

Target: The annual variable component is equal to 100% of the fixed compensation if targets are achieved in full.

Ceiling: The annual variable component payable may not exceed 200% of the fixed compensation.

The annual variable compensation due for 2023 will be paid in 2024, subject to approval by shareholders at the Annual Meeting to be held in 2024 to approve the financial statements for the year ending December 31, 2023.

The Board of Directors approved a variable component based exclusively on quantifiable objectives, including 80% of financial objectives and 20% related to corporate social responsibility.

For 2023, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, decided to retain the following four criteria while doubling the weight of the CSR criterion, in order to reflect the importance of the environmental efforts pursued through the "Eyes on the Planet" sustainability program in the Group's strategy.

Objectives	Rationale/Link with strategy	Weighting	Nature of objective
Group[1] adjusted[2] Earnings per share (EPS) (at constant exchange rates[3])	This indicator reflects the Company's overall performance and the value created for the shareholders.	40%	Quantifiable financial
Revenue growth (at constant exchange rates[3], excluding strategic acquisitions)	EssilorLuxottica has devised a growth strategy to meet the needs of billions of consumers seeking to both improve their vision and express their style. This strategy aims to contribute to the transformation and accelerated development of the eye care industry.	20%	Quantifiable financial
Adjusted[2] Operating profit (at constant exchange rates[3])	This indicator reflects the Company's business performance and the profitability of its business model.	20%	Quantifiable financial
Corporate social responsibility	These Corporate social responsibility indicators reflect to the environmental efforts pursued through the "Eyes on the Planet" sustainability program.	20%	Quantifiable non-financial

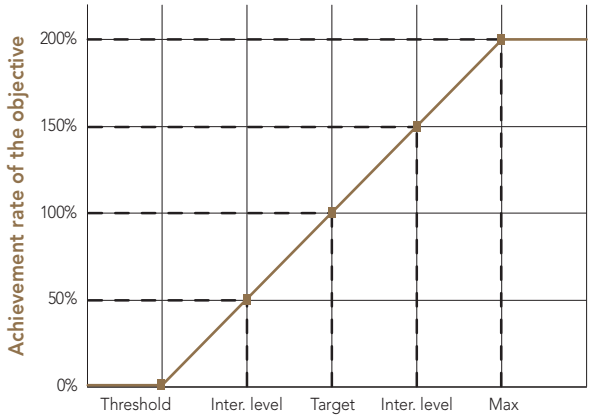
Following on from 2022, in 2023 the CSR criterion focuses on EssilorLuxottica's role in the fight against climate change and relates to the first public commitment to carbon neutrality made through the "Eyes on the Planet" sustainability program.

The objective is a reduction in greenhouse gas emissions (Scopes 1 & 2) measured in terms of the year-on-year carbon effort pursued by the Company through the independent generation of renewable energy, the purchase of renewable energy and/or investments in Power Purchase Agreements (PPAs).

(1) Calculated on Group Net Profit, i.e. Net Profit after minorities.
(2) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(3) Constant exchange rates: figures at constant exchange rates are calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

The prerequisite in assessing the fulfillment of the CSR objective is Scope 1 and 2 carbon neutrality in Europe at the end of the fiscal year 2023.

For each objective, an assessment scale has been devised, as follows (by way of illustration, curve not necessarily linear):



Calibration of the objective

The level of performance required to achieve each of these four objectives has been established in a precise, demanding and rigorous manner but cannot be disclosed for confidentiality reasons. For the financial objectives, the target corresponds to the budget approved by the Board of Directors at the beginning of the year.

The calculation method and the definition of the assessment scale are reviewed by the Board of Directors at the beginning of the year. They may change from one year to the next to take into account the priorities and specific focuses of the coming year.

To assess the achievement of quantifiable objectives, indicators are calculated by neutralizing factors beyond the Executive Corporate Officer's control (such as exchange rate fluctuations). Each criterion is evaluated independently.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors is afforded a certain degree of discretion to adapt and/or modify the calculation grid, upwards or downwards, in exceptional circumstances. The Board of Directors may exercise this discretion in accordance with this compensation policy, without having to comply with the conditions required for the application of the legal derogation provided for in Article L.22-10-8, III, paragraph 2 of the French Commercial Code, as it simply has a certain degree of leeway with respect to the assessment. Exceptional circumstances include any significant change in the Group's scope of consolidation or in the scope of responsibility of the relevant Executive Corporate Officer, a change of accounting method or any major external event impacting the Group's business that could not have been anticipated at the date when the targets were set. The Board will ensure that any adaptations or modifications that are made remain aligned with the general principles described in Section 3.3.1.1. Any such adaptations may not, under any circumstances, lead to a modification in the respective weighting of each objective, or an increase in the ceiling represented by the variable annual compensation compared to the fixed compensation. Where it exercises this discretionary power, the Board of Directors will make public the adjustments or modifications made after the meeting at which they were decided and provide a detailed explanation thereof.

Clawback clause

The Board of Directors has the possibility to request the return of all or part of the annual variable compensation paid to the Executive Corporate Officers in exceptional and serious circumstances. Consequently, if during the five years following the payment of the annual variable compensation it turns out that:

- the financial, accounting or quantitative data used to measure performance has been clearly and intentionally misstated; or
- the Executive Corporate Officer has been guilty of gross negligence or willful misconduct;

The Board of Directors may ask the Executive Corporate Officer in question to return all or part of the variable compensation paid.

Long-term incentive

Performance shares mean that a predominant portion of Executive Corporate Officers' compensation is subject to the achievement of the Group's long-term performance objectives.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors approved a maximum award in October 2023 to the Executive Corporate Officers:

- 70,000 performance shares to the Chairman and Chief Executive Officer;
- 35,000 performance shares to the Deputy Chief Executive Officer.

Performance conditions

The vesting of the performance shares will be wholly subject to the achievement of two performance conditions, each measured over a period of three years.

Objectives	Rationale
Main criterion: annualized growth in the share price	EssilorLuxottica's growth strategy must create shareholder value in the medium to long term. Performance shares must therefore vest in direct proportion to the growth in the share price and the gain that this represents for shareholders.
Penalty in the event of underperformance compared with the EuroStoxx 50 index	If the EssilorLuxottica share grows but underperforms the EuroStoxx 50 index, a penalty is applied with respect to the number of shares that actually vest.

The criteria and scales are unchanged from the 2022 compensation policy. For reasons of clarity, the mechanism and its rationale have been detailed as follows:

- For any annualized growth in the EssilorLuxottica share price of less than 2% per year or 6.1% over 3 years, no performance share could be acquired.

- If the minimum threshold of 2% growth per year is exceeded and if EssilorLuxottica outperforms the EuroStoxx 50 index, the acquisition of performance shares is made as follows:

Annualized growth in the EssilorLuxottica share price*	Number of shares vested *(as a % of initial grant)*
• between 2% and 3% per year (*i.e.* between 6.1% and 9.3% after three years**)	50%
• between 3% and 4% per year (*i.e.* between 9.3% and 12.5% after three years)	60%
• between 4% and 5% per year (*i.e.* between 12.5% and 15.8% after three years)	70%
• between 5% and 6% per year (*i.e.* between 15.8% and 19.1% after three years)	80%
• between 6% and 7% per year (*i.e.* between 19.1% and 22.5% after three years)	90%
• ≥7% per year (*i.e.* ≥22.5% after three years)	100%

* Annualized growth in relation to the Initial Reference Share Price, as approved by the Board of Directors.
** Growth as an absolute value (and not annualized) in relation to the Initial Reference Share Price.

- If the minimum threshold of 2% growth per year is exceeded but EssilorLuxottica underperforms compared to the EuroStoxx 50 index, the acquisition of performance shares is capped at 50%.

To sum up, the long term incentive is as follow:

Annualized growth in the EssilorLuxottica share price*	Number of shares vested *(as a % of initial grant)*	
	If the EssilorLuxottica share outperforms the EuroStoxx 50 index	If the EssilorLuxottica share underperforms the EuroStoxx 50 index
• <2% per year (*i.e.* <6.1% after three years**)	0%	0%
• between 2% and 3% per year (*i.e.* between 6.1% and 9.3% after three years)	50%	50%
• between 3% and 4% per year (*i.e.* between 9.3% and 12.5% after three years)	60%	
• between 4% and 5% per year (*i.e.* between 12.5% and 15.8% after three years)	70%	
• between 5% and 6% per year (*i.e.* between 15.8% and 19.1% after three years)	80%	
• between 6% and 7% per year (*i.e.* between 19.1% and 22.5% after three years)	90%	
• ≥7% per year (*i.e.* ≥22.5% after three years)	100%	

* Annualized growth in relation to the Initial Reference Share Price, as approved by the Board of Directors.
** Growth as an absolute value (and not annualized) in relation to the Initial Reference Share Price.

Both performance conditions contribute directly to the compensation policy objectives described in Section 3.3.1.1.1, as they are both linked to the creation of shareholder value:

- the annualized growth in the EssilorLuxottica share price reflects the gains realized by shareholders and investors during the performance measurement period;
- the penalty in the event of underperformance in relation to the EuroStoxx 50 index reflects, if applicable, the insufficient returns obtained by shareholders and investors who chose to invest in EssilorLuxottica at the start of the performance measurement period, compared to the returns they would have obtained by investing in a basket of EuroStoxx 50 shares.

The annual variable compensation and the long-term incentive are based on complementary performance criteria, making it possible to assess the Group's performance from different perspectives.

In the event of death or disability, under the plan rules applicable to all beneficiaries, the performance conditions are deemed to be met.

Employment condition

In order to vest, the shares will be subject to a three-year employment condition as from the award date.

In the event of retirement, disability or death during the vesting period of the performance shares, this employment condition will be deemed satisfied, in accordance with the plan's terms, for all beneficiaries.

In the event of non-renewal of a term of office for a reason other than misconduct during the vesting period of the performance shares, the Board of Directors may decide to remove the employment condition, providing a valid reason for its decision. The Board of Directors' decision is announced at the time of departure.

Award limits

For Executive Corporate Officers, the following award limits apply:

- performance share awards valued in accordance with IFRS as applied for the preparation of the consolidated financial statements, may not represent more than 60% of total target compensation (corresponding to the sum of fixed annual compensation, the target annual variable component and the long-term incentive valued in accordance with IFRS);
- an Executive Corporate Officer may not receive an award exceeding 3.5% of the total granted each year.

Mandatory shareholding policy and rules applicable to Executive Corporate Officers

The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer must hold in registered form, either directly or indirectly through an investment company in which they fully hold the capital and are legally responsible, at least the equivalent of 400% of their fixed annual compensation in EssilorLuxottica shares. Once they are appointed, they must acquire these shares within five years.

Moreover, they are required to keep, for the duration of their term of office, one-third of their vested performance shares.

This requirement to hold shares no longer applies when they hold in registered form, either directly or indirectly through an investment company in which they hold the capital and are legally responsible, a number of EssilorLuxottica shares representing an amount equivalent to 400% of their fixed annual compensation. The fixed compensation used is that for the year during which an Executive Corporate Officer intends to sell performance shares.

In accordance with the AFEP-MEDEF Code, the corporate officers have pledged, until the expiration of their term of office, not to use any hedging strategies to manage the risk related to the shares awarded under long-term incentive plans.

Pursuant to the Directors' Charter, the corporate officers are required, *inter alia*, to refrain from trading in EssilorLuxottica securities during:

- the period prior to the publication of any inside information of which they are aware;
- the 30 calendar days preceding the publication of the annual consolidated financial statements, half-yearly consolidated financial statements and, where applicable, quarterly consolidated financial statements, and the 15 calendar days preceding the publication of quarterly financial information. The corporate officers are permitted to trade in EssilorLuxottica securities only from the day after the publication of the information concerned, provided they do not use any inside information. The corporate officers are given the dates of blackout periods at the start of each year.

Supplementary defined benefit pension plan

Francesco Milleri is not eligible for this plan.

Paul du Saillant is eligible for the plan under the same conditions as those that apply for beneficiaries that are not Executive Corporate Officers. Pursuant to the PACTE law (Action Plan for Business Growth and Transformation) and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan has been closed and the amount of the beneficiaries' pension will be calculated taking into account their length of service at December 31, 2019 (*i.e.*, 11 years and two months for Paul du Saillant). Paul du Saillant has not accrued any additional rights since that date.

The supplementary defined benefit pension plan was designed to reward the loyalty of executives who have spent a significant portion of their careers with the EssilorLuxottica group by entitling them to a pension in line with market practices.

The supplementary pension plan was built around the following principles:

- a minimum length of service condition of ten years with the EssilorLuxottica group must be met in order to benefit from the plan;
- potential beneficiaries must end their careers working with the EssilorLuxottica group;
- the pension benefit is proportional to the length of service with the EssilorLuxottica group;
- the reference compensation on which the calculation of the final pension is based is calculated according to the gross compensation (annual fixed + annual variable component effectively paid) over the last three years;
- the potential annual entitlement is below the statutory maximum of 3% and is subject to performance conditions;
- the final pension benefit is capped.

Employment contract and severance payment

Employment contract and corporate office

As from the Annual Meeting of May 21, 2021, any employee who is promoted to Chief Executive Officer or Chairman and Chief Executive Officer must resign from their position of employment. The Deputy Chief Executive Officer is permitted to maintain an employment contract, pursuant to the provisions of the AFEP-MEDEF Code.

Accordingly, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer by the Board of Directors' meeting that followed the Annual Shareholders' Meeting of May 21, 2021.

Paul du Saillant has held a permanent employment contract with Essilor International SAS since November 1, 2008. Following his appointment as Chief Executive Officer of Essilor International SAS on March 30, 2020, his employment contract was suspended. It was decided to maintain the suspension of his employment contract upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, in accordance with the AFEP-MEDEF Code.

Termination benefits upon termination of corporate office

EssilorLuxottica's policy is to adhere strictly to the law and the recommendations of the AFEP-MEDEF Code.

Thus, in the case of an Executive Corporate Officer eligible for a termination benefit on the termination of their corporate office:

- this termination benefit is capped at two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last short-term variable compensation due or received):
  - all cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.) will be deemed cases of forced departure giving rise to the payment of the termination benefit, except in the case of serious or gross misconduct. No termination benefit will be paid in the event of gross misconduct or gross negligence, resignation or where the beneficiary is able to claim a full pension, in accordance with the AFEP-MEDEF Code;
- this may only be paid in the event of a forced departure and is fully subject to the achievement of a performance condition as set out below:
  - The right to receive the termination benefit is subject to meeting a performance condition duly noted by the Board of Directors at the time of or after the termination of duties. Performance conditions are measured using the average achievement rate of the objectives for the annual variable component of the Executive Corporate Officers' compensation over the three years prior to their departure. The annual objectives are those set by the Board of Directors for Executive Corporate Officers and used to calculate their annual variable compensation,
  - For an average performance rate of at least 50%, the termination benefit is calculated on a strictly proportionate basis up to a maximum of 100% (for example, if the average performance rate reaches 90% of the target, 90% of the termination benefit will be paid),
  - If the average performance rate is less than 50%, no termination benefit will be paid,
  - This condition is directly related to the fulfillment of the objectives underlying the short-term compensation of the Executive Corporate Officers and is therefore in keeping with the fundamental principles of the compensation policy applicable to them, in that it takes into account the achievement of performance objectives that are aligned with the Group's strategy,

– If the term of the corporate office is shorter than the three-year reference period, their performance with respect to the annual objectives set for their duties at Essilor International SAS or Luxottica Group S.p.A. may be taken into account to calculate the annual variable compensation.

Case of an Executive Corporate Officer without an employment contract – Applied to the Chairman and Chief Executive Officer (Francesco Milleri)

The principles for paying the termination benefit upon termination of the aforementioned corporate office apply to the Chairman and Chief Executive Officer or to any Executive Corporate Officer who does not have an employment contract.

Case of an Executive Corporate Officer with a suspended employment contract – Applied to the Deputy Chief Executive Officer (Paul du Saillant)

In the specific case of an Executive Corporate Officer with a suspended employment contract that includes a severance payment, the severance payment will comprise:

- a severance payment required under law or related to the collective bargaining agreement (not subject to performance conditions);
- a supra-legal severance payment for the corporate office that is wholly subject to a performance condition, under the same conditions as described above for the Chairman and Chief Executive Officer.

In any event, the aggregate of these two payments may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination, plus one-twelfth of the last short-term variable compensation due or received).

As a reminder, the amount of the severance payment to which Paul du Saillant could be entitled under the collective bargaining agreement in the event of dismissal, would represent 6.15 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve of three (which is more favorable) months immediately preceding the notice of his dismissal).

In the event of the termination of the employment contract, the notice period is set in accordance with the applicable legal provisions and the collective bargaining agreement and must be complied with by both Parties.

Non-compete payment

The Chairman and Chief Executive Officer is eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends. The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received). In accordance with the AFEP-MEDEF Code:

- the non-compete payment may not be paid if the officer would retire or would be over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

The non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the Executive Corporate Officer to commit to respecting clear, predefined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders. The payment of this non-compete payment was authorized by the Board of Directors on May 21, 2021 as part of the procedure for related party agreements.

Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code.

Under his employment contract, the Deputy Chief Executive is eligible for a non-compete payment, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. Accordingly:

- the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company;
- the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

Benefits in kind

The Executive Corporate Officers are eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which they are assimilated for the purpose of determining benefits and other components of their compensation.

The defined contribution pension plan is based on a flat employer contribution rate, currently set at 1% of gross compensation paid over the year.

The Executive Corporate Officers are eligible for a company car with a driver and are entitled to reimbursement, upon presentation of receipts, of accommodation, travel and assignment expenses incurred in the performance of their duties.

In addition, on the recommendation of the Nomination and Compensation Committee, the Board of Directors may decide, after considering the specific circumstances of the Executive Corporate Officers, to provide them with company accommodation or grant them a housing allowance in the form of a lump sum payment.

Therefore, if provided during the year under review, details of such benefits will be reported in the compensation report.

Compensation policy for appointed Executive Corporate Officers

Developing an effective long-term strategy means not only having a thorough knowledge of the market, customers, competitors and technologies, but also of EssilorLuxottica's culture. For that reason, EssilorLuxottica prioritizes internal talent development as much as possible. However, the ability to attract talented individuals from all over the world is also a key driver of EssilorLuxottica's future success.

The principles and criteria of the compensation policy will apply, where appropriate, to any successor to the position of Chairman and Chief Executive Officer and of Deputy Chief Executive Officer, appointed after the Annual Shareholders' Meeting of May 17, 2023. Similarly, these principles and criteria will apply, where appropriate, to any additional Executive Corporate Officer appointed after that date.

Based on the recommendation of the Nomination and Compensation Committee, the Board of Directors would adapt these principles and criteria of the compensation policy to the specific situation of the appointed Executive Corporate Officer (fixed compensation, amount and objectives underlying the variable compensation, etc.).

In each of these situations, the total compensation offered to hire an Executive Corporate Officer from a company outside the Group should correspond to the "fair market price" in consideration of the position and the candidate's profile. This compensation would be in accordance with the general principles set out above (Section 3.3.1.1) and would be calculated taking into account, where applicable, any difference in the level of responsibility and in line with previous practices within the Company, it being specified, however, that the balance between the fixed, short-term variable and long-term variable components would be maintained and that any new Chief Executive Officer or new Deputy Chief Executive Officer could not, respectively, be awarded compensation higher than that provided for in the compensation policy for the current Chairman and Chief Executive Officer, and for the current Deputy Chief Executive Officer, respectively.

For the purpose of recruiting the Executive Corporate Officer, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, reserves the right to compensate them for items of compensation or benefits which they enjoyed in their previous position. This compensation may take the form of a sign-on premium and/or a one-off performance share award.

In any event:

- the effective payment of a sign-on premium may only take place following approval by the Meeting;
- the aggregate amount of the sign-on premium and, if applicable, the one-off performance share award would be equivalent to no more than the amount of compensation lost by the candidate, and would be duly communicated by the Company along with an explanation of the amount.

For Executive Corporate Officers appointed during the year, annual variable compensation objectives may be set during the year given the exceptional circumstances. In such cases, the variable component of their compensation will be calculated on a pro rata basis.

If the functions of Chairman and Chief Executive Officer are separated

The compensation of the appointed Chairman of the Board of Directors should consist solely of fixed compensation, in accordance with the recommendations of the AFEP-MEDEF Code. The Chairman of the Board of Directors could not receive any variable compensation (annual variable compensation or long-term incentive) or post-termination benefits (termination benefits, non-compete payment).

In accordance with the recommendation of the Nomination and Compensation Committee, the Board of Directors will determine the fixed annual compensation of the Chairman at the time of appointment, in accordance with the general principles set out in Section 3.3.1.1.1 or in accordance with the following general principles:

- the responsibilities and duties entrusted to the Chairman, as described in the bylaws and the Board's Internal Rules;
- the Chairman's skills, experience and knowledge of the Group;
- the compensation levels for the same position within companies comparable to EssilorLuxottica.

The Chairman of the Board of Directors may be eligible for compensation for his position as Director, as set out in Section 3.3.1.2.1.

3.3.2 2022 compensation of corporate officers

Change of governance structure

At the close of the Shareholders' Meeting of May 21, 2021, the Board of Directors, decided to maintain Leonardo Del Vecchio, Francesco Milleri and Paul du Saillant to their respective positions as Chairman of the Board of Directors, a non-executive position, Chief Executive Officer and Deputy Chief Executive Officer.

On June 28, 2022, following the passing of Leonardo Del Vecchio, the Board of Directors appointed Francesco Milleri as Chairman of the Board of Directors for the remainder of his current term of office, in addition to his role as Chief Executive Officer of EssilorLuxottica. In addition, the Board of Directors confirmed Paul du Saillant as Deputy Chief Executive Officer of the Company.

3.3.2.1 2022 compensation of members of the Board of Directors

The components of compensation for members of the Board of Directors presented below were set by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

In accordance with the allocation rules for the compensation of members of the Board of Directors described in Section 3.3.1.2.1, the total amount of annual compensation due to the Board of Directors' members in 2022 amounted to €1,485,000, which is less than the maximum amount of €2,000,000, authorized by the Annual Meeting of November 29, 2018.

The compensation of members of the Board of Directors, in respect of their roles as Directors, is established as shown in the table below, given that non-Executive Directors did not receive any compensation other than the compensation listed below. Details of the compensation paid in or awarded in respect of 2022 to Executive Corporate Officers are provided in Section 3.3.2.2.

	Gross amount allocated in respect of 2021	Gross amount allocated in respect of 2022
MEMBERS OF THE BOARD OF DIRECTORS IN 2022		
R. Bardin	€145,000	€145,000
P. du Saillant	€101,949	€100,000
F. Milleri	€105,847	€100,000
C. Scocchia	€123,051	€125,000
M. Bard[(a)]	€27,500	€100,000
S. Brown[(a)]	€27,500	€100,000
J-L. Biamonti[(b)]	€82,379	€135,000
M-C. Coisne[(b)]	€61,022	€100,000
J. Gonzalo[(b)]	*José Gonzalo has decided to waive any compensation to which he may be entitled in respect of his directorship at EssilorLuxottica*	
S. Piramal[(b)]	€76,277	€125,000
N. von Siemens[(b)]	€70,175	€115,000
A. Zappia[(b)]	€79,328	€130,000
V. Mercier Pitre[(c)]	N/A	€112,702
M. Notari[(d)]	N/A	€50,333
L. Del Vecchio[(d)]	€100,000	€44,667
J. Favre[(c)]	€116,586	€2,298
MEMBERS OF THE BOARD OF DIRECTORS APPOINTED UNTIL 2021		
G. Giallombardo	€44,825	N/A
A. Messemer	€48,535	N/A
G. Mion	€47,151	N/A
L. Morselli	€48,723	N/A
O. Pécoux	€56,519	N/A
S. Pucci	€38,978	N/A
H. Sagnières[(e)]	€38,978	N/A
J. Wong	€52,809	N/A
L. Pereira Ascençao[(a)]	€68,602	N/A
D. Zablocki[(a)]	€72,500	N/A
TOTAL	**€1,634,234**	**€1,485,000**

(a) The terms of office of Léonel Pereira Ascençao and Delphine Zablocki expired on September 20, 2021. They were replaced by Margot Bard and Sébastien Brown, with effect from September 22, 2021.
(b) Directors appointed after the Shareholders' Meeting of May 21, 2021.
(c) Virginie Mercier Pitre was co-opted to the Board of Directors on January 20, 2022, following her appointment to replace Juliette Favre as the new Chair of Valoptec Association.
(d) Mario Notari was co-opted as a new member of the Board of Directors on June 28, 2022, following the passing of Leonardo Del Vecchio on June 27, 2022.
(e) Hubert Sagnières received in 2021 €403,667 in voluntary retirement benefits, as defined in the collective bargaining agreement applicable within Essilor International SAS, in accordance with his reinstated employment contract, which was terminated due to his retirement (equivalent to four months' contractual compensation).

3.3.2.2 2022 compensation of the Executive Corporate Officers (Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officer)

3.3.2.2.1 Structure of the 2022 compensation of the Executive Corporate Officers

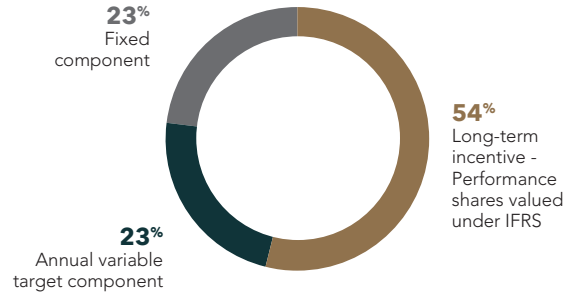
As a reminder, the 2022 compensation structure of Leonardo Del Vecchio, Francesco Milleri and Paul du Saillant for the performance of their duties as Chairman of the Board of Directors until June 27, 2022, Chief Executive Officer then Chairman and Chief Executive Officer from June 28, 2022 and Deputy Chief Executive Officer, respectively, is as follows:

	Leonardo Del Vecchio Chairman of the Board of Directors until June 27, 2022	Francesco Milleri Chief Executive Officer, then Chairman and Chief Executive Officer from June 28, 2022	Paul du Saillant Deputy Chief Executive Officer
Fixed annual compensation	**€500,000** on annual basis i.e. a prorate amount of €245,833 until June 27, 2022	**€1,500,000***	**€1,250,000**
Annual variable compensation	None, in line with the AFEP-MEDEF Code	Target: **100% of fixed compensation** Maximum: **200% of fixed compensation** *i.e.*, a target amount of **€1,500,000**	Target: **100% of fixed compensation** Maximum: **200% of fixed compensation** *i.e.*, a target amount of **€1,250,000**
Long-term incentive	None, in line with the AFEP-MEDEF Code	**50,000** performance shares	**35,000** performance shares

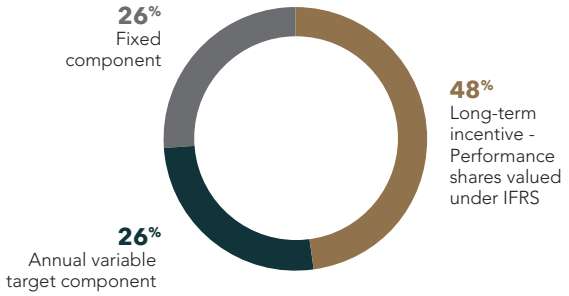
* It is specified that, in accordance with the compensation policy approved at the Annual Meeting of May 25, 2022, prior to the passing of Leonardo Del Vecchio, Francesco Milleri only received compensation in 2022 for his duties as Chief Executive Officer and Director. He has not receive the fixed compensation of €500,000 awarded to Leonardo Del Vecchio for his duties as Chairman of the Board.

2022 compensation structure for Francesco Milleri, Chairman and Chief Executive Officer, and Paul du Saillant, Deputy Chief Executive Officer

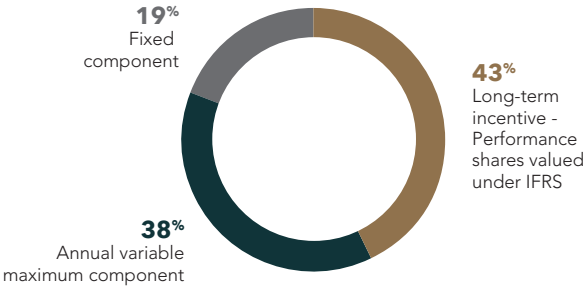
Compensation target for Francesco Milleri



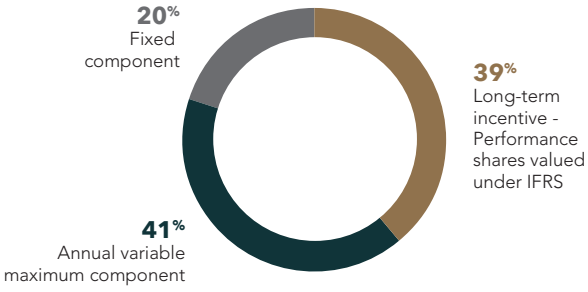
Compensation target for Paul du Saillant



Compensation maximum for Francesco Milleri



Compensation maximum for Paul du Saillant



It should be noted that almost three quarters of the total annual compensation of the Executive Corporate Officers is subject to performance conditions, of which nearly half depend on long-term performance.

The compensation presented above for Leonardo Del Vecchio, Francesco Milleri and Paul du Saillant constitutes the entire compensation paid to them by EssilorLuxottica or one of its subsidiaries.

3.3.2.2.2 Summary of 2022 compensation of the Executive Corporate Officers

	Leonardo Del Vecchio Chairman of the Board of Directors until June 27, 2022		Francesco Milleri Chief Executive Officer then Chairman and Chief Executive Officer since June 28, 2022			Paul du Saillant Deputy Chief Executive Officer		
	2021	2022	2021	2022	Evol. 2022/ 2021	2021	2022	Evol. 2022/ 2021
ANNUAL CASH COMPENSATION								
Fixed	€500,000	€245,833	€1,402,244	€1,500,000	+7%	€1,250,000	€1,250,000	=
Target variable component	n/a	n/a	€1,402,244	€1,500,000		€1,250,000	€1,250,000	
Target cash compensation	**€500,000**	**€245,833**	**€2,804,488**	**€3,000,000**	**+7%**	**€2,500,000**	**€2,500,000**	**=**
Variable component due	n/a	n/a	€2,773,639	€2,437,500		€2,472,500	€2,031,250	
% achievement against target	n/a	n/a	197.8%	162.5%[a]		197.8%	162.5%[a]	
Maximum % (for reference)	n/a	n/a	200%	200%		200%	200%	
Cash compensation due	**€500,000**	**€245,833**	**€4,175,883**	**€3,937,500**	**-6%**	**€3,722,500**	**€3,281,250**	**-12%**
LONG-TERM INCENTIVE PLAN								
Performance shares awarded	**n/a**	**n/a**	**50,000**	**50,000**		**35,000**	**35,000**	
As a % of total number of shares awarded	n/a	n/a	1.7%	2.3%		1.2%	1.6%	
As a % of share capital at December 31 for the year	n/a	n/a	0.011%	0.011%		0.008%	0.008%	
IFRS valuation of performance shares[b]	n/a	n/a	€3,327,500[b]	€3,430,000[c]		€2,329,250[b]	€2,401,000[c]	
OTHER COMPENSATION								
Directors' compensation	€100,000	€44,667	€105,847	€100,000		€101,949	€100,000	
EMPLOYEE BENEFITS								
Benefits in kind	€0	€0	€0	€0		€0	€0	
Type								
Employer contributions to Group plans (health insurance, death/ disability insurance, defined contribution pension plan)	€0	€0	€12,369	€28,574		€30,341	€44,816	
DEFERRED BENEFIT OBLIGATIONS								
Supplementary defined benefit "loyalty-based" pension plan	No	No	No	No		Yes, without acquiring any new rights	Yes, without acquiring any new rights	
Non-compete payment	No	No	Yes	Yes		Yes	Yes	
Termination benefits	No	No	With respect to the corporate office	With respect to the corporate office		With respect to his suspended employment contract	With respect to his suspended employment contract	

(a) Details of the achievement rate of the quantitative and qualitative criteria are presented in Appendix 1 below.
(b) *i.e.*, on the basis of the IFRS valuation, a price per share of €66.55.
(c) i.e., on the basis of the IFRS valuation, a price per share of €68.60.

3.3.2.2.3 2022 Compensation appendices

Six explanatory appendices are provided in addition to this summary table on 2022 compensation. They pertain to:

1. the 2022 variable component;
2. the 2022 performance share plan;
3. the supplementary defined benefit pension plan;
4. the termination benefits related to corporate office or suspended contract;
5. the non-compete payment;
6. Group plans and benefits in kind.

Appendix 1: 2022 variable component

The annual variable compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2022 was determined in accordance with the principles set out in the 2022 compensation policy described in Section 3.3.1. of the 2021 Universal Registration Document and was approved by the Annual Meeting of May 25, 2022 (under the twelfth resolution with respect to the Chief Executive Officer and the thirteenth resolution with respect to the Deputy Chief Executive Officer).

Payment of this variable component will be submitted for approval at the Annual Shareholders' Meeting to be held on May 17, 2023.

The target bonus for Francesco Milleri and Paul du Saillant as Chief Executive Officer and Deputy Chief Executive Officer, respectively, for 2022 was equal to 100% of their fixed compensation, *i.e.* €1,500,000 and €1,250,000 respectively.

Company performance for 2022

The performance criteria result for the 2022 fiscal year are as follows:

Weighting	Description	% achievement from 0% to 200% of the target	Weighted % achievement
W		**A**	**W x A**
40%	Group[1] adjusted[2] Earnings per share (EPS) growth (at constant[3] exchange rates)	175.0%	70.0%
20%	Revenue growth (at constant exchange rates[3], excluding strategic acquisitions)	137.5%	27.5%
20%	Adjusted[2][4] Operating profit as a percentage of revenue (at constant[3] exchange rates)	125.0%	25.0%
10%	Control of General and administrative expenses[2]	200.0%	20.0%
10%	Corporate social responsibility	200.0%	20.0%
100%			**162.5%**

Achievement in amount

	Fixed Compensation for 2022 fiscal year (FC)	Target Variable compensation (% FC)	Weighted % achievement	Achievement in amount
Chief Executive Officer	€1,500,000	100%	162.5%	€ 2,437,500
Deputy Chief Executive Officer	€1,250,000	100%	162.5%	€ 2,031,250

(1) Calculated on Group Net Profit, *i.e.* Net Profit after minorities.
(2) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica, the acquisition of GrandVision and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(3) Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect .
(4) After restatement of some exceptional salary measures not budgeted taken to ensure business continuity.

Analysis of 2022 performance

Financial Performance: Year of records in sales, operating and net profit

In 2022 EssilorLuxottica delivered another year of revenue growth and margin expansion, thanks to the effective execution of its strategic vision and integration journey, on track with its long-term financial roadmap (summarized by the 2022-26 targets), as outlined by the management at the Capital Market Day, last year in September in Milan.

The full year closed at Euro 24,494 million revenue, up 7.5% at constant exchange rates[1] versus *pro forma*[3] 2021. In the light of the macro headwinds of the period, such a solid performance proves once again that the global reach, the open model and the progressing integration of the Group are all paying off.

As for the Group's profitability, the adjusted[2] gross profit amounted to Euro 15,606 million in the full year, reaching 63.7% of revenue, 30 basis points higher than *pro forma*[3] FY 2021 (or 40 basis points at constant exchange rates[1]), that is a remarkable performance given the impact of inflation on the input costs, namely labor, energy, freight and raw materials.

The adjusted[2] operating profit reached Euro 4,115 million in the full year, representing 16.8% of revenue, compared to 16.1% in *pro forma*[3] FY 2021, a margin expansion of 70 basis points (or 60 basis points at constant exchange rates[1]), despite the material increase of the labor cost, due to the inflationary pressure on wages globally.

General and administrative expenses amounting to €2,045 million, a decrease of 2.9% at constant exchange rates[1] compared to 2021, thanks to savings on discretionary spending and simplification of the organization structure partially offset by increased investments in the Group IT infrastructure and the effect of inflationary trends on labor costs.

The adjusted[2] Group net profit amounted to Euro 2,860 million in the full year, increasing by 15.4% at constant exchange rates[1] compared to *pro forma*[3] FY 2021, accounting this year for 11.7% of revenue.

Corporate social responsibility

In 2022, in line with the recent launch of the Group sustainability program "Eyes on the Planet", the Board decided, on the recommendation of the Nomination and Compensation Committee, to introduce a Corporate Social Responsibility objective that would account for 10% of the annual variable remuneration of executive officers and of 15,000 eligible employees.

This CSR objective reflected EssilorLuxottica's fight against climate change and included two criteria linked to the first public commitments taken through the Eyes on the Planet sustainability program[4] – one related to carbon neutrality and the other to circularity. Specifically, the criteria were based on:

- the amount (in $ktCO_2eq$) of incremental carbon emissions avoided on a year-to-year basis thanks to the implementation of carbon reduction activities;
- the proportion of waste recycled during the year.

Regarding the first criterion, linked to the 2025 carbon neutrality objective, in 2022 the Company's carbon reduction efforts focused on self-produced renewable energy and the implementation of a formalized renewable energy purchasing roadmap[5]. These measures were complemented by carbon reduction or removal projects, which also contributed to the socio-economic development of the local communities. The three actions led to an estimated incremental carbon reduction effort of approximately $150KtCO_2eq$ in 2022.

Regarding the second criterion, linked to circularity, in 2022 EssilorLuxottica continued to improve its waste management capabilities leveraging the many solutions that have been implemented over the years, such as wastewater treatment systems in the Italian and Chinese manufacturing plants, efforts to reduce input material and limit the use of plastic and constantly improved identification and management of recoverable waste[6]. Thanks to these efforts, approximately 57% of the Company's total waste was recycled or recovered.

In line with the pre-defined assessment scales for the quantitative performance objectives, the achievement rate for the CSR objective was 200%.

(1) Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.
(2) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(3) *Pro forma*: *pro forma* information as presented in the Restated Unaudited *Pro Forma* Consolidated Financial Information. The Restated Unaudited *Pro Forma* Consolidated Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021.
(4) See Sections 5.2.1 and 5.2.2 of this Universal Registration Document.
(5) See Section 5.2.1 of this Universal Registration Document.
(6) See Section 5.2.2 of this Universal Registration Document.

As a reminder, the achievement rate of the annual variable portion of the Executive Corporate Officers' compensation over the last three years was:

2019[1][2]	2020[1]	2021
0%	22.9%	197.8%

Appendix 2: 2022 Performance share plan

The Annual Meeting of May 21, 2021 authorized the Board of Directors, in its fifteenth resolution, to grant performance shares to employees and corporate officers, thereby giving the Board of Directors of EssilorLuxottica the opportunity to instigate a culture of employee shareholding throughout the EssilorLuxottica Group. Performance share awards are a key aspect of the Group's culture and enable employees to be fully involved in the Group's value creation and success. The significant level of employee shareholding contributes to the Group's competitiveness and is a source of pride among all EssilorLuxottica employees.

In 2022, performance shares were awarded to around 15,000 EssilorLuxottica group employees.

In addition to performance shares, the Group has voluntary shareholding programs to enable as many employees as possible to become Group shareholders, in particular through the "Boost" International Employee Shareholding Plan. By 2022, close to 58,000 EssilorLuxottica employees participated in 80 countries, 65% of eligible employees (the same participation rate as in 2021).

The number of shares vested is determined as follows:

Performance condition applicable to all beneficiaries

The performance condition applicable to all beneficiaries is based on annualized growth in the EssilorLuxottica share price, calculated as follows:

- on October 6, 2022, the date of the award by the Board of Directors, the Initial Reference Share Price was set at €145.84 (corresponding to the average of the 20 opening prices of the EssilorLuxottica share preceding the award date);
- on October 6, 2025, *i.e.*, three years after the award date, the Average Share Price will be calculated, corresponding to the average of the opening share prices between July 6 and October 6, 2025.

Annualized growth in the EssilorLuxottica share price*	Average Share Price three years after the award date	Number of shares vested *(as a % of initial grant)*
Lower than €154.8	Lower than 2%	0%
Between €154.8 and €159.4	between 2% and 3%	50%
Between €159.4 and €164.1	between 3% and 4%	60%
Between €164.1 and €168.8	between 4% and 5%	70%
Between €168.8 and €173.7	between 5% and 6%	80%
Between €173.7 and €178.7	between 6% and 7%	90%
Higher than or equal to €178.7	Higher than or equal to 7%	100%

* Annualized growth in relation to the Initial Reference Share Price of €145.84.

Additional performance condition applicable to Francesco Milleri and Paul du Saillant

In addition to the performance condition applicable to all beneficiaries, there is a second performance condition for Francesco Milleri and Paul du Saillant, based on a comparison between the performance of the EssilorLuxottica share in relation to the EuroStoxx 50 index.

- For any annualized growth in EssilorLuxottica's share price of less than 2% per year, i.e., 6.1% over three years, no performance shares will vest.
- If the minimum 2% growth per year threshold is exceeded and EssilorLuxottica outperforms the EuroStoxx 50 index, the performance shares vest under the same terms and conditions as those applicable to other beneficiaries.
- If the minimum 2% growth per year threshold is exceeded but EssilorLuxottica underperforms the EuroStoxx 50 index, the vesting of performance shares is capped at 50%.

(1) Executive Corporate Officers were Leonardo Del Vecchio and Hubert Sagnières.
(2) Following the fraud at an Essilor plant in Thaïland.

To summarize:

Average Share Price three years after the award date	Annualized growth in the EssilorLuxottica share price*	Number of shares vested (as a % of initial grant)	
		If the EssilorLuxottica share outperforms the EuroStoxx 50 index	If the EssilorLuxottica share underperforms the EuroStoxx 50 index
Lower than €154.8	<2%	0%	0%
Between €154.8 and €159.4	between 2% and 3%	50%	50%
Between €159.4 and €164.1	between 3% and 4%	60%	
Between €164.1 and €168.8	between 4% and 5%	70%	
Between €168.8 and €173.7	between 5% and 6%	80%	
Between €173.7 and €178.7	between 6% and 7%	90%	
Higher than or equal to €178.7	Higher than or equal to 7%	100%	

* Annualized growth in relation to the Initial Reference Share Price of €145.84.

The penalty in the event of underperformance in relation to the EuroStoxx 50 index reflects, where applicable, the insufficient returns obtained by shareholders and investors who chose to invest in EssilorLuxottica at the start of the performance measurement period, compared to the returns they would have obtained by investing in a basket of EuroStoxx 50 shares.

In the event of death or disability, in accordance with the plan's terms applicable to all beneficiaries, the performance conditions are deemed to be met.

Employment condition

In order to vest, the shares will be subject to a three-year employment condition as from the award date.

In the event of retirement, disability or death during the vesting period of the performance shares, this employment condition will be deemed satisfied, in accordance with the plan's terms applicable to all beneficiaries.

In the event of non-renewal of a term of office for a reason other than misconduct during the vesting period of the performance shares, the Board of Directors may decide to remove the employment condition, and provides a valid reason for its decision. The Board of Directors' decision is announced at the time of departure.

Appendix 3: Supplementary defined benefit "loyalty-based" pension plan

Pursuant to the PACTE law and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan was closed on that date.

The supplementary defined benefit pension plan (Article 39 of the French Tax Code) was open to Group senior executives in categories IIIC and HC within the meaning of the Metalworking Industry collective bargaining agreement.

At least 10 years' service (*versus* the two years recommended by the AFEP-MEDEF Code) with the EssilorLuxottica group is required in order to receive supplementary defined pension plan benefits. Grantees also have to be employees of EssilorLuxottica (or a member company) at the time they cease their professional activity. In accordance with the applicable regulations, an executive whose employment is terminated after reaching the age of 55 and who does not accept any other paid position is considered as having retired from the Company.

The supplementary pension is based on length of service within the Group and the average gross compensation (annual fixed and variable) paid for the three years preceding the last day worked (reference compensation).

More specifically, if the eligibility conditions are met, the supplementary pension is determined as follows:

- 10% of the reference compensation;
- plus, for each year of service in excess of 10 years and up to and including 20 years:
  - 1% of the reference compensation,
  - 1.5% of the portion of the reference compensation that exceeds the "tranche C" ceiling for Social Security contributions or 5% of the reference compensation, whichever is lower.

Accordingly, category IIIC and HC executives with at least 20 years' service with the Group are eligible for a maximum supplementary pension benefit of up to 25% of their reference compensation (*versus* a maximum of 45% provided for in the AFEP-MEDEF Code). The increase in potential rights is therefore a maximum of 1.25% per year (*versus* a maximum of 3% provided by law).

NB: The benefit obligation is accrued in the balance sheet during the vesting period (*i.e.*, the period during which the Executive Corporate Officer remains in office) and, upon the grantee's retirement, the liability is fully outsourced to an insurance company which is responsible for paying the benefits.

Francesco Milleri, Chief Executive Officer

Francesco Milleri is not eligible for the Company's defined benefit pension plan.

Paul du Saillant, Deputy Chief Executive Officer

Paul du Saillant recorded 11 years and two months of service at December 31, 2019. He has not accrued any additional rights since that date.

Under this plan, in view of his length of service in the Group when the plan was closed, the theoretical calculation of the annual benefits due to Paul du Saillant at December 31, 2022 would be 12.7% of the average compensation actually received in 2020, 2021 and 2022 (*i.e.*, around €301,827).

Appendix 4: Termination benefits related to corporate office or suspended contract

Francesco Milleri, Chief Executive Officer

No termination benefit was granted to Francesco Milleri for 2022.

Reminder

In accordance with the recommendations of the AFEP-MEDEF Code, as from the Annual Meeting of May 21, 2021, any employee who is promoted to Chief Executive Officer is required to resign from their position of employment. Accordingly, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer on May 21, 2021.

Termination benefit is wholly subject to a performance condition as described below.

Condition for allocating a termination benefit

Any cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.), would give rise to the payment of the termination benefit subject to a performance condition.

No payment will be made in the event of gross misconduct or gross negligence, resignation or where the beneficiary is able to claim a full pension, in accordance with the recommendations of the AFEP-MEDEF Code.

Performance condition

The potential payment of this benefit would be subject to the following performance condition.

Performance would have been measured using Francesco Milleri's average achievement rate of his target annual variable component over the three years prior to his departure. These annual objectives would be those set by the Board of Directors in respect of Francesco Milleri's role as an Executive Corporate Officer and used to calculate his annual variable compensation.

For an average performance rate of at least 50%, the termination benefit would be determined on a strictly proportionate basis up to a maximum of 100% (for example, if the average performance rate reaches 90% of the target, 90% of the termination benefit would be paid). If the average performance rate is less than 50%, no benefit will be paid.

This performance condition would be directly related to the fulfillment of the objectives underlying Francesco Milleri's annual variable compensation, in line with the compensation policy applicable to him, voted at Shareholders' Meetings and taking into account the achievement of performance targets that are aligned with the Group's strategy.

If the term of corporate office is shorter than the three-year reference period, his performance with respect to the annual objectives previously set for his duties at Luxottica Group S.p.A. may be taken into account to calculate the annual variable compensation.

Amount of the termination benefit

This termination benefit is set at a maximum of two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last annual variable compensation due or received).

The conditions for granting the termination benefit, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code.

Paul du Saillant, Deputy Chief Executive Officer

No termination benefit was granted to Paul du Saillant for 2022.

Reminder

Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code.

In the specific case of Paul du Saillant with a suspended employment contract that includes a severance payment, the severance payment would comprise:

- a severance payment or dismissal payment required by law or related to the collective bargaining agreement (not subject to performance conditions);
- a supra-legal severance payment for the corporate office that is wholly subject to the following performance condition.

Condition for allocating a termination benefit

Any cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.), would give rise to the payment of the supra-legal severance payment subject to a performance condition.

No supra-legal severance payment would be made in the event of serious or gross misconduct, followed by dismissal under the employment contract within one year of the end of the corporate office or where the beneficiary is able to claim a full pension, in accordance with the recommendations of the AFEP-MEDEF Code.

Performance conditions of the supra-legal severance payment

The supra-legal severance payment would be subject to the fulfillment of a performance condition assessed by determining the average achievement rate of the objectives underlying the annual variable component for the three years prior to departure.

These annual objectives would be set by the Board of Directors in respect of Paul Saillant's role as an Executive Corporate Officer and were used to calculate his annual variable compensation.

For an average performance rate of at least 50%, the severance payment would be calculated on a strictly proportionate basis up to a maximum of 100% (for example: if the average performance rate reaches 90% of the target, 90% of the severance payment will be paid). If the average performance rate is less than 50%, no severance payment would be paid.

This performance condition would be directly related to the fulfillment of the objectives underlying Paul du Saillant's annual variable compensation in line with the compensation policy applicable to him, voted at Shareholders' Meetings and taking into account the achievement of performance targets that are aligned with the Group's strategy.

If the term of corporate office would be shorter than the three-year reference period, his performance with respect to the annual objectives previously set for his duties at Essilor International SAS may be taken into account to calculate the annual variable compensation.

Amount of the severance payment

In any event, the aggregate of these two payments (legal and supra-legal) may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the employment contract, plus one-twelfth of the last annual variable compensation due or received).

The amount of the severance payment to which Paul du Saillant could be entitled under the collective bargaining agreement in the event of dismissal, would represent 6.15 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve of three (which is more favorable) months immediately preceding the notice of his dismissal).

In the event of the termination of the employment contract, the notice period is set in accordance with the applicable legal provisions and the collective bargaining agreement and must be complied with by both Parties.

The conditions for granting the severance payment, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code.

Appendix 5: Non-compete payment

Francesco Milleri, Chief Executive Officer

No non-compete payment was granted to Francesco Milleri for 2022.

As Chief Executive Officer of EssilorLuxottica, he is eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends.

The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received).

In accordance with the AFEP-MEDEF Code:

- the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit, may not exceed the two-year cash compensation cap.

It should be noted that the non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the Executive Corporate Officer to commit to respecting clear, predefined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders.

Paul du Saillant, Deputy Chief Executive Officer

No non-compete payment was granted to Paul du Saillant for 2022.

Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code.

Under his employment contract, Paul du Saillant is eligible for a non-compete payment, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. Accordingly:

- the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company;
- the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

Appendix 6: Group plans and benefits in kind

For the year ended December 31, 2022, Francesco Milleri and Paul du Saillant were eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which they are assimilated for the purpose of determining benefits and other components of their compensation.

The defined contribution pension plan is based on a flat employer contribution rate, currently set at 1% of gross compensation of the year.

The Executive Corporate Officers are eligible for a company car and are entitled to reimbursement, upon presentation of receipts of travel and assignment expenses incurred in the performance of their duties, in accordance with EssilorLuxottica's internal rules. No benefits in kind were granted to Francesco Milleri and Paul du Saillant during the fiscal year 2022.

3.3.2.2.4 Maturity of the performance share award plan of October 3, 2019

On October 3, 2019, the Board of Directors decided to grant a performance share plan, including 35,000 performance shares for Francesco Milleri and 30,005 performance shares for Paul du Saillant.

The vesting of the shares under the plan was linked to a presence condition and the achievement of a performance condition applicable to all beneficiaries of the plan, as well as a specific performance condition applicable only to Executive Corporate Officers.

The performance condition applicable to all beneficiaries related to annualized growth in the share price, which had to be equal to or greater than 7% for all the shares initially granted to vest.

As a reminder, the performance scale was as follows:

	Measurement period:	
Annualized growth in the EssilorLuxottica share price*	**Average price between July 3 and October 2, 2022 (inclusive)**	**Number of shares vested** *(as a % of initial grant)*
<2%	Lower than €139.6	0%
between 2% and 3%	Between €139.6 and €143.7	60%
between 3% and 4%	Between €143.7 and €147.9	68%
between 4% and 5%	Between €147.9 and €152.3	76%
between 5% and 6%	Between €152.3 and €156.6	84%
between 6% and 7%	Between €156.6 and €161.1	92%
>=7%	Higher than or equal to €161.1	100%

* Annualized growth in relation to the Initial Reference Share Price of €131.52.

Measured on October 3, 2022, the performance condition had been met at 76% (see table below).

Initial reference share price	Average of the 20 opening prices prior to October 3, 2019	€131.52
Average price	Average of the opening prices for the period from July 3 to October 2, 2022	€151.3
Annualized growth in the share price		+ 4.8%
Achievement of the Performance Condition		76%

Therefore, on October 3, 2022, a total of 1,411,000 shares were delivered to beneficiaries, including 26,600 to Francesco Milleri and 22,804 to Paul du Saillant. On the award date, Francesco Milleri and Paul du Saillant were not Executive Corporate Officers of the Company and were therefore not subject to the second specific performance condition applicable only to Executive Corporate Officers.

Additional lock-up period for Executive Corporate Officers

The compensation policy provides that Executive Corporate Officers are required to keep one-third of their vested performance shares throughout their term of office.

This requirement to hold shares no longer applies when they hold a number of EssilorLuxottica shares representing an amount equivalent to 400% of their fixed annual compensation.

The fixed compensation taken into account is that for the year during which the Executive Corporate Officer intends to sell performance shares.

At December 31, 2022, Francesco Milleri and Paul du Saillant hold respectively 65,789[1] shares and 339,502 shares and therefore complied with their shareholding requirement.

(1) Including 21,904 EssilorLuxottica shares hold by Mr. Milleri via Milleri S.r.l., a company that he fully owns.

3.3.3 AFEP-MEDEF compensation and benefits tables

Table 1 – Summary of compensation, options and shares awarded to each corporate officer

In euro (gross amount)	2022	2021
Leonardo Del Vecchio	**Chairman of the Board of Directors until June 27, 2022**	**Chairman of the Board of Directors**
Compensation due for the year (detailed in Table 3)[(a)]	€290,500	€600,000
Value of options granted during the year		
Value of performance shares awarded during the year[(b)]		
Francesco Milleri	**Chief Executive Officer then Chairman and Chief Executive Officer since June 28, 2022**	**Chief Executive Officer**
Compensation due for the year (detailed in Table 3)[(a)]	€4,037,500	€4,281,730
Value of options granted during the year		
Value of performance shares awarded during the year[(b)]	€3,430,000	€3,327,500
Paul du Saillant	**Deputy Chief Executive Officer**	**Deputy Chief Executive Officer**
Compensation due for the year (detailed in Table 3)[(a)]	€3,381,250	€3,824,449
Value of options granted during the year		
Value of performance shares awarded during the year[(b)]	€2,401,000	€2,329,250

(a) Amount of compensation due for the fiscal year 2022, subject to approval by the Annual Shareholders' Meeting.
(b) The amounts shown correspond to the accounting fair value of the shares in accordance with IFRS. Accordingly, they are not the actual amounts that may be received if and when the shares vest. In addition, share awards are contingent on employment and performance conditions.

Table 2 and 3 – Summary of compensation paid to each corporate officer executive and non executive

	2022		2021	
Leonardo Del Vecchio	**Chairman of the Board of Directors until June 27, 2022**		**Chairman of the Board of Directors**	
In euro (gross amount)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation[(a)]	€245,833	€245,833	€500,000	€500,000
Variable compensation[(b)]				€220,382
Exceptional compensation				
Directors' compensation[(c)]	€44,667	€44,667	€100,000	€100,000
Benefits in kind:				
• car				
• unemployment insurance				
• other				
TOTAL	**€290,500**	**€290,500**	**€600,000**	**€820,382**

(a) Leonardo Del Vecchio's fixed compensation was €500,000 (full-year basis)
(b) Leonardo Del Vecchio's variable compensation for fiscal year 2020: 23% target achievement approved by the Shareholders' Meeting of May 21, 2021.
(c) Directors' compensation for the second half of year Y can be paid in January Y+1

	2022		2021	
Francesco Milleri*	**Chief Executive Officer, then Chairman and Chief Executive Officer since June 28, 2022**		**Chief Executive Officer**	
In euro (gross amount)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation[(a)]	€1,500,000	€1,500,000	€1,402,244	€1,402,244
Variable compensation[(b)(c)(d)]	€2,437,500	€ 2,773,639	€ 2,773,639	€1,304,430
Exceptional compensation				
Directors' compensation[(e)]	€100,000	€100,000	€105,847	€105,847
Benefits in kind:				
• car				
• unemployment insurance				
• other				
TOTAL	**€4,037,500**	**€4,373,639**	**€4,281,730**	**€2,812,521**

(a) Francesco Milleri's fixed compensation was €1,250,000 (full year basis) from January 1, 2021 to May 21, 2021 and €1,500,000 (full year basis) with effect from May 22, 2021. The amounts shown in the table above for fiscal year 2021 correspond to compensation due pro rata for 2021.
(b) Francesco Milleri's variable compensation for fiscal year 2022: 162.5% target achievement. Variable component due subject to approval by the Shareholders' Meeting.
(c) Francesco Milleri's variable compensation for fiscal year 2021: 197.8% target achievement approved by Shareholders' Meeting of May 25, 2022.
(d) Francesco Milleri's variable compensation as CEO of Luxottica Group S.p.A. for fiscal year 2020: 108.7% target achievement, paid in 2021.
(e) Directors' compensation for the second half of year Y can be paid in January Y+1.
* It should be noted that when Francesco Milleri's employment contract was terminated as Chief Executive Officer of Luxottica S.p.A., he was entitled to the payment of the balance of his holidays in the amount of €28,837 in 2021.

	2022		2021	
Paul du Saillant*	**Deputy Chief Executive Officer**		**Deputy Chief Executive Officer**	
In euro (gross amount)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Fixed compensation	€1,250,00	€1,250,00	€1,250,00	€1,250,00
Variable compensation[(a)(b)(c)]	€2,031,250	€2,472,500	€2,472,500	€858,033
Exceptional compensation				
Directors' compensation[(d)]	€100,000	€100,000	€101,949	€101,949
Benefits in kind:				
• car				
• unemployment insurance				
• other				
TOTAL	**€3,381,250**	**€3,822,500**	**€3,824,449**	**€2,209,982**

(a) Paul du Saillant's variable compensation for fiscal year 2022: 162.5% target achievement. Variable component due subject to approval by the Shareholders' Meeting.
(b) Paul du Saillant's variable compensation for fiscal year 2021: 197.8% target achievement approved by the Shareholders' Meeting of May 25, 2022.
(c) Paul du Saillant's variable compensation as CEO of Essilor International SAS. for fiscal year 2020: 94% target achievement, paid in 2021.
(d) Directors' compensation for the second half of year Y can be paid in January Y+1.
* It should be noted that in 2021, Paul du Saillant received the remaining balance of his temporary cash pension allowance in the amount of €214,508 due in 2020 for his duties as Chief Executive Officer of Essilor International SAS. This temporary allowance had been put in place following the termination of the supplementary defined benefit pension plan on December 31, 2019, pursuant to the PACTE law (Action Plan for Business Growth and Transformation) and the Government Order of July 3, 2019. It was cancelled following his appointment as Deputy Chief Executive Officer of EssilorLuxottica on May 21, 2021.

Table 6 – Performance shares awarded to each corporate officer during the fiscal year

Rights to performance shares granted	Total number	Valuation (method applied in the consolidated financial statements) *(in euro)*	Vesting date	End of lock-up period	Plan	Performance conditions
Francesco Milleri	50,000	68,60	10/06/2025	10/06/2025	10/06/2022	Share price + special relative performance condition for Executive Corporate Officers[(a)]
Paul du Saillant	35,000	68,60	10/06/2025	10/06/2025	10/06/2022	Share price + special relative performance condition for Executive Corporate Officers[(a)]

(a) In addition to the employment condition, the number of shares that vest is contingent on a performance condition based on the annualized growth in the EssilorLuxottica share price. A second performance condition applies specifically to Executive Corporate Officers: the number of shares that vest may be reduced in the event of underperformance in relation to the EuroStoxx 50 index during the performance measurement period.

Table 7 – Performance shares that became available during the year for each corporate officer

Performance shares awarded that became available	Total number	Plan	Performance conditions
Francesco Milleri	26,600[a]	10/03/2019	Share price[d]
Paul du Saillant	22,804[b]	10/03/2019	Share price[d]
Paul du Saillant	18,003[c]	10/03/2017	Share price[d]

(a) 26,600 performance shares out of the 35,000 vested under the October 3, 2019 plan became available on October 3, 2022.
(b) 22,804 performance shares out of the 30,005 vested under the October 3, 2019 plan became available on October 3, 2022.
(c) 18,003 performance shares out of the 30,005 vested under the October 3, 2017 plan became available on October 3, 2022.
(d) On the award date, Francesco Milleri and Paul du Saillant were not Executive Corporate Officers of the Company and were therefore not subject to the second specific performance condition applicable only to Executive Corporate Officers.

Table 4 – Stock subscription or purchase options granted during the year to each corporate officer

No stock subscription or purchase options were granted in fiscal year 2022.

Table 5 – Stock subscription or purchase options exercised by each corporate officer during the fiscal year

Leonardo Del Vecchio, Chairman of the Board of Directors until June 27, 2022

Leonardo Del Vecchio has no stock subscription options to exercise. Consequently, no options were exercised in fiscal year 2022.

Francesco Milleri, Chief Executive Officer then Chairman and Chief Executive Officer from June 28, 2022

Francesco Milleri has no stock subscription options to exercise. Consequently, no options were exercised in fiscal year 2022.

Paul du Saillant, Deputy Chief Executive Officer

Paul du Saillant has no stock subscription options to exercise. Consequently, no options were exercised in fiscal year 2022.

Table 8 – History of capped performance stock subscription option awards (until 2017 inclusive) and capped performance stock purchase option awards (from 2018)

Plan	2015	2016	2017	2018	2019	2020	2021
Date of Shareholders' Meeting	05/05/2015	05/05/2015	05/05/2015	11/29/2018	11/29/2018	11/29/2018	05/21/2021
Date of Board of Directors' meeting	12/02/2015	09/22/2016	10/03/2017	11/29/2018	10/03/2019	10/01/2020	10/28/2021
Total number of shares that can be subscribed/purchased	100,023	119,392	132,016	133,203	127,117	113,536	121,868
Number of shares that can be subscribed/purchased by the corporate officers:							
Starting point for the exercise of options	12/02/2018	09/22/2019	10/03/2020	11/29/2021	10/03/2022	10/01/2023	10/28/2024
Expiration date	12/02/2022	09/22/2023	10/03/2024	11/29/2025	10/03/2026	10/01/2027	10/28/2028
Subscription/purchase price (average of the 20 opening prices prior to the Board of Directors' meeting)	€121.32	€114.88	€105.80	€116.74	€131.52	€110.79	€165.80
Exercise procedures[(a)]	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years	Subject to conditions: 100% after three years
Number of shares subscribed/ purchased at Dec. 31, 2022	68,985	38,836	51,266	35,673	15,155	0	0
Cumulative number of options canceled or expired	31,038	47,658	44,482	20,685	15,363	11,043	2,898
Options remaining at Dec. 31, 2022	-	32,898	36,268	76,845	96,599	102,493	118,970

(a) The vesting of subscription options is subject to an employment condition and to a performance condition based on the annualized growth in the EssilorLuxottica share price. Within the framework of the proposed combination between Essilor and Luxottica, at its meeting of January 15, 2017 the Board of Directors decided to remove the performance conditions for the employee grantees of the 2015 and 2016 plans in advance.

Table 9 – History of performance share awards (excluding collective awards)

Plan	2017	2018	2019	2020	2021	2022
Date of Shareholders' Meeting	05/05/2015	11/29/2018	11/29/2018	11/29/2018	05/21/2021	05/21/2021
Date of Board of Directors' meeting	10/03/2017	11/29/2018	10/03/2019	10/01/2020	10/28/2021	10/06/2022
Total number of shares awarded	1,481,219	1,565,862	2,228,446[(b)]	2,138,851	2,817,295[(c)]	2,092,725
Number of shares awarded to the corporate officers:						
• Leonardo Del Vecchio		50,000	40,000	20,000		
• Francesco Milleri			35,000	35,000	50,000	50,000
• Paul du Saillant	30,005	30,005	30,005	35,045	35,000	35,000
Vesting date of shares	Resident on 10/03/2020	11/29/2021	10/03/2022	Not yet vested	Not yet vested	Not yet vested
	Non-resident on 10/03/2021					
Date of end of lock-up period	Resident on 10/03/2022	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Number of shares vested[(a)] at Dec. 31, 2022	738,408	1,346,976	1,461,666	27,615	2,201	1,105
Cumulative number of shares cancelled or expired	742,811	218,886	766,780	251,752	206,115	13,279
Shares remaining at Dec. 31, 2022	-	-	-	1,859,484	2,608,979	2,078,341

(a) In addition to the employment condition, the number of shares that vest is contingent on a performance condition based on the annualized growth in the EssilorLuxottica share price; Starting from the 2010 award and up to and including the 2019 plan, a second performance condition applies specifically to Executive Corporate Officers: the number of shares that vest may be reduced when the average rate of achievement of variable compensation targets is less than 100%. As from the 2020 award, the number of shares that vest may be reduced in the event of underperformance in relation to the EuroStoxx 50 index during the performance measurement period.
(b) This total does not include the 801,400 free shares granted to 122 beneficiaries on March 7, 2019 to convert the Luxottica cash retention plan.
(c) Of which 1,849,295 performance shares as part of the annual long-term incentive plan and 968,000 shares as part of an exceptional retention plan. The shares granted under the exceptional retention plan are subject to the same presence and performance conditions as the ordinary annual plan.

Table 10 – Summary of multi-annual variable compensation paid to each executive officer

No multi-annual variable compensation were paid in fiscal year 2022.

Table 11 – Corporate officers – Detailed table

Leonardo Del Vecchio

CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL JUNE 27, 2022	
Start of term	2021
End of term	27 juin 2022
Employment contract	No
Compensation relating to a non-compete clause	No
Supplementary pension plan	No
Compensation or benefits that are or may be owed due to termination or change of functions	No

Francesco Milleri

CHIEF EXECUTIVE OFFICER, THEN CHAIRMAN AND CHIEF EXECUTIVE OFFICER SINCE JUNE 28, 2022	
Start of term	2021
End of term	2024
Employment contract	No[(a)]
Compensation relating to a non-compete clause	Yes[(b)]
Supplementary pension plan	No
Compensation or benefits that are or may be owed due to termination or change of functions	Yes [(c)]

(a) In accordance with the AFEP-MEDEF Code, Francesco Milleri terminated his employment contract when he was appointed as Chief Executive Officer by the Board of Directors' meeting held after the Annual Shareholders' Meeting on May 21, 2021.
(b) Details of the non-compete payment provided for in respect of the corporate office are given in Appendix 5 to Section 3.3.2.2.3.
(c) Details of the severance payment provided for in respect of the corporate office are given in Appendix 4 to Section 3.3.2.2.3.

Paul du Saillant

DEPUTY CHIEF EXECUTIVE OFFICER	
Start of term	2021
End of term	2024
Employment contract	Yes – suspended since March 30, 2020[(a)]
Compensation relating to a non-compete clause	Yes[(b)]
Supplementary pension plan	Yes[(c)]
Compensation or benefits that are or may be owed due to termination or change of functions	Yes[(d)]

(a) Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code.
(b) Details of the non-compete payment are given in Appendix 5 to Section 3.3.2.2.3.
(c) Details of the supplementary pension plan provided for Paul du Saillant are given in Appendix 3 to Section 3.3.2.2.3.
(d) Details of the severance payment provided for in respect of the corporate office and the suspended employment contract a are given in Appendix 4 to Section 3.3.2.2.3

Ratio between the compensation of Executive Corporate Officers and the average and median compensation of the Company's employees

The following information is presented in accordance with the provisions of the PACTE Law (no. 2019-486 of May 22, 2019) and Government Order no. 2019-1234 of November 27, 2019 to ensure transparency in terms of executive compensation. It shows the ratios between the compensation of each Executive Corporate Officer and the average and median compensation of the Company's employees.

Methodology

- EssilorLuxottica refers to the AFEP-MEDEF guidelines (updated in February 2021) for the comparative analysis of the total compensation of the Executive Corporate Officers and that of the Group's employees.
- The listed holding company EssilorLuxottica SA has a very small number of employees compared to the total number of Group's employees in France. In order to cover at least 80% of the workforce in France, while taking into account the Group's development, the following scopes are used:
  - Until 2018: Essilor International SAS, EssilorLuxottica SA and BBGR;
  - 2019 to 2021: integration of Luxottica France;
  - From 2022: integration of GrandVision France.
- In order to provide comparable data, the 2022 ratios were also calculated on a like-for-like basis excluding GrandVision.
- Compensation taken into account to calculate the ratios includes:
  - for Executive Corporate Officers: base salary, annual variable compensation paid during the year in respect of the previous year, long-term incentive award for the year valued in accordance with IFRS (accounting standards), pursuant to the AFEP-MEDEF guidelines, benefits in kind, Directors' compensation due in respect of the year;
  - for employees (full-time equivalent): fixed compensation, annual variable compensation paid during the year in respect of the previous year, profit-sharing and collective incentive plans paid in the year, long-term incentive award for the year valued in accordance with IFRS (accounting standards), pursuant to the AFEP-MEDEF guidelines, individual premiums paid during the year.

The compensation taken into account for the Executive Corporate Officers and the employees is gross and does not include the employer's contributions.

For comparison purposes, the following table presents the annual change in the corporate officers' and employees' compensation compared to the Group's performance.

	2018	2019	2020	2021	2022
THE COMPANY'S PERFORMANCE					
Final share price for the year	€110.45	€135.80	€127.55	€187.24	€169.20
Change in final share price versus the previous year	-3.9%	+23.0%	-6.1%	+46.8%	-9.6%
Attributable net profit for the year	€1,774 M[a]	€1,938 M[a]	€788 M[a][c]	€2,060 M[a]	€2,860 M[a]
Change in attributable net profit *versus* the previous year	+113%[b]	+9%	-59%[c]	+161%[d]	+39 %[e]
EMPLOYEES'COMPENSATION					
Average compensation of employees during the year	€73,905	€74,564	€74,919	€76,596	On a like-for-like basis: €78,079 Including GrandVision France: €57,813
Change in average compensation *versus* the previous year	+1%	+1%	+0%	+2%	On a like-for-like basis: + 2% Including GrandVision France: -25%
Median compensation of employees during the year	€57,142	€57,800	€57,625	€56,645	On a like-for-like basis: €58,614 Including GrandVision France: €41,602
Change in median compensation *versus* the previous year	+1%	+1%	-0%	-2%	On a like-for-like basis: + 3% Including GrandVision France: -27%

(a) Adjusted *pro forma* net profit for 2018 and adjusted net profit for 2019, 2020, 2021 and 2022.
(b) Impact of the combination with Luxottica.
(c) Impact of the Covid-19 epidemic.
(d) Strong recovery in 2021 following the Covid-19 pandemic, excluding GrandVision (significant increase by 16.1% at constant exchange rates compared to 2019).
(e) Impact of the integration of GrandVision

Corporate officers' compensation

	2018	2019	2020	2021	2022
Chairman and Chief Executive Officer (position existing until December 17, 2020) Hubert Sagnières until September 30, 2018, Leonardo Del Vecchio (with the title of Executive Chairman) from October 1, 2018 to December 17, 2020					
Hubert Sagnières	**€1,820,198**[a]	**-**	**-**	**-**	**-**
Change in compensation *versus* the previous year	-[b]	-	-		-
Leonardo Del Vecchio	**€2,595,000**[c]	**€3,320,325**	**€1,815,565**		
Change in compensation *versus* the previous year	-	-[d]	- 45%		
Ratio in relation to average compensation	**60**[e]	**45**	**24**		
Ratio in relation to median compensation	**77**[e]	**57**	**32**	**-**	
CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL JUNE 27, 2022					
Leonardo Del Vecchio				**€820,382**	**€290,500**
Change in compensation *versus* the previous year					-65%
Ratio in relation to average compensation				**11**	On a like-for-like basis: **4** Including GrandVision France: **5**
Ratio in relation to median compensation				**14**	On a like-for-like basis: **5** Including GrandVision France: **7**
CHIEF EXECUTIVE OFFICER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER FROM JUNE 28, 2022					
Francesco Milleri				**€6,168,857**	**€7,803,639**
Change in compensation *versus* the previous year					+27%
Ratio in relation to average compensation				**81**	On a like-for-like basis: **100** Including GrandVision France: **135**
Ratio in relation to median compensation				**109**	On a like-for-like basis: **133** Including GrandVision France: **188**
DEPUTY CHIEF EXECUTIVE OFFICER					
Paul du Saillant				**€4,753,740**	**€6,223,500**
Change in compensation *versus* the previous year					+31%
Ratio in relation to average compensation				**62**	On a like-for-like basis: **80** Including GrandVision France: **108**
Ratio in relation to median compensation				**84**	On a like-for-like basis: **106** Including GrandVision France: **150**

(a) Compensation until October 1, 2018: €600,000 of fixed compensation, €1,214,400 of bonus paid, €5,798 of benefits in kind.
(b) 2018 was an incomplete year for Hubert Sagnières. 2018 compensation for the position of Chairman and Chief Executive Officer is €4,415,198 corresponding to the sum of compensation of Hubert Sagnières and Leonardo Del Vecchio. 2018 compensation for the position of Chairman and Chief Executive Officer is 1% lower than in 2017.
(c) Compensation from October 1, 2018: €287,500 of fixed compensation, €25,000 of compensation for his position as Director, €2,282,500 of performance shares (fair value at grant date).
(d) 2018 was an incomplete year for Leonardo Del Vecchio. 2018 compensation for the position of Chairman and Chief Executive Officer is €4,415,198 corresponding to the sum of compensation of Hubert Sagnières and Leonardo Del Vecchio. 2019 compensation for the position of Chairman and Chief Executive Officer is 25% lower than in 2018.
(e) Ratio calculated with the 2018 compensation for the position of Chairman and Chief Executive Officer (€4,415,198), corresponding to the sum of compensation of Hubert Sagnières and Leonardo Del Vecchio.

3.3.4 Compensation paid in 2022 or awarded in respect of 2022 to corporate officers ("Say on Pay" or "Ex-post" vote)

The purpose of the Sixth resolution is to submit for shareholder approval the information referred to in Article L.22-10-9 I of the French Commercial Code, which includes total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to corporate officers, including those whose term of office ended during 2022 and those newly appointed during 2022 and the information, including CSR information, making it possible to establish a link between the corporate officers' compensation and the Company's performance.

The purpose of the Seventh resolution is to submit for shareholder approval the compensation components paid in 2022 or awarded in respect of 2022 to the Chairman of the Board of Directors for the period from January 1st to June 27, 2022.

The purpose of the Eighth resolution is to submit for shareholder approval the compensation components paid in 2022 or awarded in respect of 2022 to Francesco Milleri, Chief Executive Officer until June 27, 2022, and then Chairman and Chief Executive Officer. It is specified that all of the compensation paid in or awarded in respect of 2022 to Francesco Milleri corresponds to the compensation provided for in the compensation policy applicable to the Chief Executive Officer as approved by the Shareholders' Meeting of May 25, 2022. The fixed compensation provided for in the 2022 compensation policy applicable to the Chairman of the Board of Directors has not been paid or awarded to Francesco Milleri.

The purpose of the Ninth resolution is to submit for shareholder approval the compensation components paid in 2022 or awarded in respect of 2022 to Paul du Saillant, Deputy Chief Executive Officer.

These votes are required in accordance with Article L.22-10-34 of the French Commercial Code as amended by Law no. 2016-1691 of December 9, 2016 (the "Sapin II Law"), Law no. 2019-486 of May 22, 2019 (the "PACTE Law"), and Government Order no. 2019-1234 of November 27, 2019.

These components are presented in the form of a table prepared in accordance with the recommendations contained in the AFEP-MEDEF Code Application Guide issued by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*).

Sixth resolution

Approval of the report on the compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to corporate officers

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 of the French Commercial Code mentioned in this report, as shown in this Universal Registration Document, Section 3.3, paragraph "Compensation of corporate officers".

Seventh resolution

Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to the Chairman of the Board of Directors for the period from January 1st to June 27, 2022

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, pursuant to Article L.22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to the Chairman of the Board of Directors for the period from January 1st to June 27, 2022, as shown in the Universal Registration Document, Section 3.3, paragraph "Compensation of corporate officers".

The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 are summarized below.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Fixed compensation	€245,833	Gross fixed annual compensation of €500,000 approved by the Board of Directors on March 10, 2022 on the recommendation of the Nomination and Compensation Committee. The amount of €245,833 corresponds to the fixed compensation paid until the passing of Leonardo Del Vecchio.
Variable compensation	N/A	Leonardo Del Vecchio did not benefit from any variable compensation.
Deferred variable compensation	N/A	Leonardo Del Vecchio did not benefit from any deferred variable compensation.
Multi-year variable compensation	N/A	Leonardo Del Vecchio did not benefit from any multi-year variable compensation.
Directors' compensation	€44,667	Leonardo Del Vecchio received €44,667 in respect of his directorship of EssilorLuxottica, until his death.
Exceptional compensation	N/A	Leonardo Del Vecchio did not benefit from any exceptional compensation.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Award of stock subscription and purchase options	N/A	Leonardo Del Vecchio did not benefit from stock options.
Award of performance shares	N/A	Leonardo Del Vecchio did not benefit from performance shares.
Sign-on premium	N/A	Leonardo Del Vecchio did not benefit from any sign-on premium.
Termination benefits	N/A	Leonardo Del Vecchio was not eligible for any termination benefits.
Non-compete payment	N/A	Leonardo Del Vecchio was not eligible for a non-compete payment.
Supplementary pension plan	N/A	Leonardo Del Vecchio was not eligible for the Company's defined benefit pension plan.
Employee death/disability and health insurance plans and defined contribution pension plan	N/A	Leonardo Del Vecchio was not eligible for any employee death/disability and health insurance plans or the defined contribution pension plan set up by the Company.
Benefits in kind	No payment	Leonardo Del Vecchio did not receive any benefits in kind in 2022.

Eighth resolution

Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Francesco Milleri, Chief Executive Officer until June 27, 2022, and then Chairman and Chief Executive Officer

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, pursuant to Article L.22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Francesco Milleri, in respect of his office as Chief Executive Officer until June 27, 2022, and then Chairman and Chief Executive Officer, as shown in this Universal Registration Document, Section 3.3, paragraph "Compensation of corporate officers".

The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Francesco Milleri are summarized below.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Fixed compensation	€1,500,000	Gross fixed annual compensation of €1,500,000 approved by the Board of Directors on March 10, 2022 on the recommendation of the Nomination and Compensation Committee, in respect of his position as Chief Executive Officer. It is hereby specified that, in his capacity as Chairman and Chief Executive Officer since June 28, 2022, Francesco Milleri did not receive the fixed compensation provided for in the compensation policy applicable to Leonardo Del Vecchio, Chairman of the Board of Directors as approved by the Shareholders' Meeting of May 25, 2022.
Variable compensation	€2,437,500	**Annual variable compensation awarded in respect of 2022** At its meeting of February 22, 2023, acting on the recommendation of the Nomination and Compensation Committee and after the approval of the financial items by the Audit and Risk Committee, the Board of Directors assessed the variable compensation payable to Francesco Milleri in respect of fiscal year 2022. In light of the financial and specific objectives approved by the Board at its meeting of March 10, 2022 and the achievements recorded at December 31, 2022, the amount of the variable component was assessed as follows: • Growth in Group adjusted Earnings per share (EPS), objective achieved at 175%; • Revenue growth (at constant exchange rates, excluding strategic acquisitions), objective achieved at 137.5%; • Adjusted operating profit as a percentage of revenue, objective achieved at 125%; • Control of general and administrative expenses, objective achieved at 200%; • Corporate social responsibility, objective achieved at 200%. Consequently, the amount of Francesco Milleri's variable compensation for 2022 was set at €2,437,500, i.e., 162.5% of his 2022 target bonus.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
		Details of these criteria, their respective weighting and their assessment scales are provided in Section 3.3.2, "2022 compensation of corporate officers". **Reminder: Annual variable compensation paid in 2022 (in respect of 2021)** Francesco Milleri received annual variable compensation of €2,773,639, i.e., objectives achieved at 197.8%, paid in 2022.
Deferred variable compensation	N/A	Francesco Milleri does not benefit from any deferred variable compensation.
Multi-year variable compensation	N/A	Francesco Milleri does not benefit from any multi-year variable compensation.
Directors' compensation	€100,000	Francesco Milleri received €100,000 in respect of his directorship of EssilorLuxottica.
Exceptional compensation	N/A	Francesco Milleri did not benefit from any exceptional compensation.
Award of stock subscription and purchase options	N/A	Francesco Milleri does not benefit from stock options.
Award of performance shares	Number: 50,000 and accounting valuation: €3,430,000	At its October 6, 2022 meeting, in accordance with the authorization granted by the 15th resolution of the Shareholders' Meeting of May 21, 2021, and acting on the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded 50,000 performance shares to Francesco Milleri, valued at €3,430,000 according to the method used for the consolidated financial statements, i.e., 2.3% of the total number of shares awarded and 0.011% of the share capital at December 31, 2022. The rules governing awards to corporate officers and the vesting conditions for such shares are set out in Section 3.3.2, paragraph "2022 compensation of corporate officers".
Sign-on premium	N/A	Francesco Milleri did not benefit from any sign-on premium.
Termination benefits	No payment	Francesco Milleri did not receive any termination benefits for the fiscal year 2022. For information, in accordance with the recommendations of the AFEP-MEDEF Code, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer on May 21, 2021. **Reminder:** In accordance with the 2022 compensation policy for corporate officers approved at the Shareholders' Meeting of May 25, 2022, Francesco Milleri is eligible for a termination benefit, in the event of forced departure, in an amount of two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last annual variable compensation due or received). The termination benefits are wholly subject to a performance condition. Details of the award criteria for this benefit are provided in Section 3.3.2, paragraph "2022 compensation of corporate officers".

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Non-compete payment	No payment	Francesco Milleri did not receive any non-compete payment for the fiscal year 2022. As Chief Executive Officer of EssilorLuxottica, he is now eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends. The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), Accordingly: • the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate; • the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap. It should be noted that the non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the corporate officer to commit to respecting clear, predefined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders. Details of the award criteria for this benefit are provided in Section 3.3.2, paragraph "2022 compensation of corporate officers".
Supplementary pension plan	N/A	Francesco Milleri is not eligible for the Company's defined benefit pension plan.
Employee death/disability and health insurance plans and defined contribution pension plan		Francesco Milleri was eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation for the fiscal year 2022.
Benefits in kind	No payment	Francesco Milleri did not receive any benefits in kind in 2022.

Ninth resolution

Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Paul du Saillant, Deputy Chief Executive Officer

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, pursuant to Article L.22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Paul du Saillant, in respect of his office as Deputy Chief Executive Officer, as shown in this Universal Registration Document, Section 3.3, paragraph "Compensation of corporate officers".

The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to Paul du Saillant are summarized below.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Fixed compensation	€1,250,000	Gross fixed annual compensation of €1,250,000 approved by the Board of Directors on March 10, 2022 on the recommendation of the Nomination and Compensation Committee.
Variable compensation	€2,031,250	**Annual variable compensation awarded in respect of 2022** At its meeting of February 22, 2023, acting on the recommendation of the Nomination and Compensation Committee and after the approval of the financial items by the Audit and Risk Committee, the Board of Directors assessed the variable compensation payable to Paul du Saillant in respect of fiscal year 2022. In light of the financial and specific objectives approved by the Board at its meeting of March 10, 2022 and the achievements recorded at December 31, 2022, the amount of the variable component was assessed as follows: • Growth in Group adjusted Earnings per share (EPS), objective achieved at 175%; • Revenue growth (at constant exchange rates, excluding strategic acquisitions), objective achieved at 137.5%; • Adjusted operating profit as a percentage of revenue, objective achieved at 125%; • Control of general and administrative expenses, objective achieved at 200%; • Corporate social responsibility, objective achieved at 200%. Consequently, the amount of Paul du Saillant's variable compensation for 2022 was set at €2,031,250, i.e., 162.5% of his 2022 target bonus. Details of these criteria, their respective weighting and their assessment scales are provided in Section 3.3.2, "2022 compensation of corporate officers". **Reminder: Annual variable compensation paid in 2022 (in respect of 2021)** Paul du Saillant received annual variable compensation of €2,472,500, i.e., objectives achieved at 197.8%, paid in 2022.
Deferred variable compensation	N/A	Paul du Saillant does not benefit from any deferred variable compensation.
Multi-year variable compensation	N/A	Paul du Saillant does not benefit from any multi-year variable compensation.
Directors' compensation	€100,000	Paul du Saillant received €100,000 in respect of his directorship of EssilorLuxottica.
Exceptional compensation	N/A	Paul du Saillant did not benefit from any exceptional compensation.
Award of stock subscription and purchase options	N/A	Paul du Saillant does not benefit from stock options.
Award of performance shares	Number: 35,000 and accounting valuation: €2,401,000	At its October 6, 2022 meeting, in accordance with the authorization granted by the 15th resolution of the Shareholders' Meeting of May 21, 2021, and acting on the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded 35,000 performance shares to Paul du Saillant, valued at €2,401,000 according to the method used for the consolidated financial statements, i.e., 1.6% of the total number of shares awarded and 0.008% of the share capital at December 31, 2022. The rules governing awards to corporate officers and the vesting conditions for such shares are set out in Section 3.3.2, paragraph "2022 compensation of corporate officers".
Sign-on premium	N/A	Paul du Saillant did not benefit from any sign-on premium.

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Termination benefits	No payment	Paul du Saillant did not receive any termination benefits for the fiscal year 2022. For information, Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code. **Reminder:** In accordance with the 2022 compensation policy for corporate officers approved at the Shareholders' Meeting of May 25, 2022, Paul du Saillant is eligible for a severance payment composed of: • severance payment or dismissal payment required by law or related to the collective bargaining agreement (not subject to performance conditions); • a supra-legal severance payment for the corporate office that is wholly subject to a performance condition. In any event, the aggregate of these two payments (legal and supra-legal) may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the employment contract, plus one-twelfth of the last annual variable compensation due or received). The amount of the severance payment to which Paul du Saillant could be entitled under the collective bargaining agreement in the event of dismissal would represent 6.15 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve or three (whichever is more favorable) months immediately preceding the notice of his dismissal). The conditions for granting the severance payment, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code. Details of the award criteria for this benefit are provided in Section 3.3.2, paragraph "2022 compensation of corporate officers".
Non-compete payment	No payment	Paul du Saillant did not receive any non-compete payment for the fiscal year 2022. Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code. Under his employment contract, Paul du Saillant is eligible for a non-compete payment, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. Accordingly: • the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company; • the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate; • the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap. Details of the award criteria for this benefit are provided in Section 3.3.2, paragraph "2022 compensation of corporate officers".

Compensation components paid in 2022 or awarded in respect of 2022	Amount or accounting valuation submitted to the vote	Comments
Supplementary pension plan	No payment	Paul du Saillant is eligible for the supplementary pension plan under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation. Pursuant to the PACTE law and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan was closed on that date. Paul du Saillant recorded 11 years and two months of service at December 31, 2019. He has not accrued any additional rights since that date. Under this plan, in view of his length of service in the Group when the plan was closed, the theoretical calculation of the annual benefits due to Paul du Saillant at December 31, 2022 would be 12.7% of the average compensation actually received in 2020, 2021 and 2022 (i.e., around €301,827). Details of the award criteria for this supplementary pension plan are provided in Section 3.3.2, paragraph "2022 compensation of corporate officers".
Employee death/disability and health insurance plans and defined contribution pension plan		Paul du Saillant was eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation for the fiscal year 2022.
Benefits in kind	No payment	Paul du Saillant did not receive any benefits in kind in 2022.

3.3.5 2023 compensation policy for corporate officers ("Say on Pay" or "Ex-ante" vote)

Pursuant to Article L.22-10-8 of the French Commercial Code, the Board of Directors submits for the approval of the Shareholders' Meeting the principles and criteria for the determination, distribution and award of the fixed, variable and exceptional components making up total compensation and benefits in kind attributable to the corporate officers for the performance of their duties for the 2023 fiscal year, representing the compensation policy applicable to them.

These principles and criteria approved by the Board of Directors on the recommendation of the Nomination and Compensation Committee are set out in the report under the above article and appear in Section 3.3. It is hereby specified that the compensation policy for corporate officers, which is subject to an annual vote, is set by the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, based on the following key principles:

- compensation must be strictly aligned with the performance (including CSR) of EssilorLuxottica, in connection with the Company's business strategy;
- compensation must be considered as a whole: all components (cash compensation, long-term incentive, employee benefits and supplementary pension) and the balance between those components must be taken into account;
- compensation must be competitive with regard to the practices of comparable European and international companies;
- compensation must take account of Group 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;
- compensation must be governed by simple, clear, transparent rules.

1. Compensation policy for members of the Board of Directors

The compensation for members of the Board of Directors includes only cash compensation, whose maximum amount is voted on by the Shareholders' Meeting and whose allocation rules are set by the Board of Directors.

Directors' compensation includes a fixed component and a predominant variable component, which take into account (i) the type of offices held on the Board of Directors and its committees and (ii) the actual presence of the members at Board of Directors' and committee meetings.

Separate compensation is set for the Lead Director in order to take into account the specific duties associated with this position.

For the 2023 fiscal year, a fixed maximum amount of €2,000,000 approved by the Combined Shareholders' Meeting of November 29, 2018 will be awarded and allocated by the Board of Directors among the various members.

In accordance with Article L.22-10-8 II of the French Commercial Code, the purpose of the **Tenth resolution** is to submit for shareholder approval the compensation policy applicable to the members of the Board of Directors for the fiscal year 2023. Details of the compensation policy for members of the Board of Directors are provided in Section 3.3.1.

2. Compensation policy of the Executive Corporate Officers

The compensation of the Executive Corporate Officers includes three main components:

- a fixed component, which should attract and retain top talents;
- a short-term variable component, linked to the achievement of strategic financial and non-financial objectives established at the start of each fiscal year;
- a long-term incentive component, which is designed to encourage the creation of lasting value for shareholders and to align the interests of the Executive Corporate Officers with those of shareholders.

Fixed compensation	**Short-term compensation** *(Can represent respectively 125% and 100% of fixed compensation if objectives are achieved in full for Chairman and Chief Executive Officer and Deputy Chief Executive Officer without exceeding respectively 250% and 200%)*	**Long-term compensation** *(performance conditions measured over a period of three years)*
	80% of financial criteria: • group adjusted Earnings per share (EPS) • revenue growth (at constant exchange rates, excluding strategic acquisitions); • adjusted *Operating profit*	Main criterion: annualized growth in share price.
	20% of non-financial criteria linked to a CSR objective.	Penalty in the event of underperformance in relation to the EuroStoxx 50 index.

The purpose of the **Eleventh resolution** is to submit for shareholder approval the compensation policy that applies to Francesco Milleri, Chairman and Chief Executive Officer for the fiscal year 2023.

The purpose of the **Twelfth resolution** is to submit for shareholder approval the compensation policy that applies to Paul Saillant, Deputy Chief Executive Officer for the fiscal year 2023.

Details of the entire compensation policy can be found in the "Report on Corporate Governance" in Section 3.3.1.

Tenth resolution

Approval of the compensation policy applicable to the members of the Board of Directors for the fiscal year 2023

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the compensation policy applicable to the members of the Board of Directors for the fiscal year 2023, as presented in this Universal Registration Document, Section 3.3.1, paragraph "Compensation policy for corporate".

Eleventh resolution

Approval of the compensation policy applicable to the Chairman and Chief Executive Officer for the fiscal year 2023

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the compensation policy applicable to the Chairman and Chief Executive Officer for the fiscal year 2023, as presented in this Universal Registration Document, Section 3.3.1, paragraph "Compensation policy for corporate".

Twelfth resolution

Approval of the compensation policy applicable to the Deputy Chief Executive Officer for the fiscal year 2023

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the compensation policy applicable to the Deputy Chief Executive Officer for the fiscal year 2023, as presented in this Universal Registration Document, Section 3.3.1, paragraph "Compensation policy for corporate".

3.3.6 Summary statement of transactions in Company securities carried out by corporate officers (or persons closely related to them) in 2022

(Article 223-26 of the AMF General Regulations)

First name	Last name	Title	Description of the financial instrument	Transaction type	Transaction date	Transaction amount	Shares
Francesco	Milleri	Chief Executive Officer, then Chairman and Chief Executive Officer since June 28, 2022	Shares	Dividend payment in shares	06/21/2022	€96,547.20	712
				Vesting of 2019 free shares plan award	10/03/2022	-	26,600
				Transfer[a]	10/03/2022	-	21,904
Paul	du Saillant	Deputy Chief Executive Officer	Shares	Dividend payment in shares	06/21/2022	€815,091.60	6,011
				Dividend payment in shares	06/21/2022	€850,347.60	6,271
				Vesting of 2019 free shares plan award	10/03/2022	-	22,804
				Vesting of 2019 free shares plan award - Collective plan	11/28/2022	-	15
				Purchase within the framework of the Company Savings Plan ("PEE")	12/19/2022	€51,793.47	393
				Disposal of shares in the Company Savings Plan ("PEE")	12/23/2022	€1,500,098.72	8,831.75
Margot	Bard	Director representing employees	Shares	Dividend payment in shares	06/21/2022	€6,373.20	47
				Dividend payment in shares	06/21/2022	€13,966.80	103
				Vesting of 2019 free shares plan award	10/03/2022	-	391
				Vesting of 2019 free shares plan award - Collective plan	11/28/2022	-	15
				Purchase within the framework of the Company Savings Plan ("PEE")	12/19/2022	€25,435.47	193
Romolo	Bardin	Director representing Delfin	Shares	Dividend payment in shares	06/21/2022	€18,441.60	136
				Purchase	10/03/2022	€396,544.81	2,805
Sébastien	Brown	Director representing employees	Shares	Dividend payment in shares	06/21/2022	€135.60	1
				Vesting of 2019 free shares plan award	10/03/2022	-	33
				Vesting of 2019 free shares plan award - Collective plan	11/28/2022	-	15
				Purchase within the framework of the Company Savings Plan ("PEE")	12/19/2022	€18,714.18	142

First name	Last name	Title	Description of the financial instrument	Transaction type	Transaction date	Transaction amount	Shares
Virginie	Mercier Pitre	Director representing Valoptec Association[b]	Shares	Dividend payment in shares	06/21/2022	€12,339.60 €	91
				Vesting of 2019 free shares plan award	10/03/2022	-	1,144
				Vesting of 2019 free shares plan award - Collective plan	11/28/2022	-	15
				Purchase within the framework of the Company Savings Plan ("PEE")	12/19/2022	€15,551.22	118
Swati	Piramal	Independent Director	Shares	Dividend payment in shares	06/21/2022	€1,762.80	13

(a) Transfer of EssilorLuxottica shares made by Francesco Milleri to Milleri Srl, owned and managed by F. Milleri himself
(b) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

3.4 Appendix: Summary table of recommendations of the AFEP-MEDEF Code that have not been applied

Reminder of the Corporate Governance Code of reference

The Board of Directors of the Group declared that, as of March 4, 2009, the AFEP and MEDEF Corporate Governance Code for listed companies of December 2008, available on the AFEP and MEDEF websites, will be the Code to which EssilorLuxottica refers, especially for the preparation of the report provided for in Article L.225-37 and L.22-10-11 of the French Commercial Code.

In 2021 and 2022, the Company referred to the AFEP-MEDEF Code as revised in January 2020 (the "AFEP-MEDEF Code").

The composition of the Board of Directors and Committees of EssilorLuxottica shall comply with applicable laws and regulations and with the AFEP-MEDEF Code (subject to limited exceptions detailled hereafter).

On December 20, 2022, a modified AFEP-MEDEF Code was issued (the "New AFEP-MEDEF Code"). Although the "comply or explain" rule versus this new Code will only apply starting with the 2024 Shareholders' meeting, the Company already applies some of the new recommendations (as detailed in a separate paragraph below).

Implementation of the "comply or explain" rule

With regard to the "Comply or Explain" rule provided for in Articles L.225-37 and L.22-10-11 of the French Commercial Code and referred to in Article 27.1 of the AFEP-MEDEF Code, the Company considers that its practices comply with the recommendations of the AFEP-MEDEF Code.

However, certain provisions have been disregarded for the reasons explained in the table below:

References AFEP-MEDEF Code	Recommendations	Indicative deviations within EssilorLuxottica's governance
9.5.1	**Independence criteria** *"not to be and not to have been within the previous five years:* • *an employee or executive officer of the corporation;* • *an employee, executive officer or Director of a company consolidated within the corporation;* • *an employee, executive officer or Director of the company's parent company or a company consolidated within this parent company".*	Nearly all the independent Board members in place at EssilorLuxottica prior to the May 2021 change in the Board of Directors were Board members who also served as independent Board members, either on the Luxottica or Essilor International Board of Directors prior to the combination of the two groups. This situation results from the fact that the merger of the two groups did not occur through a conventional merger, but through the implementation of an *ad hoc* structure in which Luxottica and Essilor International became two sister companies, subsidiaries of the same holding company called EssilorLuxottica, the management of which was very broadly autonomous. This is therefore a different situation from what is addressed by Article 9.5.1 of the AFEP-MEDEF Code, which aims to prevent situations in which a Board member is asked to monitor, supervise or question decisions in which s/he himself or herself has taken part as a corporate officer ("mandataire social") within a controlled subsidiary. It was to take account of the specific nature of the operation that the EssilorLuxottica Board Internal Rules stipulated from the outset that, with regard to what constitutes independence, and as an exemption from the principle set out in Article 9.5.1 of the AFEP-MEDEF Code, the fact of being or having been a Board member of Essilor International or Luxottica in the five preceding years would not affect the "independent" criterion. Accordingly, upon being appointed in 2017, Ms Scocchia was deemed by the Board of Directors to be an independent member despite positions held within Luxottica. Subsequently, this qualification was unanimously renewed by the Board of Directors each year for each of the Board members concerned. This meant that Ms Scocchia retained her position on the Luxottica Board of Directors until April 30, 2019 and Mr. Zappia retained his position in the Luxottica Board of Directors until April 27, 2020. For these reasons and in accordance with its rules of procedure and as a continuation of the assessment made previously, the Board of Directors meeting on February 24, 2021 considered that Ms Scocchia and Mr. Zappia (who were then being considered for appointment or reappointment as Board members) could be considered independent. On March 10, 2022, the Board of Directors renewed this assessment. The Board's rules in relation to conflict of interests apply to all Board members and these provisions should also apply in case of conflicts of interests between EssilorLuxottica and its subsidiaries, including Essilor International and Luxottica Group. Consequently, Ms. Scocchia and Mr. Zappia would be prevented from deliberating and voting on any decision concerning a matter relating to Luxottica Group that derives from a decision submitted to the Board of Directors of this entity at the time they were member of such Board.

References AFEP-MEDEF Code	Recommendations	Indicative deviations within EssilorLuxottica's governance
13.2	**Directors' terms of office** *"Terms of office are staggered to avoid all reappointments happening at once and to make the reappointment process smoother."*	During the Initial Term, the terms of office of the Directors of EssilorLuxottica have not been staggered, to ensure a smooth transition and seamless integration of the two companies in the context of the Combination. The Shareholders' Meeting held on May 21, 2021 amended Article 13 of the bylaws so that the staggered term of office of Directors only starts to apply in 2024. This allows Directors renewed and newly appointed in 2021 to have 3 full years of stability to work more efficiently.
18.1	**Composition of the Nomination and Compensation Committee** *"It is recommended that the Chairman of the Nomination and Compensation Committee be independent and that one of its members be an employee Director."*	The Chairman of the Nomination and Compensation Committee is independent. However, an employee Director is not a member of this committee. Continuing the policy of Essilor, EssilorLuxottica gives considerable voice to employee Directors (Directors representing employees and Directors representing employee shareholders), particularly regarding decisions taken by the EssilorLuxottica Board of Directors, which includes two Directors representing employees and one Director representing the employee shareholders association Valoptec(1). The EssilorLuxottica group submitted a three-year employee share ownership plan (consistent with Essilor's prior practice) to the first EssilorLuxottica Shareholders' Meeting held on November 29, 2018. This principle was renewed at the Shareholders' Meeting held on May 21, 2021. The presence of a strong internal share ownership structure, which is independently represented and managed worldwide by the French non-profit association "Valoptec Association," is a major factor in the Group's long-term performance, strategic alignment and excellence. The Association brings together a significant proportion of employee shareholders who can express their views and vote once a year on the Human Resources strategy, compensation and decisions such as the appointment and reappointment of Executive Corporate Officers. EssilorLuxottica's particularism, linked to the role played by Valoptec Association, which brings together a large number of employees shareholders, allows for a real collective involvement of employees in the life of the company, including on aspects of remuneration, and in this way meets the objectives set by the Afep Medef Code in the context of recommendation 18.1. Moreover, the three Directors representing employees and employees shareholders, as all other members of the Board of Directors hear the reports from the Nomination and Compensation Committee and have access to the documents presented by the Committee. During the Board meetings, they can ask questions and can comment on all the topics addressed by the Nomination and Compensation Committee.
24.3 and 25.5.1	**Non-compete payment** *"When the agreement is concluded, the Board must incorporate a provision that authorizes it to waive the application of this agreement when the officer leaves".*	The non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the Executive Corporate Officer to commit to respecting clear, pre-defined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders. It should also be noted that the amount of the non-compete payment, which may not exceed one year of fixed and variable compensation, is much lower than the various amounts for which Francesco Milleri was eligible on the termination of his employment contract with Luxottica Group S.p.A., which was terminated under the conditions set out above.

(1) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

Compliance with the New AFEP-MEDEF Code

The Company already complies with the following new requirements of the New AFEP-MEDEF Code regarding the Company Social Responsibility:

- The climate strategy as well as the main actions undertaken to this effect are presented to the ordinary shareholders meeting at least every 3 years or in case of significant modification of the strategy.

The Company already presents to the annual Shareholders meeting a report on the climate strategy.

The Company supports the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") to ensure comprehensive and transparent disclosure on climate-related risks and opportunities as it builds and executes its climate change roadmap. To know more about EssilorLuxottica's approach to addressing climate change, please, refer to Section 5.2.1 "Eyes on Carbon" of this Universal Registration Document. A methodology note including cross-reference tables with the GRI (*Global Reporting Initiative*) Standards, the TCFD guidelines and the EU Taxonomy is presented in Section 5.5 of this Universal Registration Document;

- Recommendation that CSR topics be treated by a specific Board Committee:

The Company already implements this recommendation since CSR topics are treated by the CSR Committee, whose role is also recalled in Section 5.1.3 "The Governance of Sustainability";

- Recommendation that the top management's remuneration includes at least one criteria linked to climate; quantifiable criteria must be favored:

The Company already applies this recommendation, as detailed in this URD's section 3.3.1 "Compensation policy for corporate officers", sub-section 3.3.1.2.2 "Chairman and Chief Executive Officer and Deputy Chief Executive Officer" and in sub-section 3.3.2.2.3 "2022 Compensation appendices", appendix 1 "2022 variable component";

- Specific mention regarding the possibility for Directors that deem it necessary to benefit from a training on climate topic:

The Directors have access to the Company learning platform Leonardo, where different training modules on "Eyes on the planet" are available or under development (described in this URD, Section 5.2.1).

3.5 Appendix: list of offices and responsibilities

FRANCESCO MILLERI

CHAIRMAN AND CHIEF EXECUTIVE OFFICER - NON-INDIPENDENT DIRECTOR

63 years old
(Country of citizenship: Italy)

Number of shares:
43,885[2]

Main positions:
Chairman and CEO
of EssilorLuxottica*

Business address:
EssilorLuxottica –
147, rue de Paris
94220 Charenton-Le-Pont
France

First appointment as Director: October 1, 2018 [1]
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Francesco Milleri is Chairman (since June 28, 2022) and Chief Executive Officer (CEO) of EssilorLuxottica.

He graduated with honors in Law at the University of Florence, where he worked as Assistant Professor of political economy, from 1984 until 1986. He later earned in 1987 an MBA in Business Administration with high merit at the school of management at the Bocconi University in Milan, followed by two years of specialization in Corporate Finance at the Stern School of Business at New York University as the assignee of the "Donato Menichella" scholarship from Banca d'Italia.

Francesco Milleri began his career as a business consultant for Italian groups and multinationals in 1988. He gained international experience working in a variety of industries, from mechanics to consumer goods, from financial institutions to pharmaceuticals.

Alongside business consulting activities, he founded in 1996 and developed for about 20 years a group of companies focused on technology and digital automation platforms.

He is also Director of the Leonardo Del Vecchio Foundation and of IEO European Institute of Oncology.

While maintaining his responsibilities at Luxottica, Francesco Milleri has been involved in the business combination between Essilor and Luxottica since January 2017. In close collaboration with Paul du Saillant and his teams, he has been actively working on advancing the integration and synergy plans of the two companies. He was appointed as CEO of EssilorLuxottica in December 2020.

Francesco Milleri brings to the Board of Directors his extensive expertise as a strategist for global companies and his proven ability to futurize business through digital technology and infrastructure.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Chairman and Chief Executive Officer (CEO) of EssilorLuxottica*

EssilorLuxottica group

Chairman and CEO

- Luxottica Group S.p.A.
- Essilor International

External companies (non EssilorLuxottica group)

Chairman

- Delfin S.à.r.l (Luxembourg)

Director

- IEO European Institute of Oncology (Italy)
- Leonardo Del Vecchio Foundation (Italy)

Sole Director

- Milleri S.r.l. (Italy)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group

President

- Salmoiraghi & Viganò S.p.A. (Italy)

External companies (non EssilorLuxottica group)

Sole Director

- Fast Immobiliare di Milleri Stefano e Francesco s.n.c. (Italy)

Director

- SO.GE.DI S.r.l. (Italy)

(1) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
(2) In addition, Mr. Milleri holds 21,904 EssilorLuxottica shares via Milleri S.r.l., a company that he fully owns.
* Listed company.

PAUL DU SAILLANT

DEPUTY CHIEF EXECUTIVE OFFICER – NON-INDEPENDENT DIRECTOR

63 years old
(Country of citizenship: France)

Number of shares:
339,502

Main position:
Deputy Chief Executive Officer of EssilorLuxottica

Business address:
EssilorLuxottica –
147, rue de Paris
94220 Charenton-Le-Pont
France

First appointment as Director: March 30, 2020
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Paul du Saillant is Deputy Chief Executive Officer (Deputy CEO) of EssilorLuxottica.

He joined Essilor in 2008, after 20 years spent at Air Liquide, where he held operational and strategic leadership roles at group level across businesses, geographies, as well as R&D, engineering and IT.

Between 2002 and 2007, he served as Chief Operating Officer (COO) of Belgian Group Lhoist.

Over 13 years, he has been responsible for managing key business & corporate functions of the Essilor Group. In July 2010, he was appointed co-Chief Operating Officer, responsible for both large geographic zones (Europe, Asia and Latin America) and cross-functional global functions (Human Resources, R&D, industrial activities, transformation program, IT, etc.), then of Essilor's Lens business from 2017.

In March 2020, he became Chief Executive Officer of Essilor.

While maintaining his responsibilities at Essilor, Paul du Saillant was involved in the business combination between Essilor and Luxottica since January 2017. In close collaboration with Francesco Milleri and their teams, he is actively working on the integration and the synergy plans of the three companies. He defines the Group's strategy with Francesco Milleri and ensures its execution and performance. He was appointed as Deputy CEO of EssilorLuxottica in December 2020.

Paul du Saillant brings to the Board 37 years of international experience in world-class groups with successful long-term strategy, values and global/local presence. He contributes detailed knowledge of the optical industry, markets and technology as well as of human and sustainability aspects.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Deputy Chief Executive Officer of EssilorLuxottica*

EssilorLuxottica group

Director

- EssilorLuxottica*
- Essilor International
- Luxottica Group S.p.A.

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group susidiaries

- Essilor International

President and Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Operating Officer

External companies (non EssilorLuxottica group)

Director

- Sibelco (Belgium)

* Listed company.

MARGOT BARD

DIRECTOR REPRESENTING EMPLOYEES

57 years old
(Country of citizenship: France)

Number of shares:
7,388

Main position:
Supply Chain Services Director at Essilor Worlwide SC Department

Business address:
81, boulevard Jean Baptiste Oudry
94000 Créteil
France

First appointment as Director: September 22, 2021
Current term ends: September 21, 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Margot Bard is Supply Chain (SC) Services Director for Essilor's Worldwide SC Department.

She joined Essilor in 2005 with the responsibility of developing and implementing logistics solutions for key accounts.

As Ray-Ban RX Project Director for the past two years, she has helped roll out the first joint product line from Essilor and Luxottica.

Before joining Essilor, Margot Bard worked for the consulting firm McKinsey & Company, where she focused on implementing lean manufacturing programs on behalf of the firm's clients.

Margot Bard obtained a degree in international business from the Krakow University of Economics in 1989. She also holds a degree from the Conservatoire National des Arts et Métiers in Paris.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position
WWSC Services Director at Essilor
EssilorLuxottica group
Director representing employees
- EssilorLuxottica*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

ROMOLO BARDIN

NON-INDEPENDENT DIRECTOR

44 years old
(Country of citizenship: Italy)
Number of shares:
10,301
Main position:
Chief Executive Officer
of Delfin S.à r.l. (Luxembourg)
Business address:
7, rue de la Chapelle
1325 Luxembourg

First appointment as Director: October 1, 2018 (1)
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Romolo Bardin is member of the Board of Directors and Chief Executive Officer of Delfin. He began his career in Luxottica in 2002.

Romolo Bardin also holds positions in the following organizations:

- Covivio S.A. as member of the Board of Directors, member of the Audit Committee and the Strategic and Investment Committee;
- Member of the following Boards of Directors: Aterno S.à r.l., DFR investment S.à r.l., Leonardo del Vecchio Foundation, Vast Gain Limited Ltd S.à r.l., Immochapelle S.A., Luxair S.A.

He was Independent Director as well as member of the Investment Committee, Strategic Committee, Nomination Committee, Related Party Transactions Committee of Assicurazioni Generali S.p.A until January 17, 2022.

Romolo Bardin is member of the Audit and Risk Committee and member of the Nomination and Compensation Committee of EssilorLuxottica.

Romolo Bardin brings to the Board of Directors his high-level expertise in terms of strategy, management and finance, acquired during these years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Chief Executive Officer of Delfin S.à r.l. (Luxembourg)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Covivio S.A. (France)*
- Delfin S.à r.l. (Luxembourg)
- Luxair S.A. (Luxembourg)

External companies (Delfin S.à r.l. group)

Director

- Aterno S.à r.l. (Luxembourg)
- DFR Investment S.à r.l. (Luxembourg)
- Leonardo Del Vecchio Foundation (Italy)
- Vast Gain Limited Ltd S.à r.l. (Luxembourg)
- Immochapelle S.A. (Luxembourg)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (Covivio S.A. group)

Director

- Assicurazioni Generali S.p.A. (Italy)*
- Batisica S.A. (Luxembourg)
- Immeo Berlin I (Luxembourg)
- Immeo Berlin V (Luxembourg)
- Immeo Lux S.à r.l. (Luxembourg)
- Immeo Berlin Prime S.à r.l. (Luxembourg)
- Berlin Prime Commercial S.à r.l. (Luxembourg)
- Immeo Valore 4 S.à r.l. (Luxembourg)
- Immeo Valore 6 S.à r.l. (Luxembourg)
- Delfin Finance S.A (Luxembourg)

(1) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
* Listed company.

JEAN-LUC BIAMONTI

INDEPENDENT DIRECTOR

69 years old
(Country of citizenship: Principality of Monaco)

Number of shares:
1,000

Main position:
Chairman of the Strategic Committee of Calcium Capital (France)

Business address:
18, avenue de Grande Bretagne
98000 Monaco
Principality of Monaco

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Jean-Luc Biamonti is Chairman of the Strategic Committee of Calcium Capital.

He was CEO of Monte-Carlo Société des Bains de Mer, where he was a Board Director since 1985 and Chairman of the Board since 1995. He is also Chairman of the Board of Covivio since July 2022.

After graduating from Essec Business School (Paris) and Columbia University – Business School, Jean-Luc Biamonti started his career at Nestlé in 1979. He then moved to investment banking joining successively The First Boston Corporation, Wasserstein Perella and Crédit Lyonnais Security.

In 1993, Jean-Luc Biamonti joined Goldman Sachs where he was successively responsible for investment banking activities in France and in Belgium, and for retail and consumer goods industry in Europe. He was also a partner in the firm.

In 2012, Jean-Luc Biamonti founded Calcium Capital, a private equity firm.

He is Chairman of the EssilorLuxottica Audit and Risks Committee and, since February 22, 2023, Lead Director.

Jean-Luc Biamonti brings to the Board of Directors his international expertise in retail and luxury goods.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Chairman of the Strategic Committee of Calcium Capital (France)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Chairman

- Covivio S.A. * (Paris, France)

Chairman and CEO

- Monte-Carlo Société des Bains de Mer* (Principality of Monaco) - until January 2023

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Director, Chairman of the Audit Committee and Member of the Remunerations and Nomination Committee

- Covivio S.A. * (Paris, France)

Chairman of the Administration Committee

- Betclic Everest Group (a 50% subsidiary company of Monte-Carlo Société des Bains de Mer)

* Listed company.

SEBASTIEN BROWN

DIRECTOR REPRESENTING EMPLOYEES

28 years old
(Country of citizenship: France)

Number of shares:
318

Main position:
Industrial Performance and IT Systems Manager at Essilor (France)

Business address:
Rue Fernand Holweck – Dijon Usine
21000 Dijon
France

First appointment as Director: September 22, 2021
Current term ends: September 21, 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Sébastien Brown is the Industrial Performance and IT Systems Manager at the Essilor plant in Dijon, France. He holds a degree in industrial engineering from the Arts & Métiers ParisTech engineering school.

From 2015 to 2018, he served as a continuous improvement engineer apprentice before joining the Operational Excellence & Innovation team, where his main responsibility was to manage projects related to automation.

In 2020, Sébastien Brown was named head of the Operational Excellence Department at the Dijon site, and in 2021 his responsibilities were expanded to include IT systems and project portfolio management.

He is a member of the Management Committee at the Essilor Dijon plant.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Industrial Performance and IT Systems Manager at Essilor

EssilorLuxottica group

Director representing employees

- EssilorLuxottica*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

MARIE-CHRISTINE COISNE-ROQUETTE

INDEPENDENT DIRECTOR

66 years old
(Country of citizenship: France)

Number of shares:
1,000

Main position:
Chairperson of Sonepar Group and Colam Entreprendre (France)

Business address:
25, rue d'Astorg
75008 Paris
France

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Marie-Christine Coisne-Roquette is Chairperson of Sonepar Group and Colam Entreprendre. Sonepar is the worldwide leader of electrical equipment.

She has been a member of the Board of Directors of TotalEnergies since 2011, where she currently serves as its Lead Director.

Marie-Christine Coisne-Roquette started her career as an attorney in 1981, at the Paris and New York bars. In 1984, she joined the Board of Directors of the family holding, Colam Entreprendre, and subsequently acted as Chairperson of both the Colam Entreprendre Executive Board and the Sonepar Supervisory Board.

As of 2002, she has been Chairperson and CEO of Sonepar, then Chairperson of the Board of Sonepar before becoming Chairperson of Sonepar S.A.S. in May 2016. Marie-Christine Coisne-Roquette served the MEDEF (France's main employers' association) as Executive Committee member (2000-2013) and was the Chairperson of the Tax Commission from 2005 to 2013. She was also a member of the Economic, Social and Environmental Council (2013-2015).

Marie-Christine Coisne-Roquette brings to the Board of Directors her extensive international expertise in terms of strategy and management ability acquired during all her career.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Chairperson of Sonepar Group and Colam Entreprendre

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Lead Director and Chairperson of Ethics and Governance

- TotalEnergies* (France)

Director

- FONDACT (France)
- Fondation Recherche Alzheimer
- AFEP (France)

Board member and Vice Chairperson

- ANSA (Association Nationale des Sociétés par Actions – France)

Member of the Bureau and Director

- MEDEF International (France)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Chief Executive Officer

- Sonepack S.A.S (France)

Chairwoman

- CMI (France)

Member of the Supervisory Board

- Akuo Energy S.A.S. (France)

Legal representative of Sonepar S.A.S., Co-Manager of

- Sonedis (*société civile*) (France)

* Listed company.

JOSÉ GONZALO

INDEPENDENT DIRECTOR

57 years old
(Country of citizenship: France)

Number of shares:
1,000

Main position:
Executive Director of Direct Investment of Bpifrance Investissement (France)

Business address:
6/8, boulevard Haussmann
75009 Paris
France

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

José Gonzalo is Executive Director of Direct Investment in Small, Medium and Large Companies of Bpifrance, with a portfolio representing €25 billion in asset management. He is also a Board and Audit Committee member of CMA-CGM and a Board member of Paprec, Total Eren and Galiléo Global Education (France).

A graduate of Sciences Po Paris and the University Paris Dauphine, he has 28 years of experience in mergers and acquisitions. After starting his career in the M&A Department of La Compagnie Financière Rothschild, he joined the Orange Group where he held several executive positions.

Between 2009 and 2014, José Gonzalo served as Capgemini's Head of Mergers and Acquisitions.

José Gonzalo brings to the Board of Directors his extensive expertise and practice in terms of strategy, merger and acquisitions and management acquired during many years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Executive Director of Direct Investment in Small, Medium and Large Companies of Bpifrance Investissement (France)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Board & Audit Committee Member

- CMA-CGM (France)

Director

- Paprec (France)
- Total Eren (France)
- Galiléo Global Education (France)

Board & Remunerations, M&A Committee Member

- Diot-Siaci (France)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Director

- Avril (France)
- Limagrain (France)

* Listed company.

VIRGINIE MERCIER PITRE

NON-INDEPENDENT DIRECTOR

56 years old
(Country
of citizenship: France)

Number of shares:
9,155

Main position:
VP Key Account EssilorLuxottica EMEA Wholesale

Business address:
147, rue de Paris
Charenton-le-Pont
France

First appointment as Director: January 20, 2022
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Virginie Mercier Pitre is VP Key Account EssilorLuxottica EMEA Wholesale. She is also President of the Valoptec Association[1][2].

She began her career at Essilor International in 1989 where she held various marketing positions, including product manager for various Essilor brands (Varilux, Crizal, etc.). In 2000, she took on the Marketing Department of Novisia managing the Nikon brand in EMEA. In 2006, she pursued a commercial career at BBGR, a subsidiary of the Group, then took on the Key Accounts Department of Essilor in Europe in 2012 as well as the coordination of Global Accounts in 2016. From 2018, Virginie Mercier Pitre has contributed to numerous commercial synergy projects for the integration of EssilorLuxottica. In 2020, she was appointed VP Commercial of Essilor in Europe, which led her to set up Commercial Excellence projects (customer satisfaction, revenue management and sales effectiveness). In 2022 she was appointed VP Key Account EssilorLuxottica EMEA Wholesale.

By virtue of her functions, she has a good understanding of the value chain, the challenges and opportunities of the market as well as a great knowledge of the main key customers of the Group.

She is member of the CSR Committee of EssilorLuxottica.

Virginie Mercier Pitre brings to the Board of Directors the benefit of her extensive knowledge of the Group. Her presence at the Board of Directors is a strong signal of the importance EssilorLuxottica attaches to employee shareholding.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

VP Key Account of EssilorLuxottica EMEA

EssilorLuxottica group companies

Director

- EssilorLuxottica*

President of the Board of Directors

- Valoptec Association[1]

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group companies

VP Key Accounts

VP Commercial

- Essilor Europe

(1) Valoptec is not an employees' representative body within the meaning of article L.225-23 of the French Commercial Code.
(2) As from December 15, 2021
* Listed company.

MARIO NOTARI

NON-INDEPENDENT DIRECTOR

58 years old
(Country of citizenship: Italy)

Number of shares:
2,050

Main position:
Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)

Business address:
Via Metastasio, 5 – 20123 Milan (Italy)

First appointment as Director: June 28, 2022
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Mario Notari is graduated in Law at the University of Milan in 1988, notary in Milan since 1994, associate professor since 1998 and full professor since 2001.

Full Professor of Business Law at Bocconi University of Milan, he was Director of the PhD in Business Law at University of Brescia and then Director of the Phd in Legal Studies at Bocconi University of Milan.

Author and editor of numerous books, articles, manuals and commentaries on the fields of corporate, company and financial market law, as well as member of the management and editorial board of some national scientific journals. Member, chairman or coordinator of various institutional and academic boards.

Mario Notari acts as legal advisor to industrial and financial groups, as well as national and international arbitrator in the areas of corporate, contracts and financial market law.

He has been Director and member of the supervisory boards of listed and unlisted companies, including: Camfin S.p.A., Kairos Partners SGR S.p.A., Assicurazioni Generali S.p.A., RCS Media Group S.p.A., Luxottica Group S.p.A. and ENI S.p.A.

He is currently Director of Delfin s.à r.l. and Banca Mediolanum S.p.A., and also Chairman of the Board of Directors of Beyond Investment S.p.A.

Mario Notari brings to the Board his profound expertise in corporate, financial and competition law and his practice in corporate governance and M&A, which he has deepened over the years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Delfin S.à r.l. (Luxembourg)
- Banca Mediolanum S.p.A.* (Italy)
- Leonardo Del Vecchio Foundation (Italy)

Chairman of Board of Directors

- Beyond Investment S.p.A * (Italy)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group

Director

- Luxottica Group S.p.A.* (2015-2018)

External companies (non EssilorLuxottica group)

Sindaco Effettivo

- ENI S.p.A.* (2020)

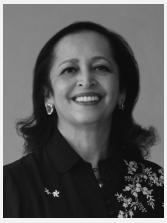
Advisor

- Sanità Isola Tiberina Società a responsabilità limitata Impresa Sociale "SIT S.r.l. I.S." (2021-2022)

* Listed company.

SWATI A. PIRAMAL

INDEPENDENT DIRECTOR



66 years old
(Country of citizenship: India)
Number of shares:
1,013
Main position:
Vice Chairperson of Piramal Enterprises Limited (India)
Business address:
Piramal Tower, A wing
Ganpatrao Kadam Marg,
Lower Parel, Mumbai
400 13
India

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Swati Piramal is Vice Chairperson of Piramal Enterprises, a leading Indian multinational company in healthcare, financial services and information management.

A medicine graduate from the Mumbai University and Harvard Business School, Swati Piramal has used her background in public health and business to change the trajectory of healthcare, education, and public policy in India. One of India's leading scientists and industrialists, she is also involved in public health and innovation.

As the Director of the Piramal Foundation, Swati Piramal helps promote health in rural India, women's empowerment and community education.

She was also the first woman president of India's Apex Chamber of Commerce in 90 years, helping to influence important public policies and governance. She served as an adviser to the Indian Prime Minister in science, technology and economic policy.

Furthermore, Swati Piramal is currently in the Board of Directors of Allergan India Pvt. Ltd. (since 2001) and Nestle India Limited (since 2020). Since 2019, she is also a member of SIDRA Board of Governors.

Swati Piramal is Chairwoman of the CSR Committee of EssilorLuxottica.

Swati Piramal brings to the Board her experience in healthcare, financial services, manufacturing and academic general management with long terms perspectives, as well as a knowledge of the Indian market.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Vice Chairperson of Piramal Enterprises Limited (India)*

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Nestle India Limited* (India)
- Allergan India Pvt. Ltd. (India)
- SIDRA (Qatar)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed Company.

CRISTINA SCOCCHIA

INDEPENDENT DIRECTOR

49 years old
(Countryof citizenship: Italy)
Number of shares:
1,000
Main position:
Chief Executive Officer of Illycaffè (Italy)
Business address:
Via Flavia 110
34147 Trieste
Italy

First appointment as Director: October 1, 2018[1]
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Cristina Scocchia is Chief Executive Officer and member of the Board of Directors of Illycaffè. She is also Independent Director of Fincantieri.

After graduating with full marks in Management of International Firms at Luigi Bocconi University, she completed a PhD in Business Administration at the University of Torino.

Cristina Scocchia started her career at Procter & Gamble, where since 1997 she held positions of increasing responsibility working on mature and emerging markets until she was appointed in September 2012 as Cosmetics International Operations Division leader, with the responsibility of supervising the brands in her portfolio in over 70 countries throughout the world.

From 2014 to 2017, Cristina Scocchia served as Chief Executive Officer of L'Oréal Italia and she led the return to growth of the company in a challenging economic environment.

From 2016 to 2017 she also acted as Chairwoman of the same company. From July 2017 to December 2021 Cristina Scocchia has acted as Chief Executive Officer of Kiko, a leading make-up Company present in 45 markets, that she has led to a successful turnaround thanks to a business plan based on product innovation, digital transformation and geographical expansion in Asia and the Middle East.

In June 2019 she was awarded the *Légion d'honneur*.

She is member of the Audit and Risk Committee of EssilorLuxottica.

Cristina Scocchia brings to the Board of Directors her extensive expertise in terms of strategy and management acquired during these years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Chief Executive Officer of Illycaffè (Italy)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Fincantieri S.p.A. (Italy)*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Chief Executive Officer

- Kiko S.p.A. (Italy)

Chairwoman and Chief Executive Officer

- L'Oréal Italia S.p.A. (Italy)*

Director

- Valtur S.p.A. (Italy)
- Elica S.p.A. (Italy)
- Luxottica Group S.p.A. (Italy)
- Pirelli S.p.A. (Italy)*
- Illycaffè S.p.A. (Italy)

(1) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
* Listed company.

NATHALIE VON SIEMENS

INDEPENDENT DIRECTOR

51 years old
(Country of citizenship: Germany)

Number of shares:
1,000

Main position:
Member of the Supervisory Boards of Siemens AG, Siemens Healthineers AG, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG (Germany)

Business address:
Straße der Einheit 86
D-14548 Schwielowsee
Germany

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Nathalie von Siemens is a member of the Supervisory Boards of Siemens AG, Siemens Healthineers AG, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG.

She also serves Boards of trustees and Boards of Directors in charitable, non for profit and public organizations.

From 2013 to March 2020, Nathalie von Siemens was the Managing Director and Spokesperson of the Board of Siemens Stiftung. Siemens Stiftung operates in the fields of development cooperation, education, and culture. Before that, Nathalie von Siemens worked at Siemens AG in the areas of leadership development, corporate strategy, investor relations and corporate communications.

Nathalie von Siemens holds a Ph.D. in philosophy and previously worked in the academic sector.

Nathalie von Siemens is member of the CSR Committee.

Nathalie von Siemens brings to the Board her experience in governing bodies of global leading companies active in various industries as well as expertise in terms of management in impact-oriented philanthropy.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

Member of the Supervisory Boards of Siemens AG*, Siemens Healthineers AG*, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Member of Board of Trustees

- Siemens Stiftung (Germany)

Managing Director

- Von Siemens Vermögensverwaltung GmbH (Germany)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

ANDREA ZAPPIA

INDEPENDENT DIRECTOR

59 years old
(Country of citizenship: Italy)

Number of shares:
1,000

Main position:
EVP and CEO New Markets & Businesses of Sky Group

Business address:
Grant Way, Isleworth, Middlesex TW7 5QD

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Andrea Zappia is EVP and CEO New Markets & Businesses of Sky Group. His responsibility expands also over SkyStudios and SkyNews and he is the Chairman of SkyShowtime. Since May 2021, he has also been the Chairman of the Board of Directors of MCH Group.

After graduating in Economics, Andrea Zappia started his career at Procter & Gamble where he became European Group Marketing Manager. From 1996 to 2001, he was Global Sales and Marketing Director of Ferrari and Maserati; from 2001 to 2003, he was Vice President Marketing and Product Development worldwide of Fila.

Subsequently, he held several managerial positions: Vice President, Marketing, Promotion and Business Development of Sky Italia (from 2003 to 2007); Vice President Sport Channels of the Italian pay-tv (from 2007 to 2010); Managing Director Customer Group of BskyB (from 2010 to 2011).

From August 2011 to November 2018, Andrea Zappia was CEO of Sky Italia. He also served as member of the Board of Directors of Luxottica from April 2015 to April 2020.

Mr. Zappia is Chairman of the Nomination and Compensation Committee.

Andrea Zappia brings to the Board of Directors his extensive expertise in terms of strategy and management acquired during these years in key industrial sectors.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2022

Main position

EVP and CEO New Markets & Businesses of Sky Group

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Chairman

- MCH Group (Switzerland)
- SkyShowtime

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

CEO

- Sky italia (Italy)

EssilorLuxottica group

Director

- Luxottica Group (Italy)

* Listed company.

3.6 Statutory Auditors' report on related-party agreements

This is a free translation into English of the statutory auditors' report on related-party agreements issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2022

To the Shareholders,

In our capacity as your company's statutory auditors, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R. 225-31 of the French commercial code, it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French commercial code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted to the approval of the Shareholders' Meeting

Agreements authorized and signed in 2022

In accordance with the Article L.225-38 of the French commercial code, we hereby inform you that we have not been advised of any agreements authorized and entered into during the current year that should be submitted to the approval of the Shareholders' Meeting.

Agreements previously approved by the Shareholders' Meeting

Agreements which have been already approved in prior years and which have been pursued during the last year

In accordance with article R. 225-30 of the French commercial code, we have been informed of the following agreements approved in prior years and which remained current during the current year.

Non-competition agreement concluded between your company and Mr. Francesco Milleri, Chairman and Chief Executive Officer

Corporate officer involved: Mr. Francesco Milleri, Chairman and Chief executive officer

Nature and purpose:

On May 21, 2021, a non-competition agreement was concluded between EssilorLuxottica and Mr. Francesco Milleri. This agreement was approved by your Board of Directors on May 21, 2021.

Mr. Francesco Milleri is eligible for a non-compete payment for complying with a non-compete undertaking of 20 months from the date of termination of his corporate office.

The non-compete payment would be paid in instalments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received).

In accordance with AFEP-MEDEF Code:

- The non-compete payment may not be paid if the officer retires or is over 65 years at the time his duties terminate.
- The aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

4

Chapter 4

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IN BRIEF

Documents incorporated by reference

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements for the year ended December 31, 2020 and the Statutory Auditors' Report on the consolidated financial statements for the year, which appear respectively on pages 177-239 and 240-243 of the 2020 Universal Registration Document filed with the AMF on March 26, 2021 under number D.21-0199;
- the consolidated financial statements for the year ended December 31, 2021 and the Statutory Auditors' Report on the consolidated financial statements for the year, which appear respectively on pages 193-264 and 265-268 of the 2021 Universal Registration Document filed with the AMF on March 25, 2022 under number D.22-0157.

Date of the latest financial information

The latest audited financial information corresponds to fiscal years 2022 and 2021 (periods from January 1 to December 31).

Selected financial information for interim periods

The Company has elected not to disclose financial information for interim periods in this Universal Registration Document.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

4.1 Consolidated Financial Statements

4.1.1 Consolidated statement of profit or loss

€ millions	Notes	2022	Restated[(a)] 2021
Revenue	5	24,494	19,820
Cost of sales		(8,910)	(7,589)
GROSS PROFIT		**15,583**	**12,231**
Research and development		(600)	(579)
Selling		(7,741)	(5,719)
Royalties		(219)	(174)
Advertising and marketing		(1,811)	(1,534)
General and administrative		(2,116)	(1,982)
Other income/(expenses)	6	61	64
Total operating expenses		**(12,427)**	**(9,924)**
OPERATING PROFIT		**3,157**	**2,307**
Cost of net debt	7	(131)	(111)
Other financial income/(expenses)	7	(0)	(19)
Share of profits of associates	12	6	3
PROFIT BEFORE TAXES		**3,032**	**2,181**
Income taxes	8	(751)	(582)
NET PROFIT		**2,281**	**1,598**
of which attributable to:			
• owners of the parent		2,152	1,448
• non-controlling interest		128	150
Weighted average number of shares outstanding:	9		
• basic		442,049,822	438,815,944
• diluted		445,659,252	445,467,194
Earnings per share (EPS) for net profit attributable to owners of the parent *(in euro)*:	9		
• basic		4.87	3.30
• diluted		4.83	3.25

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

4.1.2 Consolidated statement of comprehensive income

€ millions	Notes	2022	Restated[(a)] 2021
NET PROFIT		**2,281**	**1,598**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		(13)	12
Net investment hedges		—	—
Foreign currency translation differences		1,030	1,764
Hyperinflation accounting (IAS 29)		70	—
Related tax effect	8	4	(3)
TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		**1,091**	**1,773**
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on employee benefits	23	82	116
Equity investments at FVOCI – net change in fair value		(43)	3
Related tax effect	8	(14)	(23)
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		**26**	**96**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**1,116**	**1,869**
TOTAL COMPREHENSIVE INCOME		**3,397**	**3,468**
Total comprehensive income attributable to:			
• owners of the parent		3,260	3,279
• non-controlling interests		137	189

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

4.1.3 Consolidated statement of financial position

Assets

€ millions	Notes	December 31, 2022	Restated[(a)] December 31, 2021
Goodwill	10	30,734	29,104
Intangible assets	10	12,122	12,599
Property, plant and equipment	11	4,747	4,211
Right-of-use assets	11	3,010	2,930
Investments in associates	12	83	91
Other non-current assets	13	817	718
Deferred tax assets	14	408	487
TOTAL NON-CURRENT ASSETS		**51,920**	**50,140**
Inventories	15	2,789	2,445
Trade receivables	16	2,697	2,355
Tax receivables	17	259	296
Other current assets	18	936	804
Cash and cash equivalents	19	1,960	3,293
TOTAL CURRENT ASSETS		**8,641**	**9,193**
Assets held for sale	20	—	82
TOTAL ASSETS		**60,561**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Equity and liabilities

€ millions	Notes	December 31, 2022	Restated[(a)] December 31, 2021
Share capital	21	81	80
Share premium reserve	21	23,066	22,381
Treasury shares reserve	21	(360)	(231)
Other reserves	21	12,516	11,387
Net profit attributable to owners of the parent		2,152	1,448
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**37,455**	**35,064**
Equity attributable to non-controlling interests	21	692	811
TOTAL EQUITY		**38,147**	**35,875**
Non-current borrowings	22	7,858	8,913
Non-current lease liabilities	22	2,336	2,230
Employee benefits	23	431	537
Non-current provisions	25	302	243
Other non-current liabilities	26	221	143
Deferred tax liabilities	14	2,377	2,536
TOTAL NON-CURRENT LIABILITIES		**13,525**	**14,602**
Current borrowings	22	1,164	1,036
Current lease liabilities	22	846	837
Trade payables	27	2,297	2,218
Tax payables	17	711	805
Current provisions	25	283	373
Other current liabilities	28	3,587	3,655
TOTAL CURRENT LIABILITIES		**8,888**	**8,925**
Liabilities held for sale	20	—	13
TOTAL EQUITY AND LIABILITIES		**60,561**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

4.1.4 Consolidated statement of changes in equity

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2021	**79**	**22,012**	**(201)**	**(1,576)**	**11,870**	**85**	**32,268**	**530**	**32,798**
Total comprehensive income for the period[(a)]	**—**	**—**	**—**	**1,715**	**115**	**1,448**	**3,279**	**189**	**3,468**
Changes in consolidation scope and NCI	—	—	—	—	(213)	—	(213)	191	(22)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	*226*	*226*
Acquisition of NCI without a change in control	—	—	—	—	*(7)*	—	*(7)*	*0*	*(7)*
Other changes related to NCI	—	—	—	—	*(206)*	—	*(206)*	*(35)*	*(241)*
Shares delivered to employees and exercise of stock options	0	34	272	—	(272)	—	34	—	34
Share-based payments	—	—	—	—	136	—	136	—	136
Net sale/(net purchase) of treasury shares	—	—	(302)	—	—	—	(302)	—	(302)
Allocation of net profit	—	—	—	—	85	(85)	—	—	—
Dividends paid	0	335	—	—	(473)	—	(138)	(100)	(237)
EQUITY AT DECEMBER 31, 2021 RESTATED[(a)]	**80**	**22,381**	**(231)**	**139**	**11,248**	**1,448**	**35,064**	**811**	**35,875**

(a) Restated to take into account the finalization of the of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2022[a]	**80**	**22,381**	**(231)**	**139**	**11,248**	**1,448**	**35,064**	**811**	**35,875**
Total comprehensive income for the period	**—**	**—**	**—**	**1,091**	**17**	**2,152**	**3,260**	**137**	**3,397**
Changes in consolidation scope and NCI	—	—	—	—	(378)	—	(378)	(116)	(494)
Acquisition of subsidiary with NCI	—	—	—	—	*(0)*	—	*(0)*	*16*	*16*
Acquisition of NCI without a change in control	—	—	—	—	*(378)*	—	*(378)*	*(94)*	*(472)*
Other changes related to NCI	—	—	—	—	*0*	—	*0*	*(38)*	*(37)*
Shares delivered to employees and exercise of stock options	0	37	310	—	(303)	—	45	—	45
Share-based payments	—	—	—	—	189	—	189	—	189
Net sale/(net purchase) of treasury shares	—	—	(439)	—	—	—	(439)	—	(439)
Allocation of net profit	—	—	—	—	1,448	(1,448)	—	—	—
Dividends paid	1	648	—	—	(1,104)	—	(454)	(140)	(595)
Hyperinflation Accounting (IAS 29)	—	—	—	—	169	—	169	—	169
EQUITY AT DECEMBER 31, 2022	**81**	**23,066**	**(360)**	**1,230**	**11,286**	**2,152**	**37,455**	**692**	**38,147**

(a) The balances as of January 1, 2022 reflect the finalization of the of the purchase price allocation ("PPA") related to the acquisition of GrandVision, as described in Note 3 – Business combinations

4.1.5 Consolidated statement of cash flows

€ millions	Notes	2022	Restated[a] 2021
NET PROFIT		**2,281**	**1,598**
Depreciation, amortization and impairment	6	2,970	2,480
(Gains)/losses from disposal of assets		2	2
Expense arising from share-based payments		191	160
Income taxes	8	751	582
Finance result, net	7	131	130
Other non-cash items		(72)	(31)
Changes in provisions		(51)	38
Changes in trade working capital		(251)	(197)
Changes in other operating receivables and payables		(105)	526
Taxes paid, net		(940)	(618)
Interest paid, net		(125)	(125)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**4,783**	**4,545**
Purchase of property, plant and equipment and intangible assets		(1,572)	(1,030)
Disposal of property, plant and equipment and intangible assets		17	16
Acquisitions of businesses, net of cash acquired	3	(965)	(7,078)
Changes in other non-financial assets		83	(64)
Changes in other financial assets		(184)	97
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(2,619)**	**(8,060)**
Share capital increase	21	37	34
(Purchase)/sale of treasury shares	21	(431)	(317)
Dividends paid:			
• to the owners of the parent	21	(454)	(138)
• to non-controlling interests	21	(140)	(105)
Transactions with non-controlling interests	21.6	(674)	(67)
Cash payments for principal portion of lease liabilities	22	(955)	(722)
Issuance of bonds, private placements and other long-term debts	22	—	57
Repayment of bonds, private placements and other long-term debts	22	(455)	(800)
Changes in other current and non-current borrowings	22	(507)	18
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(3,580)**	**(2,040)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,417)**	**(5,555)**
Cash and cash equivalents at the beginning of the financial year	19	3,293	8,683
Effects of exchange rate changes on cash and cash equivalents		83	166
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**19**	**1,960**	**3,293**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

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General information

EssilorLuxottica SA (hereinafter the "Company", "EssilorLuxottica" or, together with its subsidiaries, the "Group") is a public limited company ("Société Anonyme") with a Board of Directors and is governed by the laws of France. The Company is headquartered in Paris, 1-5 rue Paul Cézanne, while its registered office is located in Charenton-le-Pont, 147 rue de Paris (France). EssilorLuxottica is registered with the Créteil Trade and Companies Register under reference 712 049 618, and is listed on the Euronext Paris stock exchange.

The Group is consolidated in the accounts of Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

The Group is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses, with a worldwide presence across all stages of the value chain.

These consolidated financial statements are prepared under the responsibility of the Board of Directors and are presented to the Shareholders' Meeting for approval. They were approved and authorized for issue by the Board of Directors on February 22, 2023.

Basis of preparation of the financial statements

Pursuant to the European Regulation No. 1606/2002 of July 19, 2002, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter also "IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

The principles and standards utilized in preparing these consolidated financial statements have been consistently applied through all periods presented, with the exception of the application of new standards and interpretations that are effective for reporting periods beginning on January 1, 2022 (described in Note 2 – New accounting standards).

These consolidated financial statements are composed of a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity, a consolidated statement of cash flows and related notes to the consolidated financial statements.

The Group presents its consolidated statement of profit or loss using the function of expense method. The Group presents current and non-current assets and liabilities as separate classifications in its consolidated statements of financial position. This presentation of the consolidated statement of profit or loss and of the consolidated statement of financial position is believed to provide the most relevant financial information. The consolidated statement of cash flows was prepared utilizing the indirect method, in view of the presentation of the cash flows arising from operating activities.

The Group's presentation currency is the euro. All amounts are expressed in millions of euro, unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

These consolidated financial statements are prepared on a going concern basis.

On July 1, 2021, the Group acquired GrandVision B.V. ("GrandVision" or, together with its subsidiaries, "GrandVision Group"), a leading global optical retailer with a strong presence in Europe ("GV Acquisition"). As a result of this acquisition, the statements of profit or loss, other comprehensive income and cash flows for the year ended December 31, 2021 reflect the contribution of GrandVision Group's results only of the second semester of the year.

The comparability of the financial information presented for 2022 and 2021 is therefore affected.

Use of estimates

The preparation of financial statements requires management's use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements, as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income in the period in which the change occurs.

The most significant estimates and assumptions concern, in particular:

- fair values of assets and liabilities acquired in business combinations as well as their useful lives, when applicable;
- the recoverable amount of goodwill and intangible assets;
- depreciation period for intangible assets with a definite useful life;
- put options over non-controlling interests;
- the determination of provisions and other contingent liabilities related to litigations and other proceedings in progress;
- pension and other employee-benefit obligations;
- various assumptions related to lessee accounting under IFRS 16 – *Leases* such as assessment of the lease terms for contracts with renewal options, or the determination of discount rates;
- the determination of taxes with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period.

Hyperinflation in Turkey

Turkey's economy has been considered hyperinflationary since April 1, 2022 as Turkey has faced a cumulative inflation rate exceeding 100% over the 3 previous years, which is one of the criteria enacted by the standard IAS 29 – *Financial Reporting in Hyperinflationary Economies*.

Therefore, IAS 29 has become applicable to the Group's operations in Turkey as from January 1, 2022 as if Turkey had always been a hyperinflationary economy. Comparative figures for the year 2021 were not restated in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

IAS 29 requires financial statements based on historical value to be restated in order to correct the loss of the purchasing power of the Turkish Lyra. This consists in applying a general price index to each historical value so as the financial statements are presented in terms of a current unit at the closing period. The cumulative change in the Consumer Price Index published by the *Turkish Statistical Institute* was used by the Group to account for the impacts resulting from hyperinflation in Turkey.

The impacts recognized in the Group consolidated financial statements, mainly related to Turkish intangible assets recognized in the context of the GV Acquisition and the related goodwill allocated to Turkish operations, are as follows:

- the cumulative restatement of non-monetary assets and liabilities as of January 1, 2022 generated an increase in the Group equity for approximately €70 million (accounted for through the statement of other comprehensive income of 2022); whereas
- the application of IAS 29 requirements for the year 2022 resulted in a €169 million increase in the Group's consolidated equity and a non-material impact on the statement of profit or loss for the year ended December 31, 2022.

Climate and environmental risks

Due to the nature of the Group's activities, the current Group's exposure to the consequences of climate change is deemed to be limited. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. In 2021, the Group launched its new approach to sustainability, titled *Eyes on the Planet*, which is built around, among the others, the following pillars:

- *Eyes on Carbon*: EssilorLuxottica is on track to achieve carbon neutrality in its direct operations (scopes 1 and 2) by 2025, with a milestone set for Europe by 2023, starting from Italy and France already in 2021. During 2022, EssilorLuxottica kept investing in the self-production of renewable electricity (*e.g.* photovoltaic systems at Sedico and Barberini sites in Italy), in the improvement of energy efficiency and the support of carbon reduction projects;
- *Eyes on Circularity*: EssilorLuxottica is progressively shifting from fossil-based materials to bio-based and recycled materials, which produce fewer emissions, biodegrade, and are easier to recycle. The acquisition of Fedon, completed in 2022, represents a step forward in EssilorLuxottica commitment by investing in the circularity of its packaging materials.

The deployment of the initiatives listed above is reflected into the Group's accounts in the form of operating expenses and investments accounted for during the course of the year and it has been taken into account, when necessary, in the estimations used by management in the preparation of these consolidated financial statements, in particular in the 2023 budget and the medium-term projections used to perform 2022 annual impairment tests (see Note 10.1 – Impairment tests).

No other climate-related material impacts were reflected into the 2022 financial statements.

Significant events of the year

Macroeconomic environment

During the year 2022, the macroeconomic environment was affected by a return of inflation, tightening financial conditions and tension on the commodity and energy markets, also impacted by the conflict in Russia and Ukraine and the residual effects of the Covid-19 related restrictions in few countries.

Despite this challenging scenario, the Group was able to grow thanks to its capability of managing both price-mix and product assortments and to the strict cost control in industrial operations and discretionary expenses. Moreover, the Group's hedging policies on the main risks (interest rates, raw material and energy purchase prices, amongst others) helped to mitigate the overall volatility observed on the markets.

The main effects of this new context are disclosed in the notes to the consolidated financial statements.

- *Basis for preparation of the financial statements*: the Group assessed the financial impact resulting from the Russia-Ukraine conflict on the Group consolidated financial statement.
- Note 29 – Financial instruments and management of market risks: about the Group's exposure to interest rate risks and to the increased volatility in commodity and energy prices.
- Note 10 – Goodwill and other intangible assets and Note 11 – Property, plant and equipment and right-of-use assets: the changes in the macroeconomic environment described above had a direct impact on the key parameters used by the Group in performing its impairment tests. Moreover, the Group considered this new macroeconomic context in preparing its budget estimates.

Finalization of GrandVision acquisition

In the first semester 2022, EssilorLuxottica completed the divestment of some optical retail businesses in Italy, Belgium and the Netherlands as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition (see Note 20 – Assets and liabilities held for sale).

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022). Moreover, during the first semester of 2022, the Group finalized the purchase price allocation ("PPA") related to the GV Acquisition, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021 (see Note 3 – Business combinations).

Acquisitions of the year

During 2022, EssilorLuxottica continued to pursue its M&A strategy in selected businesses and geographies. Among others, key transactions include the acquisition of Walman Optical and SightGlass Vision in the US as well as Giorgio Fedon & Figli S.p.A. ("Fedon") in Italy (see Note 3 – Business combinations).

Moreover, on August 1, 2022, EssilorLuxottica completed the acquisition of the remaining 50% interest in Shamir Optical, to further leverage the Shamir brand as well as enhance R&D and commercial capabilities (see Note 21.6 – Non-controlling interests).

Competition Authority investigation in France

On October 6, 2022, the Group has been charged a €81 million penalty by the French Competition Authority following an investigation opened in 2014 for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

The Group appealed this decision on November 23, 2022. The description of the case as well as management assessment of the risk of the outflow of resources are disclosed in the Note 30 – Contingencies and commitments.

Russia-Ukraine conflict

In February 2022, EssilorLuxottica's immediate reaction to Russia-Ukraine conflict was to protect its employees and their families in Ukraine ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those crossing the border.

Moreover, due to the uncertainties and significant disruptions, EssilorLuxottica decided to temporarily restrict its operations in Russia while continuing to provide essential medical vision care services.

The magnitude of the financial impact resulting from the Russia-Ukraine conflict remains not material on the total Group consolidated assets and liabilities as well as on the statement of profit or loss for the year ended December 31, 2022, where the Group's operations represented approximately 1% of the 2022 consolidated revenue (approximately 1% in 2021) and less than 0.5% of the total assets of the Group.

The Group continue to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale business has been restricted, as announced by the Company in March 2022. Moreover, the cash balances available in Russia are not significant and are used to ensure the continuity of the residual operating activity.

The Company is monitoring the evolution of the conflict and its macroeconomics impacts so as to adapt its response accordingly.

The current situation was considered in performing the impairment tests of assets.

Note 1 Significant accounting principles

1.1. Consolidation principles

1.1.1. Subsidiaries

Subsidiaries are any entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is generally presumed with an ownership of at least one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the change in carrying amount recognized in the consolidated statement of profit or loss.

The accounting policies and methods applied by subsidiaries comply with IFRS and are consistent with the policies adopted by the Group.

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Unrealized losses are eliminated to the extent that there is no evidence of impairment.

1.1.2. Associates

Associates are any entities over which the Group has significant influence, generally with ownership of between 20% and 50% of the voting rights. Equity investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Goodwill arising on acquisitions of associates is included in the carrying amount of the investment.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements is recognized in other comprehensive income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's equity investment in the associates. Unrealized losses are also eliminated unless there is an evidence of impairment.

The cumulative post-acquisition movements are adjusted against the carrying amount of the equity investment. When the Group's share of losses in an associate equals or exceeds its equity investment in the associate, the Group does not recognize further losses, unless it has incurred obligations to make payments on behalf of the associate.

1.1.3. Other companies

Equity investments in entities in which the Group does not have either control or significant influence, generally with ownership of less than 20%, are originally recorded at fair value. Any ancillary costs incurred on initial recognition of the investments are immediately recognized through consolidated profit or loss. After initial recognition, the investments are measured at fair value. Gains and losses deriving from changes in fair value are recognized through other comprehensive income in the period in which they occur. Amounts presented in other comprehensive income will not subsequently transferred to the statement of profit or loss.

1.1.4. Transactions with equity owners

Transactions such as contributions from equity owners are recorded in equity.

Transactions with non-controlling interests in controlled entities are treated as transactions with equity owners of the Group. For purchases from non-controlling interests, any difference between the consideration paid and the relevant share acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.1.5. Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries are prepared in the subsidiary's functional currency. The functional currency is defined as the currency of the primary economic environment in which the subsidiary operates.

The results and financial position of all the Group subsidiaries that have a functional currency different from the presentation currency (*i.e.* euro) are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- all resulting exchange differences are recognized in other comprehensive income within the line item Foreign currency translation differences;
- accumulated translation differences are reclassified to the statement of profit or loss when the foreign investments to which they relate are sold or wound up.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

In 2022, Turkey was considered to be in Hyperinflation as per IAS 29 (see paragraph *Basis of preparation of the financial statements*).

The main exchange rates used in translating the results and financial position of foreign operations are reported in Appendix 1.

1.2. Consolidated statement of cash flows

The statement of cash flows has been prepared applying the indirect method for reporting cash flows from operating activities, whereby net profit is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments. Items of income or expense associated with investing or financing activities have then been reported under their respective categories.

Trade working capital comprises inventories, trade receivables and trade payables. Changes in trade working capital are stated before the effect of changes in the scope of consolidation.

Cash flows of foreign subsidiaries are translated at the average exchange rate for the period, except for significant transactions if difference is material.

The effect of changes in exchange rates on net cash and cash equivalents corresponds to the effect of: (i) changes in exchange rates between the beginning and end of the period on cash at the opening; and (ii) the difference between the closing exchange rate and the average rate on movements over the period.

Interest paid, including interest payments on lease liabilities under IFRS 16, and received are classified as *operating* cash flows.

The amounts reported in *Acquisitions of businesses, net of cash acquired* represents the consideration transferred adjusted by the net cash and cash equivalents of the acquired business at the acquisition date.

1.3. Revenue

The Group's revenue includes:

- the sales of goods to customers;
- the rendering of services;
- the sales of goods to franchisees along with other revenue from franchisees, such as royalties based on sales and initial franchise fee revenue; and
- sub-lease income (accounted for in accordance with IFRS 16).

In the Professional Solutions segment, the Group's customers are mainly the professionals of the eyecare industry (distributors, opticians, independents, third-party e-commerce platforms, etc. …), whereas, in the Direct to Consumer segment, the Group mainly sells its goods and/or provides its services directly to the end end consumer (either through the network of physical stores or the online channel operated by the Group).

In accordance with IFRS 15, the Group recognizes revenue after identifying the contracts with its customers and the relevant performance obligations (transfer of goods and/or services), determining the consideration to which it expects to be entitled in exchange for performing each of said obligations, and assessing how to perform these obligations (at a specific point in time *versus* gradually).

The Group recognizes revenue only if the following requirements are met (so-called requirements for identifying the "contract" with the customer):

- the parties have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance; and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for goods or services transferred to the customer.

If the above requirements are not met, the relevant revenue is recognized when the Group has already transferred goods and/or rendered services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable or the contract has been terminated and the consideration received from the customer is non-refundable.

If the above requirements are met, the main recognition rules by nature of revenue are as follows.

1.3.1. Sale of goods

Revenue from the sale of goods is recognized when control of the asset is transferred to the buyer, *i.e.* when the asset is delivered to the customer in accordance with contractual provisions and the customer acquires the ability to direct the use of and obtain substantially all of the benefits from the asset.

If the sales contract includes retrospective volume-related discounts, the Group estimates the relevant impact and treat it as variable consideration. In addition, the Group estimates the impact of potential returns from customers based on the Group's right of return policies and practices along with historical data on returns. There are no post-delivery obligations other than product warranties, if required by local law; these warranties do not represent a separate performance obligation and are accounted for applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

Any advance payments or deposits from customers are not recognized as revenue until the control of the relevant good is transferred to the customer, as described above.

1.3.2. Rendering of services

Revenue is recognized when the service is rendered to the customer.

The *Direct to Consumer* segment's revenue includes the consideration arising from vision care services (such as eye exams, contact lens fitting fees, etc.) which is also recognized when the service is rendered to the customer.

As for the *fixed-fee insurance plans* offered to customers, the Group acts through a *reseller*. The *reseller* contracts with the actual end-client (referred to as the plan *sponsor*), while the Group contracts with the *reseller* but acting as the *principal* in the transaction. The Group receives a predetermined amount of revenue, so called *premium* (typically equal to a fixed fee per plan member/subscriber per month) and bears the risk for all claim payments. Premium revenue is recognized as earned during the benefit coverage period. Any unearned premium revenue is recognized as deferred revenue in the consolidated statement of financial position.

For plans with fees varying according to the service (so called *fee-for-service* arrangements), the end-client (or *sponsor*) pays the Group a fee for processing claims and providing administrative services. For these plans, the end-client is responsible for the cost associated with claims. The Group considers the end-client as the entity primarily responsible for managing the plan and acts as an *agent* in the transaction.

The Group makes provisions for the receivables accrued under these agreements as per IFRS 9 (see paragraph *Trade receivables and other receivables*).

As part of the provision of administrative services related to the vision care business, the Group bears costs for the acquisition and performance of long-term contracts, which typically have a term of four years. These costs, which can be specifically referred to new individually identifiable contracts, generate resources used to comply with the contract and will be recovered by means of revenue deriving from the contracts. Therefore, these costs are recognized as a contract asset and amortized over the term of the relevant contracts, on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

1.3.3. Franchising and licensing agreements

Revenue from franchising agreements is recognized based on the sales accrued and accounted for by unconsolidated franchisees.

Upfront franchise fees may refer to: (i) fees paid for the franchising agreement and/or the improvement of retail premises which are recognized along with license fees throughout the term of the franchising agreement; and (ii) franchising fees associated with the sale of tangible assets necessary for business operations (*e.g.* furniture) recognized as revenue when control of the asset is transferred to the buyer.

The franchising agreement may also include: (i) fees associated with the ongoing rendering of services to the franchisee throughout the term of the franchising agreement, recognized at the time the service is rendered; and (ii) fees associated with the management and implementation of advertising and marketing initiatives, recognized upon realization of the related separate performance obligations.

The Group licenses the rights to certain intellectual property to third parties and recognizes royalty revenue based on the characteristics of the agreements with customers.

1.3.4. Financing components

The payment terms offered to the Group's customers normally do not exceed 12 months; in that case, the Group applies the practical expedient provided by IFRS 15 that enables not to adjust the transaction price of the contract for the effects of any significant financing component.

1.3.5. Sub-lease income (accounted for in accordance with IFRS 16)

Some entities in the Group's *Direct to Consumer* segment, in particular in North America and Australia, sublease space in the retail optical stores to third party doctors who perform eye exam services, while retaining the primary obligation under the original lease (so-called "head lease"). Those entities continue to account for the head lease as a lessee and account for the sublease as the lessor (so-called "intermediate lessor").

These entities classify the sub-lease as an operating lease (*i.e.* continue to account for the lease liability and right-of-use asset on the head lease, like any other lease) and recognize all income earned under the sublease contracts with doctors on a straight-line basis as revenue in the Group's consolidated statement of profit or loss. This classification is made by reference to the right-of-use asset arising from the head lease.

1.4. Research and development costs

Research costs are recognized as an expense for the year in which they are incurred.

Research and development costs that are recognized in operating expenses include the operating costs of the Group's research centers and engineering costs for the development of new production processes.

Development costs are recognized as an intangible asset if the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible asset and use or sell it;
- the Group's ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources to complete the intangible asset; and
- the reliable measurement of development expenditures.

For ophthalmic lens development projects, due to the risks and uncertainties concerning market developments and the large number of projects undertaken, the above criteria are considered as not being fulfilled; consequently, the related development costs are recognized as an expense.

For instrument and laboratory equipment projects, development costs are capitalized when the above criteria are fulfilled.

1.5. Share-based payments

Share-based payments are classified as equity-settled or cash-settled depending on the terms of the plans. The classification determines the accounting for the plan.

1.5.1. Stock subscription options and share awards

The fair value of stock options and share awards, which are accounted for as equity-settled share-based payments, is determined based on methods adapted to their characteristics. Both performance-based stock subscription options and performance shares, which are subject to vesting conditions based on the change in the share price compared with the reference price on the grant date, are valued using the Monte Carlo model; whereas for share award without performance conditions, the valuation reflects the face value of the awards as at the date of grant discounted by the estimated value of dividends to be paid during the course of the vesting period.

The fair value of stock subscription options on the grant date is recognized as an expense over the vesting period of the awards, taking into account the probability of such options being exercised earlier, with a corresponding increase in consolidated reserves.

For performance share awards, the vesting period is considered as being the most probable period over which the performance conditions will be fulfilled, determined using the Monte Carlo model.

The model parameters are determined at the grant date:

- share price volatility is determined by reference to historical volatilities;
- the risk-free interest rate corresponds to the government bond rate;
- the impact of dividends is taken into account in the model by applying a yield assumption, determined by reference to the dividends distributed in the previous year; and
- the options' expected life is determined based on the vesting period and the exercise period.

At the end of each reporting period, the probability of options or performance shares being forfeited is assessed by the Group. The impact of any adjustments to these estimates is recognized in the statement of profit or loss, with a corresponding adjustment to consolidated reserves.

1.5.2. Employee share issues

For employee share issues, the difference between the market price of the shares at the transaction date and the price at which the shares are offered to employees is recognized directly as an expense when the shares are issued.

1.5.3. Cash-settled share-based payments

The fair value of the amount payable to the employee in respect to cash-settled share-based payments is recognized as an expense with a corresponding increase in liabilities, within Employee benefits, over the period during which the employee becomes unconditionally entitled to payments. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any change in the recognized liability is recognized in the consolidated statement of profit or loss.

1.6. Other income/(expenses)

Income and expenses that, because of their nature, cannot be classified in any of the functions detailed in the operating expenses, are recognized under *Other income/(expenses)*. They might include, among others, changes in price supplements for acquisitions (*e.g.* earn-out), net income on disposals of a business, as well as net income realized on business combination achieved in stages (*i.e.* step acquisition), impairment losses on goodwill and investments and net gain/losses on disposal of fixed assets.

1.7. Financial result

Interests receivable or payable are recognized on an accrual basis in the period in which they are earned or due, using the effective interest method.

Dividend income is recognized in the statement of profit or loss on the date on which the Group's right to receive payment is established.

The *Cost of net debt* consists of interests on debt, borrowings and leases, net of income from cash and cash equivalents. The *Cost of net debt* also includes interests on derivatives related to financing operations. Income from cash and cash equivalents includes interests received and accrued on investments made by Group companies (bank deposits) and gains or losses on money market funds.

1.8. Foreign currency transactions

On initial recognition of foreign currency transactions, the assets and liabilities are translated into the entity's functional currency using the exchange rate on the transaction date. At the period-end, monetary items mainly including receivables and payables are re-translated using the closing date rate. The resulting gains and losses are recognized in *Other financial income/(expenses)*.

1.9. Current and deferred taxes

Income taxes for the period comprise current and deferred income taxes. They are recognized in the statement of profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current taxes are calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income. Current tax receivables and payables are measured at the amount expected to be recovered or paid to the tax authorities.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, based on tax rates (and tax laws) that have been enacted (or substantively enacted) at the reporting date, and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax liability is recognized for all taxable temporary differences, whereas a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. However, deferred tax assets and liabilities are asset or liability in a transaction other than a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Adjustments to deferred taxes resulting from changes in tax rates are recognized in the statement of profit or loss. However, when the deferred tax relates to items recognized in equity, the adjustment is also recognized in equity.

Deferred taxes are provided on temporary differences arising on equity investments in subsidiaries and associates, except for deferred taxes 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. No provision is made for deferred taxes on tax-suspended reserves subject to taxation in the event of distribution and/or use, where distribution or use is not envisioned.

Deferred tax assets and liabilities are offset when it is permitted to offset current tax assets against current tax liabilities by applicable tax regulations 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.

1.10. Earnings per share

1.10.1. Basics earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Awards of performance shares are taken into account in the weighted average number of shares outstanding over the fiscal year on the basis of the number of shares granted, as soon as the performance criteria have been met before the period-end.

1.10.2. Diluted earnings per share

Diluted earnings per share are calculated by taking into account dilutive potential ordinary shares, as follows:

- stock subscription options: the dilution arising from stock subscription options is calculated based on the average number of shares plus the number of shares that would be issued or sold if the options were issued at market price instead of at the adjusted exercise price. The exercise price of the stock subscription options is adjusted for the cost to be recognized in future periods for options that have not yet vested at the period-end;
- performance share grants: the number of shares used for the calculation is determined based on the number of shares that would have been granted if the performance criterion had been met at the balance sheet date;
- share grants without performance condition: the number of shares used for the calculation is determined based on the number of shares that will be granted at the end of the vesting period.

Potential ordinary shares are considered as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. Therefore, potential ordinary shares are excluded from the calculation of the diluted earnings per share when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

1.11. Business combination and goodwill

In accordance with the IFRS 3 – *Business Combinations,* the Group applies the acquisition method of accounting to account for business combinations.

The acquired company's identifiable assets, liabilities and contingent liabilities meeting the recognition criteria of the IFRS 3 are recognized at fair value determined at the acquisition date, with the exception of non-current assets held-for-sale which are recognized at fair value less costs to sell. A restructuring liability is not recognized as a liability if the acquired company is not obligated, at the acquisition date, to undertake such restructuring.

Goodwill represents the excess of (i) the consideration transferred and the amount of any non-controlling interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired. Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs corresponding to the analytical focus and return on investment followed by the Group's management.

If the initial accounting for a business combination can be determined only provisionally by the end of the reporting period, it might not be possible for the Group to complete the initial allocation of the goodwill before the end of the annual period in which the combination occurred. When this is the case, the Group disclosed the amount of the unallocated goodwill together with the reasons why that amount remains unallocated.

The Group may adjust the provisional amounts recognized. However, the measurement period shall not exceed one year from the acquisition date. Any differences compared to the provisional amounts are recognized as a retrospective adjustment against goodwill if recorded within 12 months of the acquisition date and related to facts existing before the acquisition date.

During the measurement period, the Group recognizes adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the Group revises comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortization or other profit and losses effects recognized in completing the initial accounting.

Any adjustments made more than 12 months after the acquisition date are recognized directly in the consolidated statement of profit or loss, unless they correspond to corrections of errors.

The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets transferred, the liabilities assumed or the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

When a put option is granted to non-controlling shareholders of a subsidiary, if the option provides for settlement in cash, a liability is recognized for the present value of the exercise price of the option. This liability is classified as *Other non-current liabilities* or *Other current liabilities* in the consolidated statement of financial position based on its due date. Subsequent changes in the liability's fair value are recognized through Group equity. When the put option provides the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, profit or loss and changes in other comprehensive income are still allocated to the non-controlling interests. However, in the statement of financial position, the non-controlling interests are derecognized as if they were acquired at the closing date. When the put option does not provide the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, the Group derecognizes the non-controlling interests accounted for at the acquisition date.

The Group can measure non-controlling interests acquired in a business combination either at the fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method). This option applies on an individual transaction basis.

Acquisitions of non-controlling interests or sales without loss of control are considered to be transactions between shareholders and are recognized directly in equity without impacting goodwill.

For acquisition in which the Group obtains control in stages (step acquisitions), the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the statement of profit or loss.

Costs that are directly attributable to the acquisition are recognized as expenses for the period.

1.12. Impairment of goodwill

Goodwill is not subject to amortization but is tested at least annually for impairment.

Impairment test consists in the comparison of the recoverable amount of each group of CGUs with their corresponding carrying amount of net assets including goodwill. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The fair value less costs to sell is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, on the basis of discontinued cash flows as determined by a market participant.

The value in use is determined on the discounted future cash flows net of income taxes, calculated from a business plan based on actual cash flows for the current year, the annual budget estimates presented to the Board of Directors for the following year and mid/long term projections consistent with the outlook communicated to the stakeholders and past experience. They are then extrapolated by applying a long-term growth rate.

Moreover, the discounted cash flows:

- take into account future cash outflows needed to replace leased assets at the end of the lease-term which are essential to the ongoing operation of the Group; and
- exclude the payments for both principal portion of lease liabilities and related interests, while including cash outflows for expected future variable rents, short-term leases and low-value-asset leases.

The Group discount rate (weighted average cost of capital, WACC) is determined on the basis of market information of the specific risk of the Group's industry and the cost of capital after IFRS 16 implementation (*i.e.* lease liabilities are considered as part of the capital structure of the Group's peer companies).

Furthermore, the carrying amount tested against the groups of CGUs value in use includes *Right-of-use assets* and excludes *Lease liabilities.*

An impairment loss is recognized if the recoverable amount is lower than the carrying amount. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

1.13. Other intangible assets

Separately acquired intangible assets are accounted for at acquisition cost.

Trademarks, tradenames, brands, licenses, contractual customer relationships, technologies and other intangible assets acquired in a business combination are recognized at their fair value at the acquisition date.

The directly attributable costs of producing identifiable and separable intangible assets are recognized as an intangible asset when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. They are reported under Other intangible assets.

All intangible assets have a finite useful life and are amortized on a straight-line basis over the assets' useful lives:

- trademarks, trade names and brands are amortized on a straight-line basis over periods ranging from 14 to 25 years;
- technologies are amortized on a straight-line basis over periods ranging from 6 to 10 years;
- distributor network, contractual customer relationships and franchise agreements are amortized on a straight-line basis over periods ranging between from 3 to 25 years;
- patents are amortized on a straight-line basis over the period of legal protection;
- other intangible assets are amortized on a straight-line basis over periods ranging between 1 and 7 years.

The useful life and residual value of intangible assets are reviewed at each period-end. As necessary, the occurrence of changes to the useful life or residual value is recognized prospectively as a change in accounting estimates.

All intangible assets with a finite useful life are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount.

A review is carried out at each period-end to determine whether there is an indication that an impairment loss recognized in prior periods may no longer exist or has decreased. If such an indication exists, the loss is reversed and the carrying amount of the asset is increased to its recoverable amount, which may not exceed the carrying amount that would have been determined if no impairment loss had been recorded.

1.14. Property, plant and equipment

Property, plant and equipment are reported on the statement of financial position at their acquisition price, net of accumulated depreciation and impairment losses.

The directly attributable costs of producing identifiable and separable items of property, plant and equipment are recognized as property, plant and equipment when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The depreciable amount of the items of property, plant and equipment, measured as the difference between their historical cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

Category	Useful life
Buildings	From 3 to 40 years
Machinery and equipment	From 3 to 20 years
Other equipment	From 2 to 20 years
Leasehold improvements	According to the economic life of the leasehold improvement, unless the Group does not expect to use the leasehold improvements beyond the lease term of the related lease (if this is the case the useful life of the leasehold improvements is the same as the lease term)

Land is not subject to depreciation.

Depreciation ceases when property, plant and equipment is classified as held for sale, in compliance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations.*

The useful life and residual value of property, plant and equipment are reviewed at each period-end. As necessary, the occurrence of changes to the useful life or residual value is recognized prospectively as a change in accounting estimates.

Where an item of property, plant and equipment comprises several parts with different useful lives, each part is recognized as a separate item and depreciated over its useful life.

Where there are any internal or external indications that the value of an item of property, plant and equipment may be impaired, the Group assesses its recoverable amount and records an impairment loss if the carrying amount is more than the recoverable amount. A review is carried out at each period-end to determine whether such indications exist.

Upon disposal or when no future economic benefits are expected from the use of an item of property, plant and equipment, its carrying amount is derecognized. The gain or loss arising from derecognition is included in the consolidated statement of profit or loss.

1.15. Leases

The lease contracts relate mainly to the leases of stores operated by the Group and leases of stores that are subleased to the Group's franchisees. Lease contract also include leases for offices, warehouses, vehicles and equipment.

The recognition, measurement, presentation and disclosure of right-of-use assets and lease liabilities are governed by IFRS 16 – *Leases*.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the *right to control the use* of an *identified asset* for a period of time in *exchange for consideration*. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the leased asset is explicitly or implicitly specified in the contract and is physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier of the asset has a substantive substitution right (*e.g.* when suppliers rent selling spaces within department stores, so called "shop-in-shop" agreements, they have substantive right to substitute the assigned selling space during the lease term) the asset is not identified and IFRS 16 accounting does not apply;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

1.15.1. Lessee accounting

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease (*i.e.* the date on which the lessor makes the underlying asset available for use by the Group).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment (IAS 36 – *Impairment of Assets* requirements do apply).

Lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate (such as those depending on the performance of the leased store) are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (*i.e.* the interest rate that a lessee would have to pay to borrow, over a similar term and in a similar economic environment, the funds necessary to acquire an asset of a similar value to the right-of use asset) at the lease commencement date if the interest rate implicit in the lease is not readily determinable (in most of the cases, the incremental borrowing rate is elected by the Group). The Group defines the incremental borrowing rate considering, among the other, the term of the arrangement (notably the length of the lease term), the economic environment in which the lease is concluded as well as the currency and the date at which the lease is entered into. The Group decided not to reflect in the determination of the incremental borrowing rate the payment profile of the lease payments.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset or a lease modification that does not constitute a separate lease.

In particular, in accordance with IFRS 16, the Group considers as separate leases those modifications that increase the scope of the lease by adding the right to use one or more underlying assets with a commensurate increase in the consideration.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Termination options held only by the lessor are not considered when determining the lease term. In assessing the length of the non-cancellable period of a lease, the Group refers to the period for which the contract is *enforceable* and considers the broader economics of the contract (*e.g.* the existence of contractual termination penalties as well as the cost of abandoning or dismantling leasehold improvements), as clarified by the IFRS Interpretation Committee in its November 2019 Agenda Decision.

The Group has the option, under some of its leases (especially stores), to lease the assets for additional terms without any ability of opposition for the lessor. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (*e.g.*, a change in business strategy).

The Group applies the short-term lease recognition exemption to all of its short-term leases (*i.e.,* those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Leases corresponding to short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

1.15.2. 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 are transferred to the lessee, the sublease is classified as finance lease, otherwise the sublease is classified as an operating lease (see paragraph *Sub-lease income* (accounted for in accordance with IFRS 16)).

When the sublease is classified as finance lease, the right-of-use asset in the head lease is derecognized and a lease receivable is recognized. The lease receivable is initially measured at the present value of future lease receipts. Any difference on initial recognition of finance sublease is recorded in the consolidated statement of profit or loss. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method.

1.16. Financial assets

The Group's financial assets are classified based on the business model for managing them and the contractual cash flow characteristics of the financial assets. The Group has identified the following categories:

1.16.1. Financial assets measured at amortized cost

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are mainly trade receivables, cash deposits with a maturity of less than 12 months *(i.e. Short-term investments* classified under *Other current assets),* loans, and other receivables (as described in the paragraph *Trade receivable and other receivables*). Loans and receivables are included in current assets, except for those with contractual maturities greater than 12 months compared to the reporting date, which are classified as non-current assets. Except for trade receivables that do not contain a significant financing component, other loans and receivables are initially recognized at fair value plus directly attributable transaction costs. Trade receivables that do not contain a significant financing component are recognized at the transaction price (determined in accordance with IFRS 15 – *Revenue from Contract with Customers*). After initial recognition, the assets included in this category are measured at amortized cost, using the effective interest method. The effects of this measurement are recognized within the financial result. These assets are subject to the impairment model introduced by IFRS 9 – *Financial Instruments.*

1.16.2. Equity investments that the Group designates as FVOCI on initial recognition

These are mainly investments in non-consolidated companies over which the Group does not have significant influence. These assets are recognized under *Other non-current assets.* The Group made an irrevocable election to present in other comprehensive income changes in the fair value of those investments. Amounts presented in other comprehensive income will not subsequently transferred to the statement of profit or loss. Moreover, investments included in this category are not subject to the impairment model required by IFRS 9.

1.16.3. Financial assets at fair value through consolidated profit or loss (FVPL)

This category includes financial assets not classified in any of the previous categories (*i.e.* residual category). These are mainly derivative instruments and money market funds. Assets in this category are classified as current or non-current assets based on their maturity and are initially recognized at fair value. Any ancillary costs incurred on initial recognition of the assets are immediately recognized through consolidated profit or loss. After initial recognition, financial assets at FVPL are measured at fair value. Gains and losses deriving from changes in fair value are recognized through consolidated profit or loss in the period in which they occur, within financial result.

1.16.4. Applicable to all financial assets

Purchases and sales of financial assets are recognized at the settlement date.

Financial assets are derecognized when the rights to receive cash flows from the instrument have expired and the Group has transferred substantially all risks and rewards of ownership.

The fair value of listed financial instruments is based on the current bid price. If the market for a financial asset is not active (or if it refers to unlisted securities), the Group defines the fair value by utilizing valuation techniques such as recent arms' length market transactions between knowledgeable willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and pricing models based on observable market inputs.

1.17. Assets held for sale

Non-current assets and disposal groups of assets are classified as held for sale if their carrying amounts will be recovered principally through a disposal rather than through continuing use.

When they are being classified, non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell, with an impairment recorded where applicable. Assets held for sale are not amortized.

1.18. Inventories

Inventories are accounted for at the lower of the weighted-average cost and the net realizable value. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

The net realizable value represents the estimated sales price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Write-downs for raw materials, work in process and finished goods which are considered obsolete or slow moving are computed taking into account their expected future utilization and their net realizable value. The Group also considers other reasons that the cost of inventories may not be recoverable such as damage, obsolescence, declines in selling price. The cost of inventories may not be recoverable if the estimated costs of completion or the estimated costs incurred to make the sale exceed that cost.

1.19. Trade receivable and other receivables

Trade receivables and other receivables are recognized at amortized cost and measured on the basis of the impairment model introduced by IFRS 9 – *Financial instruments* (see paragraph *Financial assets for the measurement on initial recognition*).

In the case of trade receivables, the Group adopts the *simplified approach* that does not require assessing changes in credit risk on a regular basis, allowing instead to recognize an Expected Credit Loss (ECL) calculated over the entire *lifetime* of the receivables. Specifically, trade receivables are analyzed based on the number of days past due and the counterparty's solvency. The Group applies different impairment percentages that reflect the relevant expectations for recovery. Trade receivables are fully written down in the absence of a reasonable expectation of recovery.

The other receivables, for which the Group estimates a low credit risk, are measured using the general approach which requires to monitor at each reporting date changes in credit risk compared to the initial measurement and adjust the loss allowance accordingly.

The amount of receivables is reported in the statement of financial position net of the relevant bad debt provisions. The impairment losses reported pursuant to IFRS 9 – *Financial instruments* (including reversals of impairment losses or impairment gains) are recognized in the consolidated income statement mainly within the line item *Selling* expenses.

1.20. Cash and cash equivalent

Cash comprises cash on hand and at bank, carried at nominal amount, equal to fair value.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments qualify for cash equivalents only when they have a maturity of three months or less from the date of the acquisition, or when the Group has the right to redeem the investment at any time, subject to a notice period not exceeding three months.

1.21. Equity

1.21.1. Share premium reserve

Share premium reserve represents the excess of the capital increases price over the *par value* of the shares issued.

1.21.2. Treasury shares reserve

Treasury shares are deducted from equity at cost, including directly attributable transaction expenses. Capital gains and losses on sales of treasury shares are recorded directly in equity, for their amount net of tax.

1.21.3. Translation reserve

Translation differences are generated by the translation into euro of consolidated entities' financial statements prepared in currency other than euro.

1.21.4. Retained earnings and other reserves

This includes undistributed earnings of the Group, the cumulated amount of items recognized in other comprehensive income (such as actuarial gains and losses, cash-flow hedge reserves, etc.), equity-settled share-based payments and other reserves.

Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity. Income taxes relating to transaction costs of an equity transaction are accounted in accordance with IAS 12 – *Income Taxes*.

1.21.5. Dividends

Dividends are deducted from equity when they are approved by the Shareholders' Meeting.

1.21.6. Negative equity

Where a consolidated company has negative equity, non-controlling interests are treated as being attributable to the non-controlling shareholders unless they are not liable for their share of the losses or are not capable of fulfilling this obligation.

1.21.7. Non-controlling interests

Non-controlling interests represent the portion of the net asset and net profit of a consolidated entity that is not attributable to the Group, directly or indirectly.

When a put option is granted to non-controlling shareholders of a subsidiary, if the option provides for settlement in cash, a liability is recognized for the present value of the exercise price of the option. This liability is classified as *Other non-current liabilities* or *Other current liabilities* in the consolidated statement of financial position based on its due date. Subsequent changes in the liability's fair value are recognized through Group equity. When the put option provides the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, profit or loss and changes in other comprehensive income are still allocated to the non-controlling interests. However, in the statement of financial position, the non-controlling interests are derecognized as if they were acquired at the closing date. When the put option does not provide the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, the Group derecognizes the non-controlling interests accounted for at the acquisition date.

1.22. Borrowings

Borrowings are initially recorded at fair value, less directly attributable transaction costs, and subsequently measured at their amortized cost by applying the effective interest method.

If there is a change in expected cash flows, the carrying amount of the liability is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate.

Borrowings are classified among current liabilities, unless the Group has an unconditional right to defer their payment for at least 12 months after the reporting date.

Borrowings are removed from the statement of financial position when they are extinguished, *i.e.* when the obligation specified in the contract is discharged, cancelled or expires.

1.23. Employee benefits

Short-term employee benefits are expensed as the related services is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group has both defined benefit and defined contribution plans.

Where obligations are payable under defined contribution plans, the Group has no further payment obligations once the contributions have been paid. These contributions are recognized as expenses when they are due.

A defined benefit plan is a pension plan or an incentive plan that is not a defined contribution plan. Typically, defined benefit plans provide an amount of pension benefit that an employee will receive upon retirement, usually based on one or more factors such as age, years of service and compensation. The Group also has long-term incentive plans (LTI) in place with its employees, which, depending on their characteristics, are included in the category of other long-term benefits.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually based on actuarial valuations performed by independent actuaries using the "projected unit credit method".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The actuarial assumptions used differ depending on the country (discount rate, inflation rate) and the company concerned (staff turnover rates, rate of future salary increases).

Actuarial gains and losses due to changes in actuarial assumptions or to changes in the plan's conditions are recognized as incurred in other comprehensive income.

If the Group introduces a defined benefit plan or changes the benefit formula under an existing defined benefit plan, the related change in the Group's obligation *(past service cost)* is immediately recognized in the statement of profit or loss.

Other long-term benefits are discounted to determine their present value. Remeasurements are recognized in the statement of profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

1.24. Provisions

Provisions are recognized when:

- the Group has a present obligation, legal or constructive, as a result of a past event;
- it is probable that the unrequited outflow of resources will be required; and
- the amount of the obligation can be reliably estimated.

Provisions are determined by the Group based on facts and circumstances, historical risk data and the information available at the balance sheet date.

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 time value of money is recognized as a financial expense.

Contingent liabilities are not recognized in the statement of financial position – except in connection with business combinations – but are disclosed in the notes to the financial statements unless the probability of an outflow of resources embodying economic benefits is remote.

Restructuring provisions are recognized when the Group has a detailed formal plan for the restructuring and has announced its main features to those affected by the plan.

Provisions for warranty costs are recognized when the products are sold. The corresponding expense is recognized in *Cost of sales*.

1.25. Trade payables and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

1.26. Tax payables

Liabilities for current taxes are separately presented in the statement of financial position.

Following the implementation of IFRIC 23 – *Uncertainty over Income Tax Treatments*, liabilities arising from 'uncertain tax treatments' (*i.e.* tax treatments for which there is uncertainty over whether the relevant taxation authority will accept the tax treatments under tax law) are classified within the line *Tax payables*.

1.27. Other current and non-current liabilities

Other current and non-current liabilities include, among the others, liabilities related to put options over non-controlling interests and other liabilities related to financial investments (*e.g.* earn out).

For the accounting of put options over non-controlling interests of subsidiaries, refer to paragraph *1.11 Business combination and goodwill* and *1.21.7 Non-controlling interests*.

Earn out are recognized as a liability from the acquisition date at their fair value. Subsequent changes in price supplements are recognized in *Other income/(expenses)*.

1.28. Derivative financial instruments

Derivative financial instruments are accounted for in accordance with IFRS 9 – *Financial instruments*. At the inception of the contract, derivative instruments are initially recognized at fair value as financial assets at FVPL when the fair value is positive, or financial liabilities at FVPL when the fair value is negative.

The Group designates certain derivatives as instruments for hedging to cover specific risks associated with highly probable transactions (hedge accounting on risks related to interest rates, energy and gas prices and foreign exchanges). For each derivative financial instrument designated as a hedging instrument, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives, the hedging strategy and the methodology to measure the hedging effectiveness. The hedging effectiveness of the instruments is assessed both at the hedge inception date and on an ongoing basis.

The full fair value of a hedging derivate is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivative instruments are accounted for as follows:

1.28.1. Cash flow hedges

When a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows or highly probable forecasted transactions, the effective portion of the changes in fair value of the derivative financial instrument is recognized directly in the statement of other comprehensive income, whereas the gain or loss related to the ineffective portion of the derivative instrument is recognized in the consolidated statement of profit or loss. The amount that has been accumulated in the cash flow hedge reserve is recycled into the statement of profit or loss in the period when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of profit or loss.

1.28.2. Hedge of the net investment in a foreign operation

The Group might hedge the amount of its interest in the net assets of a foreign operation. In that case, the effective portion of the changes in the fair value of the instrument is recognized directly in the statement of other comprehensive income in the line *Foreign currency translation differences*. The amount recognized in the *Translation reserve* is reclassified to the statement of profit or loss when the investment in the foreign operation is sold or the entity is wound up. The ineffective portion of the changes in the fair value is recognized in the statement of profit or loss.

1.28.3. Fair value hedge

When a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability, both the changes in fair value of the derivative instrument as well as changes in the hedged item are recorded in the consolidated statement of profit or loss.

1.28.4. Financial instruments not qualifying for hedge accounting

Certain derivatives financial instruments that in substance are used for hedging purposes do not qualify for hedge accounting under IFRS 9 – *Financial instruments*. Gains and losses resulting from the changes in the fair value of these financial instruments are recognized directly in the statement of profit or loss.

1.29. Fair value

In accordance with IFRS 13 – *Fair Value Measurement,* the fair value of financial instruments accounted for in the Group's financial statements is determined using different valuation techniques. The Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (*i.e.* as a prices) or indirectly (*i.e.* derived from prices);
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Note 2 New accounting standards

2.1. New endorsed standards, amendments and interpretations that are effective for annual periods beginning on January 1, 2022 or early applied by the Group

The Group adopted the following amendments endorsed by the European Union and effective for annual periods beginning on January 1, 2022. The adoption of these amendments by the Group had no material impact.

- Amendments to IFRS 3 – *Business Combinations* (updated references to the Conceptual Framework), IAS 16 – *Property, Plant and Equipment* (proceeds before intended use) and IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (onerous contracts), all issued on May 14, 2020 and endorsed on June 28, 2021.
- *Annual Improvements to IFRS Standards 2018-2020,* issued on May 14, 2020 and endorsed on June 28, 2021.

As regards to the clarifications included in the Agenda Decision published by the IFRIC in April 2021 concerning the recognition of the costs of configuring or customizing software used in a SaaS (Software as a Service) arrangement (recognition as intangible assets *versus* expenses), the analysis, completed over the year, confirms that impacts are not significant.

2.2. New endorsed standards, amendments and interpretations effective for annual periods beginning after January 1, 2022 and not yet adopted by the Group

The following standards and amendments, that are effective for annual periods beginning after January 1, 2022, have already been endorsed by the European Union.

- IFRS 17 – *Insurance Contracts* (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020), both endorsed on November 19, 2021 and effective from annual periods beginning on January 1, 2023. The Group is progressing with its analysis of the insurance contracts falling into the scope of the new standard. Based on the preliminary analysis performed, IFRS 17 is not expected to materially affect the Group's performance nor its a and liabilities, except for the presentation of some insurance-related assets and liabilities (net *versus* gross presentation in the statement of financial position).
- Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 (disclosure of accounting policies) and Amendments to IAS 8 – *Accounting policies, Changes in Accounting Estimates and Errors* (definition of accounting estimates), both issued on February 12, 2021, endorsed on March 2, 2022 and effective from annual periods beginning on January 1, 2023. Their potential impacts on the Group consolidated financial statements are currently being analysed.
- Amendments to IAS 12 – *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued on May 7, 2021, endorsed on August 11, 2022 and effective from annual periods beginning on January 1, 2023. Potential impacts on the Group consolidated financial statements are currently being analysed.

Note 3 Business combinations

3.1. GrandVision

From an accounting standpoint EssilorLuxottica gained control over GrandVision on July 1, 2021 (*i.e.* the acquisition date). As of December 31, 2021, EssilorLuxottica directly held 254,031,577 ordinary shares of GrandVision, representing 99.84% of GrandVision's share capital (combined with the treasury shares held by GrandVision, the aggregate stake held by EssilorLuxottica represented 99.89% of the issued and outstanding shares of GrandVision).

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, *i.e.* €28.42 per share, plus financial interests as per the applicable regulations.

The completion of the statutory buy-out did not affect the accounting of the GV Acquisition, since the transaction was accounted for as if all ownership interests in GrandVision (100%) were acquired at the acquisition date as part of the transaction to gain control (so called linked-transaction accounting).

EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

As consented by IFRS 3, the GV Acquisition was accounted for on a provisional basis in 2021 consolidated financial statements. During the course of the first semester 2022, the Group obtained additional information about facts and circumstances that existed as of the acquisition date (July 1, 2021) and retrospectively adjusted the provisional fair value recognized as follows:

€ millions	July 1, 2021 provisional	Adjustments	July 1, 2021 final
Intangible assets	2,733	329	3,062
Of which trade names, trademarks and brands	*1,555*	—	*1,555*
Of which customer relationships	*1,001*	—	*1,001*
Of which other intangible assets	*177*	*329*	*506*
Property, plant and equipment	455	—	455
Right-of-use assets	1,200	—	1,200
Investments in associates	1	—	1
Other non-current assets	91	—	91
Deferred tax assets	37	(11)	26
Inventories	390	—	390
Trade receivables	169	—	169
Tax receivables	39	(4)	35
Other current assets	141	—	141
Cash and cash equivalents	200	—	200
Assets held for sale	65	—	65
Total identifiable assets	**5,521**	**314**	**5,835**
Non-current borrowings	277	—	277
Non-current lease liabilities	835	—	835
Employee benefits	133	—	133
Non-current provisions	15	21	36
Other non-current liabilities	21	—	21
Deferred tax liabilities	616	86	702
Current borrowings	398	—	398
Current lease liabilities	331	—	331
Trade payables	226	—	226
Tax payables	50	0	50
Current provisions	75	6	81
Other current liabilities	522	—	522
Total identifiable liabilities	**3,500**	**113**	**3,613**
NET IDENTIFIABLE ASSETS	**2,021**	**201**	**2,222**

The goodwill arising from the GV Acquisition was updated accordingly and allocated to relevant currencies as per IAS 21 – *The Effects of Changes in Foreign Exchange Rates* requirements.

€ millions	July 1, 2021 provisional	Adjustments	July 1, 2021 final
Consideration transferred	7,198	—	7,198
Non-controlling interests based on the proportionate interest in the recognized net assets of the subsidiaries of GrandVision	227	—	227
Identifiable assets acquired and liabilities assumed	2,021	201	2,222
GOODWILL	**5,404**	**201**	**5,203**

As required by IFRS 3, those adjustments have been recognized as if the accounting for the GV Acquisition had been completed at July 1, 2021. Consequently, the comparative information presented in these condensed consolidated financial statements for the year ended December 31, 2021 has been restated. The main effects are as follows:

- *Goodwill* decreased by €308 million (€201 million related to the change recognized as of July 1, 2021 and €107 million related to the effect of translation differences from July 1 to December 31, 2021);
- *Intangible assets* increased by €310 million (net of the related additional amortization recognized from the acquisition date until the end of the year) following the recognition of the value of GrandVision's franchising network; in fact, GrandVision operates its stores directly and through franchise contracts;
- *Deferred tax liabilities* increased by €82 million, corresponding to the deferred tax liabilities arising from the recognition of the franchising network and their movements of the second semester 2021; and
- *Non-current provisions* increased by €21 million.

2021 annual consolidated statement of profit or loss, statement of comprehensive income and statement of cash flows were also restated to account for the higher amortization of the intangible assets from the acquisition date until the end of the year (approximately €19 million) and the related tax effects.

3.2. Business combinations of the year

The table below shows the total impact of the business combinations accounted for in the year on the consolidated statement of financial position, as well as on the consolidated statement of profit or loss and the consolidated statement of cash flows.

€ millions	Total
Intangible assets	304
Property, plant and equipment	71
Right-of-use assets	45
Other non-current assets	2
Current assets	117
Cash and cash equivalents	137
Total assets acquired at fair value (A)	**676**
Non-current borrowings	27
Other non-current liabilities	16
Non-current and current lease liabilities	45
Current borrowings	11
Other current liabilities	101
Total liabilities assumed at fair value (B)	**200**
FAIR VALUE OF NET ASSETS ACQUIRED (C=A-B)	**476**
Consideration for the acquisitions (D)	1,156
Equity attributable to non-controlling interests (E)	17
Fair value of net assets acquired (C)	476
GOODWILL RECOGNIZED (F=D+E-C)	**697**
Consideration for the acquisition (D)	(1,156)
Deferred payments (G)	31
Acquired cash (H)	137
CASH FLOW FROM THE ACQUISITIONS, NET OF CASH ACQUIRED (I=D+G+H)	**(988)**

€ millions	Total
CONTRIBUTION TO 2022 CONSOLIDATED REVENUE	**332**
CONTRIBUTION TO 2022 NET PROFIT	**11**

The fair value of the assets and liabilities taken over companies acquired during the period is calculated on a provisional basis for certain acquisitions concluded on the year and may be reviewed at a later date no later than 12 months after the acquisition date. Any material difference resulting from this final valuation will be accounted for as a retrospective adjustment to goodwill if it is recognized within 12 months of the acquisition date and relating to events existing at the acquisition date. No material differences arose from business combinations occurred in 2021 with the exception of those disclosed above related to the GV Acquisition (see paragraph 3.1 *GrandVision*).

The amount recognized as *Goodwill* is not tax deductible (except in few circumstances) and primarily reflects the expected synergies and growth outlook of the acquired companies within the Group.

If the combination agreements provided for obligation to purchase, or put options on, any remaining non-controlling interest in the acquired companies, the Group applied the accounting policy described in Note 1 – Significant accounting principles and recognized a corresponding liability in *Other current liabilities* or *Other non-current liabilities* based on its due date.

The amount reported above in the line *Cash flow from the acquisitions, net of cash acquired* does not include cash flows related to earn-out on business combinations occurred in previous periods nor cash flows linked to the exercise of put options over non-controlling interests.

On an unaudited *pro forma* basis, had those business combinations occurred at the beginning of the year, revenue contributed by the acquisitions to the consolidated statement of profit or loss would have been €454 million.

The main business combinations carried out during the financial year are described below. The valuation of the acquired assets and liabilities was carried out with the support of independent valuation experts.

Walman Optical

On March 1, 2022, EssilorLuxottica closed the acquisition of Walman Optical ("Walman"), a leading lab partner to vision care practices based in the US. The Group currently owns 100% of the share capital of Walman (no equity interest in the acquiree was held by the Group prior to the acquisition). The acquisition will draw on EssilorLuxottica's focus on product and service innovation to create growth opportunities for Walman.

The consideration transferred by the Group in the context of the acquisition, measured in accordance with IFRS 3, amounted to approximately €708 million. The provisional goodwill recognized as a result of the acquisition amounts to €291 million and the acquired identifiable assets mainly include customer relationships for €161 million, trade names, trademarks and brands for €57 million, and property, plant and equipment for €52 million. Due to the nature of the Walman's business, the provisional goodwill has been allocated to the group of CGUs Professional Solutions.

SightGlass Vision

On March 17, 2022, the newly created joint venture between EssilorLuxottica (50%) and CooperCompanies (50%) completed the acquisition of SightGlass Vision from CooperCompanies. Since this date SightGlass Vision is fully consolidated within EssilorLuxottica consolidated financial statements. SightGlass Vision is a US-based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children. This collaboration of two global vision care leaders accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category.

The provisional goodwill recognized amounts to approximately €72 million and will be adjusted after finalisation of the fair value measurement of the company's intangible assets (mainly technologies). Due to the nature of SightGlass Vision's business this provisional goodwill has been allocated to the group of CGUs Professional Solutions.

Fedon

On May 31, 2022, EssilorLuxottica acquired 90.9% of the share capital of Fedon, listed on Euronext Growth Milan, the market organized and managed by Borsa Italiana S.p.A. On July 20, 2022, EssilorLuxottica acquired all the remaining outstanding shares with the completion of a mandatory tender offer ("MTO").

Thanks to cutting-edge technologies and dedicated innovations, the acquisition of Fedon will allow to better fit the eyewear and spectacles with the cases and packaging to ensure maximum protection and integrity of the product, for the benefit of the final consumer. Furthermore, EssilorLuxottica will also leverage on Fedon to pursue its sustainability strategy, investing in the recyclability and circularity of the packaging materials produced by the company.

The total consideration transferred by the Group in the context of this acquisition amounted to approximately €29 million while the provisional goodwill recognized as a result of the acquisition amounts to €22 million; due to the nature of Fedon's business the provisional goodwill has been allocated to the group of CGUs Professional Solutions.

Note 4 Segment information

4.1. Information by segment

In accordance with IFRS 8 – *Operating Segments*, the Group's segment information is presented in line with the information provided internally to the Chief Executive Officer in his role of Chief Operating Decision Makers ("CODM"), for the purpose of managing operations, taking decisions and analysing operational performance.

Such information is prepared in accordance with the IFRS applied by the Group in its consolidated financial statements. Assets and liabilities by operating segment are not included in the data reviewed by the CODM and so this information is not reported.

The Group operates in two segments:

- the **Professional Solutions** ("PS") segment: representing the wholesale business of the Group, *i.e.* the supply of Group's products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains operating in the eyecare and eyewear industry; and
- the **Direct to Consumer** ("DTC") segment: representing the retail business of the Group, *i.e.* the supply of Group products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

Information about other Group's activities that are not reportable has been combined and disclosed in the *"Corporate costs and other"* category. It mainly refers to the costs related to corporate headquarters as well as to the amortization of intangible assets acquired in business combinations as the impact of those costs are not included in the profitability measures used by the Chief Executive Officer, in his role of CODM, for the purposes of making decisions about allocating resources to segments and assessing their performance.

Following the GV Acquisition, GrandVision's results of the second semester of 2021 have been integrated in the Group segment reporting, mainly affecting the Direct to Consumer segment.

Information by operating segment for the year ended December 31, 2022 as well as restated information by operating segment for the year ended December 31, 2021 is presented below.

Year ended December 31, 2022

€ millions	Professional Solutions	Direct to Consumer	Corporate costs and other	2022
Revenue	**11,770**	**12,724**	**—**	**24,494**
Operating profit before depreciation of intangible assets acquired in business combinations[(a)]	2,337	2,209	(330)	4,216
Amortization of intangible assets acquired in business combinations				(1,059)
OPERATING PROFIT				**3,157**
Cost of net debt				(131)
Other financial income/(expenses)				(0)
Share of profits (loss) of associates				6
Income taxes				(751)
NET PROFIT				**2,281**
Acquisitions of property, plant and equipment and intangible assets	804	584	17	1,404
Amortization, depreciation and impairment	(564)	(1,283)	(1,122)	(2,970)

(a) The Operating profit of the Professional Solutions segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the Direct to Consumer segment. The Operating profit of the Direct to Consumer segment is related to retail revenue, considering the cost of goods acquired from the Professional Solutions segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

Year ended December 31, 2021

€ millions	Professional Solutions	Direct to Consumer	Corporate costs and other	Restated[a] 2021
Revenue	**10,443**	**9,377**	**—**	**19,820**
Operating profit before depreciation of intangible assets acquired in business combinations[b]	1,958	1,594	(354)	3,198
Amortization of intangible assets acquired in business combinations				(891)
OPERATING PROFIT				**2,307**
Cost of net debt				(111)
Other financial income/(expenses)				(19)
Share of profits (loss) of associates				3
Income taxes				(582)
NET PROFIT				**1,598**
Acquisitions of property, plant and equipment and intangible assets	649	487	—	1,136
Amortization, depreciation and impairment	(575)	(976)	(929)	(2,480)

(a) Restated to reflect the finalization of the of the PPA related to the GV Acquisition.
(b) The Operating profit of the Professional Solutions segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the Direct to Consumer segment. The Operating profit of the Direct to Consumer segment is related to retail revenue, considering the cost of goods acquired from the Professional Solutions segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

4.2. Information by geographical area

The geographic segments include **North America**, **EMEA** (*i.e.* Europe Middle East Africa, including Turkey and Russia), **Asia-Pacific** and **Latin America**.

Revenue is attributed to geographical area based on customers' location, whereas non-current assets are based on geographical area where the legal entities are located.

Information by geographical area is as follows:

	Revenue		Non-current assets[a]	
€ millions	2022	2021	December 31, 2022	December 31, 2021 Restated[b]
North America	11,492	9,835	6,243	5,762
EMEA	8,749	6,386	12,002	12,555
Asia-Pacific	2,842	2,542	2,154	2,091
Latin America	1,410	1,058	787	628
TOTAL	**24,494**	**19,820**	**21,186**	**21,036**

(a) Non-current assets excluding goodwill.
(b) Restated to reflect the finalization of the PPA related to GV Acquisition.

The main countries in which the Group operated are the United States for North America (revenue amounting to €10,738 million for the year ended December 31, 2022, €9,178 million in 2021) and France, Italy, United Kingdom and Ireland for Europe (cumulated revenue amounting to €3,970 million for the year ended December 31, 2022, €3,038 million in 2021).

Note 5 Revenue

The breakdown of revenue by category is as follows:

€ millions	2022	2021
Sales of products	22,692	18,414
Managed vision care	1,358	1,096
Eye-exam and related professional fees	261	174
Income from franchisee royalties	151	105
Sub-lease income	32	31
REVENUE	**24,494**	**19,820**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the year ended December 31, 2022 is as follows:

€ millions	Professional Solutions	Direct to Consumer	2022
Sales of products	11,770	10,922	22,692
Managed vision care	—	1,358	1,358
Eye-exam and related professional fees	—	261	261
Income from franchisee royalties	—	151	151
Sub-lease income	—	32	32
REVENUE	**11,770**	**12,724**	**24,494**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the year ended December 31, 2021 is as follows:

€ millions	Professional Solutions	Direct to Consumer	2021
Sales of products	10,443	7,971	18,414
Managed vision care	—	1,096	1,096
Eye-exam and related professional fees	—	174	174
Income from franchisee royalties	—	105	105
Sub-lease income	—	31	31
REVENUE	**10,443**	**9,377**	**19,820**

For information on contract assets and contract liabilities, see Notes 13 – Other non-current assets, 18 – Other current assets, 26 – Other non-current liabilities and 28 – Other current liabilities.

Note 6 Operating income and expenses

6.1. Depreciation, amortization and impairment loss

For the year ended December 31, 2022, the depreciation, amortization and impairment loss of *Property, plant and equipment*, *Intangible assets* and *Right-of-use assets* amount to €2,970 million (€2,480 million for 2021, restated to reflect the finalization of the PPA related to the GV Acquisition).

6.2. Leases

Depreciation and rent expenses related to leases recognized within the *Operating profit* are as follows:

€ millions	2022	2021
Depreciation expenses on right-of-use assets	(924)	(706)
Rent expenses – short term leases	(12)	(10)
Rent expenses – low value leases	(17)	(34)
Rent expenses – variable leases payments[(a)]	(558)	(390)
TOTAL AMOUNTS RECOGNIZED IN OPERATING PROFIT	**(1,510)**	**(1,138)**

(a) Including negative variable payments resulting from Covid-19 rent concessions.

During the financial year 2022, the Group has continued to negotiate with its landlords, although marginally compared to the year 2021, Covid-19 temporary rent concessions; those rent concessions include rent holidays or rent reductions for a period of time, which might or might not be followed by increased rent payments in future periods. The prevalent form of rent concession agreed throughout the Group consisted in a total of partial forgiveness of lease payments which the Group accounted for as negative variable payments decreasing the related lease liabilities accordingly. The overall impact resulting from Covid-19 rent concessions accounted for in 2022 is a decrease in *Rent expenses – variable leases payments* amounting to €5 million (€36 million in 2021).

6.3. Personnel costs

Personnel costs amount to €7,869 million (€6,335 million for 2021) including €206 million related to share-based payment expenses (€210 million for 2021).

The number of employees as of the end of the reporting period is as follows:

Number of employees at closing date	December 31, 2022	December 31, 2021
North America	43,741	42,208
EMEA	72,273	68,765
Asia-Pacific	49,790	48,449
Latin America	23,984	23,262
TOTAL NUMBER OF EMPLOYEES	**189,788**	**182,684**

6.4. Other income and expenses

Other income and expenses are as follows:

€ millions	2022	2021
Capital gains/(losses) on disposals of operations and assets	1	(2)
Other	60	66
OTHER INCOME/(EXPENSES)	**61**	**64**

The line *Other* reported in the table above mainly includes:

- an income of approximately €41 million resulting from the remeasurement of the Group's previously held equity interest in an US-based company of which the Group took control on July 1, 2022 (so called "*step acquisition*");
- an income of approximately €8 million resulting from the divestment of the European businesses as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition (see Note 20 – Assets and liabilities held for sale);
- other income resulting from the Group's M&A activities (such as earn-out reassessments) for approximately €8 million; and
- an income of approximately €5 million representing the funds recovered on Group's bank accounts in 2022 (€62 million in 2021) related to the fraudulent financial activities discovered in December 2019 in one of the Group's plants in Thailand (the "EMTC fraud"); the overall negative impact recorded in 2019 amounted to €185 million. Many civil and criminal actions have been taken in Thailand and in many other jurisdictions in order to maximize the recovery of misappropriate funds; the overall recovery, from 2020 until December 31, 2022, amounts to USD110 million.

Note 7 Financial income and expenses

Financial income and expenses are as follows:

€ millions	2022	2021
Interest on debt and borrowings and related derivatives	(87)	(89)
Interest on leases liabilities	(69)	(52)
Interest income	25	30
Cost of net debt	**(131)**	**(111)**
Dividend income	4	0
Foreign exchange gains or losses	12	(11)
Interest income on lease receivables	1	0
Other	(18)	(8)
Other financial income/(expenses)	**(0)**	**(19)**
FINANCIAL RESULT	**(131)**	**(130)**

Note 8 Income taxes

The amount of income taxes recognized in the statement of profit or loss is as follows:

€ millions	2022	Restated[a] 2021
Current year tax (expense) benefit	(898)	(783)
Deferred taxes	147	201
INCOME TAXES	**(751)**	**(582)**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

The amount of income taxes recognized in other comprehensive income is as follows:

	2022			Restated[a] 2021		
€ millions	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges	(13)	4	(10)	12	(3)	9
Net investment hedges				—	—	—
Foreign currency translation differences[b]	1,100		1,100	1,764	—	1,764
Total (A)	**1,087**	**4**	**1,091**	**1,776**	**(3)**	**1,773**
Items that will not be reclassified to profit or loss						
Actuarial gain/(loss) on employee benefits	82	(18)	64	116	(17)	100
Equity investments at FVOCI – net change in fair value	(43)	4	(39)	3	(6)	(3)
Total (B)	**39**	**(14)**	**26**	**119**	**(23)**	**96**
TOTAL (A+B)	**1,126**	**(10)**	**1,116**	**1,895**	**(26)**	**1,869**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.
(b) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets as of January 1, 2022.

The reconciliation between the statutory tax rate and the effective rate is as follows:

As a % of profit before tax	2022	2021
Statutory income tax rate in %	25.83%	28.41%
Non-taxable income and tax incentives	-2.31%	-3.77%
Withholding and other taxes	1.10%	0.68%
Tax rate changes	0.03%	0.18%
Net effect of unrecognized tax losses	0.30%	1.32%
Prior year tax adjustments	-0.44%	1.64%
Aggregate effect of different tax rates in foreign jurisdictions	0.45%	-2.95%
Others (net)	-0.19%	1.16%
EFFECTIVE INCOME TAX RATE	**24.77%**	**26.67%**

Note 9 Earnings per share

The net profit used for the calculation of earnings per share is €2,152 million (a restated net profit of €1,448 million in 2021), while the 2022 average number of ordinary shares outstanding used for the calculation of basic earnings per share is 442,049,822 (438,815,944 in 2021).

€ millions / number of shares / €	2022	Restated[(a)] 2021
Net profit (loss) used for the calculation	2,152	1,448
Weighted average number of ordinary shares	442,049,822	438,815,944
BASIC EARNINGS PER SHARE *(in euros)*	**4.87**	**3.30**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

The average number of ordinary shares outstanding used to calculate diluted earnings per share is as follows:

Number of shares / €	2022	Restated[(a)] 2021
Weighted average number of ordinary shares	442,049,822	438,815,944
Dilutive effect of stock subscription options	90,059	105,182
Dilutive effect of share grants	3,519,371	6,546,068
Diluted weighted average number of ordinary shares	445,659,252	445,467,194
DILUTED EARNINGS PER SHARE *(in euros)*	**4.83**	**3.25**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

As of December 31, 2022:

- 2,837,886 performance shares were excluded from the diluted weighted-average number of ordinary shares calculation as the related performance conditions were not met at the end of the reporting period (264,764 as of December 31, 2021);
- 118,970 stock subscription options were excluded from the diluted weighted-average number of ordinary shares calculation as their average value was greater than the average price during the respective period, *i.e.* anti-dilutive effect (119,933 as of December 31, 2021).

Note 10 Goodwill and other intangible assets

Changes in Goodwill and Intangible assets for the year ended December 31, 2022 and 2021 are as follows:

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2022						
Historical cost	29,104	6,402	2,858	6,413	2,660	47,437
Accumulated amortization and impairment	—	(1,821)	(871)	(1,402)	(1,639)	(5,734)
Net book value As of January 1, 2022[(a)]	**29,104**	**4,581**	**1,987**	**5,010**	**1,020**	**41,703**
Additions	—	—	—	—	289	289
Business combinations	697	81	9	188	26	1,001
Amortization	—	(251)	(271)	(503)	(278)	(1,302)
Impairment	—	(22)	—	1	(5)	(26)
Divestment and assets classified as held for sale	0	—	—	—	(3)	(3)
Translation differences and other[(b)]	932	82	4	157	19	1,194
Total changes	**1,629**	**(110)**	**(259)**	**(157)**	**49**	**1,152**
Balance as of December 31, 2022						
Historical Cost	30,734	6,617	2,874	6,815	2,849	49,888
Accumulated amortization and impairment	—	(2,146)	(1,146)	(1,962)	(1,779)	(7,033)
NET BOOK VALUE AS OF DECEMBER 31, 2022	**30,734**	**4,471**	**1,728**	**4,853**	**1,069**	**42,855**

(a) The net book value as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 3 – Business combinations.
(b) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2021						
Historical cost	22,658	4,499	2,869	5,063	1,595	36,684
Accumulated amortization and impairment	—	(1,438)	(566)	(885)	(1,107)	(3,995)
Net book value as of January 1, 2021	**22,658**	**3,061**	**2,303**	**4,178**	**489**	**32,689**
Additions	—	33	—	—	220	253
Business combinations	5,223	1,563	—	1,014	509	8,309
of which GV Acquisition[a]	*5,203*	*1,555*	—	*1,001*	*506*	*8,265*
of which other business combinations	*20*	*9*	—	*13*	*3*	*44*
Amortization[a]	—	(201)	(269)	(407)	(229)	(1,106)
Impairment	—	(0)	—	—	(41)	(41)
Divestments and assets classified as held for sale	(6)	(7)	—	(0)	0	(13)
Translation differences and other[a]	1,230	131	(47)	226	73	1,612
Total changes	**6,446**	**1,520**	**(317)**	**833**	**532**	**9,014**
Balance as of December 31, 2021						
Historical Cost	29,104	6,402	2,858	6,413	2,660	47,437
Accumulated amortization and impairment	—	(1,821)	(871)	(1,402)	(1,639)	(5,734)
NET BOOK VALUE AS OF DECEMBER 31, 2021 RESTATED[a]	**29,104**	**4,581**	**1,987**	**5,010**	**1,020**	**41,703**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

Most significant *Intangible assets* of the Group are related to:

(i) the Group's brands, with a total carrying amount of €4,471 million as of December 31, 2022 (€4,581 million as of December 31, 2021), including those recognized as a result of the combination between Essilor and Luxottica occurred on October 1, 2018 hereinafter referred as the "EL Combination", with a carrying amount of €2,449 million as of December 31, 2022 (€2,535 million as of December 31, 2021) and the trade names recognized in the context of the GV Acquisition with a carrying amount of €1,467 million as of December 31, 2022 (€1,526 million as of December 31, 2021);

(ii) the technologies recognized in 2018 as a result of the EL Combination, with a carrying amount of €1,705 million as of December 31, 2022 (€1,969 million as of December 31, 2021);

(iii) the customer relationship recognized in 2018 as a result of the EL Combination, with a carrying amount of €3,750 million as of December 31, 2022 (€3,946 million as of December 31, 2021) as well as the customer relationships recognized in 2021 in the context of the GV Acquisition with a carrying amount of €838 as of December 31, 2022 (€943 as of December 31, 2021).

The carrying amount of the franchising network recognized in the context of the finalization of the PPA related to the GV Acquisition has been included within the column *Other* (€272 million as of December 31, 2022, €310 million restated as of December 31, 2021).

In 2022, *Goodwill* increased by €1,630 million, of which:

- €932 million resulting from foreign currency fluctuations (including €671 million related to foreign currency fluctuations on the goodwill arising from the EL Combination) as well as the effect of hyperinflation accounting on the goodwill allocated to Turkish operations in the context of the GV Acquisition;
- €697 million resulting from the business combinations accounted for in the period (please refer to Note 3 – Business combinations).

Excluding exchange rate and hyperinflation effects, the main increases in *Intangible assets* in 2022 resulted from the business combinations occurred in the period as well as from investment in the IT platforms of the Group.

10.1. Impairment tests

According to IAS 36 – *Impairment of assets,* entities are required to conduct impairment tests on goodwill and certain intangible assets annually, as well as whenever there is an indication that those assets may be impaired.

10.1.1. Allocation of goodwill to groups of CGUs

The lowest level at which the goodwill is monitored for internal management purposes is:

- the segment itself for the Professional Solutions (PS) business;
- the retail sun and retail optical businesses within the Direct to Consumer (DTC) segment.

The amount of *Goodwill* allocated to each groups of CGUs is reported in the following table.

€ millions	January 1, 2022[(a)]	Changes	December 31, 2022
Professional Solutions	20,582	1,196	21,778
Direct to Consumer – Optical	7,199	355	7,555
Direct to Consumer – Sun	1,323	78	1,401
TOTAL	**29,104**	**1,629**	**30,734**

(a) The carrying amount of Goodwill as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 3 – Business combinations.

Changes occurred in 2022 are substantially linked to the acquisition of the period (€697 million increase, mainly in the Professional Solutions group of CGUs) and to foreign currency fluctuations (€932 million).

10.1.2. Impairment test of goodwill

The annual impairment test on goodwill was performed at an interim date during the annual period. Moreover, as required by IAS 36, the Group assessed whether any impairment indicator existed as at December 31, 2022. Following the last assessment, management did not identify any impairment indicators, accordingly no additional impairment test on Goodwill was performed as of December 31, 2022.

Impairment tests are performed using the methodology described in Note 1.12 of the Significant accounting principles.

The value in use of each group of CGUs was therefore determined based on discounted cash flows. The cash flows are derived from the 2023 budget estimate and medium-term projections consistent with the 5-year outlook (2022-2026) established by Management and presented during the EssilorLuxottica's Capital Market Day on September 14, 2022.

The Weighted Average Cost of Capital (WACC) applied to each group of CGUs are reported below. The growth rates used to determine terminal values are around 3% (ranging from 1.3% and 1.6% in the annual impairment test performed for the year ended December 31, 2021).

In %	WACC
Professional Solutions	9.5%
Direct to Consumer – Optical	9.5%
Direct to Consumer – Sun	9.1%

No impairment loss has been recognized in the consolidated statement of profit or loss in 2022 nor in 2021.

The table below shows, for each group of CGUs, the percentage of the *headroom* over the tested net carrying amount (column: *Surplus of recoverable amount over the net carrying amount*) as well as the approximate WACC which would lead the difference between recoverable amount and net carrying amount equal to zero (column: *Break-even WACC*).

In % / Bps	Surplus of recoverable amount over the net carrying amount	Break-even WACC
Professional Solutions	18%	~ 10.5%
Direct to Consumer – Optical	51%	~ 12.5%
Direct to Consumer – Sun	>100%	~ 15.5%

Moreover, with all other parameters remaining equal, a decrease of 100 basis points in the long-term growth rate would not generate any impairment loss on the net amount of goodwill allocated to each group of CGUs as of the date of the impairment tests.

10.1.3. Impairment test of other intangible assets

As regards to other intangible assets, specific impairment tests were performed, as of December 31, 2022, when the Group identified impairment indicators.

In 2022, specific circumstances, linked to the Russia-Ukraine conflict on one side and the Covid-19 lockdowns in China on the other side, have led the Group to perform impairment tests on the value of the intangible assets pertaining to the affected businesses.

The tests carried out did not lead to the identification of any significant impact. The overall impairment losses on intangible assets recognized in 2022 amounted to €26 million (€41 million in 2021).

Note 11 Property, plant and equipment and right-of-use assets

11.1. Property, plant and equipment

Changes in items of *Property, plant and equipment* in 2022 are as follows:

€ millions	Land, Buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2022				
Historical cost	3,188	3,761	2,148	9,098
Accumulated depreciation and impairment	(1,459)	(2,285)	(1,142)	(4,887)
Net book value as of January 1, 2022	**1,729**	**1,476**	**1,006**	**4,211**
Additions	229	256	631	1,116
Business combinations	29	32	11	71
Depreciation	(203)	(320)	(172)	(695)
Impairment	(4)	(8)	(9)	(21)
Disposals and assets classified as held for sale	(5)	(10)	(7)	(23)
Translation differences and other	214	168	(295)	87
TOTAL CHANGES	**261**	**116**	**159**	**536**
Balance as of December 31, 2022				
Historical cost	3,641	4,168	2,346	10,155
Accumulated depreciation and impairment	(1,652)	(2,576)	(1,181)	(5,408)
NET BOOK VALUE AS OF DECEMBER 31, 2022	**1,989**	**1,592**	**1,165**	**4,747**

Changes in items of *Property, plant and equipment* in 2021 are as follows:

€ millions	Land, Buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2021				
Historical cost	2,230	2,786	1,528	6,545
Accumulated depreciation and impairment	(888)	(1,577)	(732)	(3,197)
Net book value as of January 1, 2021	**1,342**	**1,210**	**796**	**3,348**
Additions	188	255	440	883
Business combinations	214	162	89	465
of which GV Acquisition	*211*	*160*	*85*	*455*
of which other business combinations	*4*	*2*	*4*	*10*
Depreciation	(152)	(273)	(150)	(575)
Impairment	(8)	(13)	(14)	(36)
Disposals and assets classified as held for sale	(1)	(7)	(3)	(12)
Translation differences and other	146	142	(151)	137
TOTAL CHANGES	**387**	**266**	**210**	**863**
Balance as of December 31, 2021				
Historical cost	3,188	3,761	2,148	9,098
Accumulated depreciation and impairment	(1,459)	(2,285)	(1,142)	(4,887)
NET BOOK VALUE AS OF DECEMBER 31, 2021	**1,729**	**1,476**	**1,006**	**4,211**

The Group's Property, plant and equipment mainly include:

- buildings consisting mainly of plants, prescription laboratories and administrative offices. Their locations reflect the Group's broad international presence;
- production plants and equipment including machines and equipment for producing semi-finished and finished lenses as well as frames.

The prescription laboratories also have machines and equipment for surfacing, coating, edging and mounting lenses.

Specific impairment tests were performed as of December 31, 2022, when the Group identified impairment indicators. The impairment losses on tangible assets recognized in 2022 amounted to €21 million (€36 million in 2021).

11.2. Right-of-use assets

The following tables summarize the amounts recognized in the Group consolidated statement of financial position as a result of the application of IFRS 16. In particular, the tables show the carrying amounts of the Group's *Right-of-use assets* as well as their movements during the years ended December 31, 2022 and 2021.

€ millions	Store and other buildings	Equipment and machinery	Other	Total
Net book value January 1, 2022	**2,904**	**7**	**20**	**2,930**
Additions	927	15	19	961
Business combination	42	3	0	45
Depreciation	(900)	(7)	(16)	(924)
Impairment	(2)	—	—	(2)
Divestments and assets classified as held for sale	(1)	—	(0)	(1)
Translation differences and other	3	(2)	(1)	1
NET BOOK VALUE DECEMBER 31, 2022	**2,972**	**15**	**23**	**3,010**

€ millions	Store and other buildings	Equipment and machinery	Other	Total
Net book value January 1, 2021	**1,723**	**14**	**16**	**1,753**
Additions	443	4	11	458
Business combination	1,212	1	8	1,221
of which GV Acquisition	*1,191*	*1*	*8*	*1,200*
of which other business combinations	*21*	—	—	*21*
Depreciation	(681)	(10)	(14)	(706)
Impairment	(17)	—	—	(17)
Divestments and assets classified as held for sale	(7)	—	—	(7)
Translation differences and other	230	(2)	(1)	227
NET BOOK VALUE DECEMBER 31, 2021	**2,904**	**7**	**20**	**2,930**

Specific impairment tests were performed as of December 31, 2022, when the Group identified impairment indicators. The impairment losses on right-of-use assets recognized in 2022 amounted to €2 million (€17 million in 2021).

Note 12 Investments in associates

Investments in associates amount to €83 million as of December 31, 2022 (€91 million as of December 31, 2021).

The main investment in associates refers to the non-controlling interest in Mazzucchellli 1849 SpA whose value increased from €75 million to €81 million.

The €6 million increase represents the Group's share of Mazzucchelli profit of the year.

The main decrease of the year corresponds to the reclassification of two US-based equity investees' carrying amount following the acquisition of control over those entities and their full consolidation (respectively from the end of January and July 1, 2022) for an amount of €14 million.

For the year ended December 31, 2022, the Group's share of profits in associates amounts to €6 million (€3 million in 2021).

Note 13 Other non-current assets

Other non-current assets are described as follows:

€ millions	December 31, 2022	December 31, 2021
Other non-financial assets	438	477
Financial lease receivables	71	46
Other financial assets	308	194
OTHER NON-CURRENT ASSETS	**817**	**718**

The balance of Other non-financial assets as of December 31, 2021 includes €125 million transferred to the French Competition Authority in the context of the procedure against Luxottica, its subsidiary Alain Mikli and other competitors. The Authority imposed to Luxottica a €125 million sanction, paid on December 14, 2021, for the Group's conduct which took place between 2005 and 2014 in the optical frames and sunglasses sector in France. The Company appealed the decision confident that it will successfully demonstrate that the decision is wrong both from a factual and a legal perspective (see 30.2.1 Alleged anti-competitive practices). The payment was therefore considered as a deposit made to a public authority in the context of the overall procedure and it has been accounted accordingly (taking into consideration the expected timing for/ of the conclusion of the procedure). In fact, that deposit gives the Company a right to obtain future economic benefits, either by receiving a cash refund or by using the payment to settle the final liability once the Authority will issue its final decision without possibility of appeal.

Moreover, Other non-financial assets also include security deposits with a corresponding carrying amount of €111 million (€99 million as of December 31, 2021), non-current advance payments related to royalties for €18 million (€34 million as of December 31, 2021), non-current trade receivables for €38 million (€36 million as of December 31, 2021) and in 2021, it comprised a net defined benefit asset related to US pension plans for €51 million (see Note 23 – Employee benefits).

Non-current contract assets included in other non-financial assets amount to €19 million (€20 million as of December 31, 2021).

Financial lease receivables mainly relate to GrandVision's leases of stores that are subleased to the Group's franchisees.

Other financial assets mainly include the carrying amount of non-consolidated companies. The increase of the year is mainly linked to the acquisition of non-controlling interest in several companies operating in the optical retail industry (financial investments).

Note 14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

€ millions	December 31, 2022	Restated[a] December 31, 2021
Deferred tax assets	408	487
Deferred tax liabilities	2,377	2,536
DEFERRED TAX ASSETS/LIABILITIES (NET)	**(1,970)**	**(2,049)**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

Changes in deferred taxes are as follows:

€ millions	2022	Restated[a] 2021
Position as of January 1	**(2,049)**	**(1,470)**
Tax charged/credited to profit or loss	147	201
Tax charged/credited to other comprehensive income	(10)	(9)
Tax charged/credited to equity	(1)	(20)
Business combinations	(12)	(677)
of which GV Acquisition	—	(676)
of which other business combinations	(12)	(0)
Exchange rate difference and other movements[b]	(45)	(75)
POSITION AS OF DECEMBER 31	**(1,970)**	**(2,049)**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.
(b) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

Deferred taxes by nature are as follows:

€ millions	December 31, 2022	Restated[a] December 31, 2021
Elimination of inter-company profits	269	243
Differences in depreciation periods (PP&E)	(608)	(530)
Temporarily non-deductible provisions	244	261
Employee benefits-related reserves	87	102
Other intangible assets	(2,409)	(2,557)
Assets recognized on tax loss carryforward	116	155
Leases	276	255
Other	55	21
TOTAL	**(1,970)**	**(2,049)**

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

Deferred tax assets are recognized for tax losses carried forward and other temporary differences to the extent that the realization of the related tax benefit through future profit is probable. As of December 31, 2022, the Group did not recognize deferred tax assets of €254 million (€223 million as of December 31, 2021) in respect of losses and other temporary differences.

The Group does not recognize deferred tax liabilities on undistributed earnings of its subsidiaries to the related parent company that are intended to be permanently invested.

Note 15 Inventories

The composition of inventories is as follows:

€ millions	December 31, 2022	December 31, 2021
Raw material, supplies and packaging	790	676
Work in progress	110	101
Finished Goods	2,365	2,130
Inventories – gross	**3,266**	**2,907**
Inventory obsolescence reserve	(477)	(462)
INVENTORIES (NET)	**2,789**	**2,445**

Obsolescence refers to products that are expected to have low sale ability due to a number of factors including, but not limited to, the fact that: they have been discontinued, the related quality standards have changed, the related technology has been superseded and/or they have been withdrawn from the catalogue.

This assessment was based among other factors, on sales expectations.

In the year ended December 31, 2022, a provision on inventories has been booked for €103 million (€111 million for 2021).

Note 16 Trade receivables

Trade receivables are as follows:

€ millions	December 31, 2022	December 31, 2021
Trade receivables (gross)	2,877	2,575
Bad debt provision	(180)	(220)
TRADE RECEIVABLES (NET)	**2,697**	**2,355**

Note 17 Tax receivables and tax payables

Tax receivables and tax payables are as follows:

€ millions	December 31, 2022	Restated[(a)] December 31, 2021
Tax receivables	259	296
Tax payables	711	805

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

Tax payables include liabilities related to uncertain tax positions in various countries in which the Group operates (€482 million as of December 31, 2022).

Note 18 Other current assets

Other current assets are as follows:

€ millions	December 31, 2022	December 31, 2021
Social and sales tax receivables	297	259
Advances to suppliers	121	82
Prepaid expenses	213	195
Other	258	212
Total other current non-financial assets	**890**	**747**
Derivative financial instruments	29	42
Short-term investments	—	—
Financial lease receivables	17	14
Other	0	0
Total other current financial assets	**46**	**57**
OTHER CURRENT ASSETS	**936**	**804**

As of December 31, 2022, contract assets included in other current assets amount to €18 million (€20 million as of December 31, 2021).

Note 19 Cash and cash equivalents

Cash and cash equivalents are as follows:

€ millions	December 31, 2022	December 31, 2021
Cash in hand and at bank	1,756	1,588
Time deposits	204	1,705
CASH AND CASH EQUIVALENTS	**1,960**	**3,293**

The Group is operating in some countries where cash and cash equivalents are subject to legal restrictions. The respect of preliminary formalities in these countries is mandatory before transferring these funds with some delay and eventually some tax payment. Cash and cash equivalents can also be held by some subsidiaries where the initial approval of our partners is required to transfer any funds.

Note 20 Assets and liabilities held for sale

In the first semester 2022, EssilorLuxottica completed the divestment of businesses in Italy, Belgium and the Netherlands as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition. As a result:

- on March 2, 2022, Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, acquired the VistaSì chain in Italy, including the brand and all the 99 stores as well as 75 GrandVision stores in the country; while
- on April 4, 2022, the Optic Retail International Group BENE, a member of MPG Austria ("ORIG/MPG"), completed the transaction for ORIG/MPG to purchase 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

As of December 31, 2021, the carrying amount of the assets and liabilities related to those businesses was already isolated in the dedicated lines within the statement of financial position (*Assets held for sale* and *Liabilities held for sale*) and measured at its fair value less costs to sell.

All those assets and liabilities were derecognized from EssilorLuxottica's statement of financial position in 2022 with no material effects on the statement of profit or loss of the period (an income of approximately €8 million).

Note 21 Equity

21.1. Number of shares

The changes in number of shares between January 1 and December 31 for the years 2022 and 2021 are as follows:

In number of shares	2022	2021
Number of shares as of January 1	**442,442,920**	**439,005,894**
Scrip dividend	4,789,194	2,687,685
Delivery of performance shares	167,947	493,564
Employee stock ownership plan	232,868	177,863
Exercise of stock options[(a)]	55,304	77,914
NUMBER OF SHARES AS OF DECEMBER 31	**447,688,233**	**442,442,920**

(a) As of December 2022 the amount includes 40,903 shares which were delivered but not yet registered; 517,887 shares delivered but not yet registered as of December 31, 2021.

21.2. Share capital and Share premium reserve

The share capital of the Company amounted to €81 million as of December 31, 2022 and was comprised of 447,688,233 ordinary shares with a par value of €0.18 each.

The changes in share capital and share premium reserve (issue of ordinary shares) are presented below.

In number of shares / € millions	Number of shares	Share capital	Share premium reserve
Position as of January 1, 2022	**442,442,920**	**80**	**22,381**
Scrip dividend	4,789,194	1	648
Delivery of performance shares	167,947	—	—
Employee stock ownership plan[(a)]	232,868	0	31
Exercise of stock options[(a)]	55,304	0	7
POSITION AS OF DECEMBER 31, 2022	**447,688,233**	**81**	**23,066**

(a) Increase in share capital settled in cash for €37 million.

21.3. Treasury shares reserve

The reserve for the Company's treasury shares corresponds to the cost incurred to repurchase the Company's shares held by the Group. As of December 31, 2022, the Group held 2,360,650 of the Company's shares valued at €360 million.

The changes over 2022 are presented below.

In number of shares / € millions	Number of shares	Treasury shares reserve	Cash impact in 2022
Position as of January 1	**1,382,761**	**231**	**N.a**
Purchased shares (buy-back)	2,987,123	470	(470)
Shares delivered for Performance Shares Plans	(1,545,101)	(260)	—
Shares delivered for Stock-option plans	(44,312)	(8)	5
Disposed shares (Boost plan)[(a)]	(419,821)	(74)	34
POSITION AS OF DECEMBER 31	**2,360,650**	**360**	**(431)**

(a) Movement of the treasury shares reserves corresponds to the carrying value of the shares disposed in 2022 whereas the cash impact is related to the Boost plan delivered in 2021 (€27 million) and to the Boost plan delivered in 2022 (€7 million), price paid by the employees being deducted form their payslip over a period of 12 months following the vested date in most cases.

During the twelve-month period ended December 31, 2022, the Group accounted for an increase of €470 million in the treasury shares reserve related to the share buyback programs launched by the Company:

- 1,500,000 EssilorLuxottica shares were purchased from February 1 to February 8, 2022 for an average price of €174.14 and for a total amount of €262 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on February 1, 2022 (in accordance to the 10th resolution approved by the Annual Shareholders' Meeting of 21 May 2021);
- 938,409 EssilorLuxottica shares were purchased from June 17 to August 31, 2022 for an average price of €139.14 and for a total amount of €131 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on June 17, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of 25 May 2022);
- 548,714 EssilorLuxottica shares were purchased from September 27 to December 31, 2022 for an average price of €139.30 and for a total amount of €77 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on September 23, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of 25 May 2022). At the closing date, this buyback program was in progress with a mandate granted for a purchase of up to 1,500,000 EssilorLuxottica shares until March 31, 2023, depending on market conditions.

The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

21.4. Retained earnings and other reserves

Retained earnings and other reserves amount to €11,286 million as of December 31, 2022 (€11,248 as of December 31, 2021).

The main changes accounted in the period refer to the allocation of 2021 restated net profit attributable to owners of the parent (€1,448 million) partially counterbalanced by the dividend distribution described in the following paragraph (€1,104 million), the share-based payments costs recorded in the period (€189 million increase compared to December 31, 2021), the delivery of shares to employees in the context of share-based plan served with treasury shares (€303 million decrease compared to December 31, 2021), transactions with non-controlling interests (€378 million decrease compared to December 31, 2021) and the effect resulting from the application of hyperinflation accounting (€169 million increase).

21.5. Dividends

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021 representing a total dividend of €1,104 million. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €135.60 per share (so-called *scrip dividend*).

At the end of the option period (June 15, 2022), 258,731,714 dividend rights were exercised in favour of the payment of the 2021 dividend in shares, accordingly:

- 4,789,194 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €649 million; and
- €454 million were paid in cash to those shareholders who did not opt for the *scrip dividend*.

Both the cash and the *scrip* dividend were paid on June 21, 2022. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

Over the first semester of 2021, a *final dividend* for the year 2020 amounting to €1.08 per share was paid on June 21, 2021 to the shareholders for a total amount of €473 million, of which €335 million in shares (*scrip dividend*) and €138 million in cash. An interim dividend for the year 2020 was already distributed in December 2020 for an amount of €503 million.

The total dividend distributed to non-controlling shareholders in 2022 amounted to €140 million (€100 million in 2021).

21.6. Non-controlling interests

Equity attributable to non-controlling interests amounted to €692 million as of December 31, 2022 and €811 million as of December 31, 2021.

The following table provides a reconciliation of the changes in non-controlling interests over the year. The most significant variation results from the acquisition of the remaining non-controlling interests in Shamir which lead to the reclassification, from equity attributable to non-controlling interests to equity attributable to owners of the parent, for approximately €79 million.

€ millions	2022	2021
Position as of January 1	**811**	**530**
Total comprehensive income of the period	137	189
Changes in consolidation scope and NCI	(116)	191
Acquisition of subsidiaries with NCI	*16*	*226*
Acquisition of NCI without a change in control	*(94)*	—
Other changes related to NCI	*(38)*	*(35)*
Dividends paid	(140)	(100)
POSITION AS OF DECEMBER 31	**692**	**811**

The overall net cash flow related to transactions with non-controlling interests amount to €674 millions in 2022 (€67 million in 2021), of which the most significant transaction relates to the acquisition of non-controlling interests in Shamir for approximately €451 million.

Note 22 Financial debt, including lease liabilities

Total financial debt is €12,204 million as of December 31, 2022 (€13,017 million as of December 31, 2021).

The changes in financial debt during the years ended December 31, 2022 and 2021 are as follows:

€ millions	Balance as of January 1, 2022	Change in financing flows[a]	Scope effects	Translation differences	Other[b]	Balance as of December 31, 2022
Non-current borrowings	8,913	(43)	27	10	(1,050)	7,858
Non-current lease liabilities	2,230	(1)	37	37	32	2,336
Total non-current financial debt	**11,144**	**(43)**	**64**	**47**	**(1,018)**	**10,194**
Current borrowings	1,036	(920)	11	16	1,021	1,164
Current lease liabilities	837	(954)	8	13	942	846
Total current financial debt	**1,874**	**(1,874)**	**19**	**29**	**1,963**	**2,010**
TOTAL FINANCIAL DEBT	**13,017**	**(1,917)**	**83**	**76**	**945**	**12,204**

(a) The total change in financing flow corresponds to the *Issuance of bonds, private placements and other long-term debts*, *Repayment of bonds, private placements and other long-term debts*, the *Changes in other current and non-current borrowings* and the *Cash payments for principal portion of lease liabilities* lines as reported in the consolidated statement of cash flows.

(b) The column "Other" includes, among others, interests paid, reported within the *Net cash flows provided by/(used in) operating activities* subtotal in the consolidated statement of cash flows, as well as the decrease in lease liabilities resulting from Covid-19 rent concessions accounted for as negative variable lease payments in the consolidated statement of profit or loss (see Note 6 – Operating income and expense).

€ millions	Balance as of January 1, 2021	GV Acquisition	Other scope effects	Change in financing flows[(a)]	Translation differences	Other[(b)]	Balance as of December 31, 2021
Non-current borrowings	9,324	277	3	(294)	12	(409)	8,913
Non-current lease liabilities	1,411	835	10	(1)	72	(97)	2,230
Total non-current financial debt	**10,735**	**1,112**	**13**	**(294)**	**84**	**(505)**	**11,144**
Current borrowings	633	398	(0)	(432)	35	402	1,036
Current lease liabilities	527	331	0	(722)	24	677	837
Total current financial debt	**1,160**	**729**	**0**	**(1,154)**	**59**	**1,079**	**1,874**
TOTAL FINANCIAL DEBT	**11,895**	**1,841**	**13**	**(1,448)**	**143**	**574**	**13,017**

(a) The total change in financing flow corresponds to the *Issuance of bonds, private placements and other long-term debts*, *Repayment of bonds, private placements and other long-term debts*, the *Changes in other current and non-current borrowings* and the *Cash payments for principal portion of lease liabilities* lines as reported in the consolidated statement of cash flows.
(b) The column "Other" includes, among others, interests paid, reported within the *Net cash flows provided by/(used in) operating activities* subtotal in the consolidated statement of cash flows, as well as the decrease in lease liabilities resulting from Covid-19 rent concessions accounted for as negative variable lease payments in the consolidated statement of profit or loss (see Note 6 – Operating income and expense).

The Group uses debt financing to raise financial resources for medium/long-term business operations and to finance acquisitions. The overall decrease by €813 million in total financial debt is mainly linked to the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022, the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022 and the repayment of €416 million GrandVision commercial papers.

22.1. Non-current borrowings

The table below summarizes the Group's non-current borrowings as of December 31, 2022.

€ millions	December 31, 2022	December 31, 2021	Face value	Currency	Nominal interest rate	Issue date *dd/mm/yyyy*	Maturity *dd/mm/yyyy*
Eurobond[(a)]	987	986	1,000	EUR	0.75%	27/11/2019	27/11/2031
Eurobond[(b)]	1,243	1,242	1,250	EUR	0.50%	05/06/2020	05/06/2028
Eurobond[(a)]	1,489	1,487	1,500	EUR	0.38%	27/11/2019	27/11/2027
US private placement	90	83	100	USD	2.65%	05/01/2017	05/01/2027
Eurobond[(b)]	1,246	1,244	1,250	EUR	0.38%	05/06/2020	05/01/2026
Eurobond[(a)]	1,494	1,491	1,500	EUR	0.13%	27/11/2019	27/05/2025
Eurobond	299	322	300	EUR	2.375%	09/04/2014	09/04/2024
Eurobond	499	499	500	EUR	2.625%	10/02/2014	10/02/2024
Eurobond[(b)]	500	499	500	EUR	0.25%	05/06/2020	05/01/2024
US private placement[(c)]	—	27					
Eurobond[(a)(c)]	—	999					
Other	11	34					
NON-CURRENT BORROWINGS	**7,858**	**8,913**					

(a) Those lines refer to the 5BIL Bonds issued on November 27, 2019.
(b) Those lines refer to the 3BIL Bonds issued on June 5, 2020.
(c) Reclassified to *Current borrowings*.

As of December 31, 2022, non-current borrowings decreased by €1,054 million compared to December 31, 2021, mainly due to the reclassification from non-current to current borrowings of the €1,000 million Eurobond (face value) and of a USD30 million US private placement (face value), both now due within 12 months from the reporting date.

The Group's debt agreements contain certain financial covenants (for more details see Note 29 – Financial instruments and management of market risks). As of December 31, 2022, the Company was in compliance with these financial covenants.

22.2. Current borrowings

As of December 31, 2022, the Group's short-term funding structure was as follows:

€ millions	December 31, 2022	December 31, 2021	Face value	Currency	Nominal interest rate	Issue date *dd/mm/yyyy*	Maturity *dd/mm/yyyy*
US private placement[(a)]	28	—	30	USD	3.40%	05/11/2013	04/11/2023
Eurobond[(a)]	1,000	—	1,000	EUR	0.00%	27/11/2019	27/05/2023
Eurodollar bond[(b)]	—	266	300	USD	2.50%	30/06/2017	30/06/2022
US private placement[(b)]	—	177	200	USD	2.05%	05/01/2017	05/01/2022
Commercial paper *(EUR)*[(b)]	—	416	416	EUR	(0.40%)	10/09/2021	03/03/2022
Other[(b)]	136	178					
CURRENT BORROWINGS	**1,164**	**1,036**					

(a) Reclassified from *Non-current borrowings*.
(b) Changes compared to December 31, 2021 balances are reported within the line *Repayment of bonds, private placements and other long-term debts* and *Changes in other current and non-current borrowings* in the consolidated statement of cash flows for the year ended December 31, 2022.

The other current borrowings correspond to short-term bank borrowings, overdraft and accrued interest, and amount to €136 million as of December 31, 2022 (€178 million as of December 31, 2021).

The main changes in the Group's current borrowings correspond to the reclassification from non-current to current borrowings of the €1,000 million Eurobond (face value) and of the USD30 million US private placement now due within 12 months from the reporting date, the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022, the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022 and the net repayment of various Commercial Paper for €416 million.

22.3. Lease liabilities

The table below provides the maturity of the Group's lease liabilities as of December 31, 2022.

€ millions	2023 (1Y)	2024 (2Y)	2025 (3Y)	2026 (4Y)	2027 (5Y)	>2027 (>5Y)	Total
LEASE LIABILITIES	**846**	**658**	**472**	**342**	**248**	**616**	**3,182**

22.4. Net debt

The table below summarizes the Group's Net debt as of December 31, 2022 and 2021.

€ millions	December 31, 2022	December 31, 2021
Non-current borrowings	7,858	8,913
Current borrowings	1,164	1,036
Total liabilities	**9,022**	**9,950**
Cash and cash equivalents	(1,960)	(3,293)
Total asset	**(1,960)**	**(3,293)**
Interest Rate Swap measured at fair value	2	(21)
Foreign exchange derivatives at fair value	(1)	(4)
Net debt excluding lease liabilities	**7,063**	**6,630**
Lease liabilities (current and non-current)	3,182	3,068
NET DEBT	**10,246**	**9,698**

Note 23 Employee benefits

As of December 31, 2022, net recognized employee benefit obligations amount to €431 million (€537 million as of December 31, 2021).

In accordance with laws and regulations in each country in which it operates, the Group has legal obligation with regard to employee post-employment benefits.

23.1. Description of the main post-employment plans granted to Group employees

France

- **Article 39:** Since its inception in December 1997, the Essilor group provides to its senior management teams (category IIIC and HC in accordance with the definition of the French metallurgy collective agreement) the opportunity to reward seniority to remain with the group through a supplementary pension scheme (Article 39 of the French tax code) in addition to the general requirements applicable to all other employees.

  Eligible personnel needed to demonstrate at least 10 years of service within the group to benefit from the scheme. In addition, they were required to still be working for the group at their retirement date. The additional pension was calculated based on the number of years of service within the group as well as an average of the yearly gross salary (fixed and variable) based on the three highest years of compensation throughout their employment history with the group.

  On July 4, 2019, the "Loi Pacte" amended the treatment of the Art. 39 pension. Since then, these plans are no more authorized according to this law. This plan is closed to new members and rights are currently frozen. 18 senior team members were part of this plan as at December 31st, 2022.
- **Jubilee and termination benefits:** Jubilee and termination benefits schemes are regulatory and compulsory schemes applicable to all companies incorporated in France.

  Upon retirement, employees are eligible to receive a lump sum payment depending on the number of years of service within the group. Rights are acquired based on legal requirements (French labor law), general collective agreements, as well as company specific agreements in place when the employee first joined the group.

  A provision is recorded in the consolidated financial statements to cover for the defined benefit obligation. The most significant plan is carried by Essilor International (SAS). For this entity, rights are calculated based on the metallurgy collective agreement (in additional salary). No assets are associated to this liability that represent the defined benefit obligation for the 2,710 French permanent contract employees working for the Essilor International (SAS) as of December 31, 2022.

US Pension plan

There are several types of defined benefit plans in the US. The most significant plans are described below:

- **A supplementary retirement plans for Executives:** Essilor USA provides the opportunity to reward seniority to remain with the group for Executives through a supplementary pension plan. As of December 31, 2022, there are 3 active members and 10 non active members to this defined benefit plan.

  To be eligible to join the plan, Executives need to be at least 62 years old, have held for at least five years an executive position, and have at least 10 years of service within the group. Additionally, they are required to still be working for the group at their retirement date. The additional payout represents 40% of the base salary received over the last three years preceding retirement.

  Additionally, other post-employment benefits are paid out in case of early retirement, death, or end of employment resulting in lower accessibility conditions and a lower payout.

  There are no assets associated to this defined benefit plan.
- **Lux Pension Plan** — Oakley, Inc. sponsors a qualified non-contributory defined benefit pension plan, the "Lux Pension Plan", which provides for the payment of benefits to eligible past and present employees of EssilorLuxottica USA Inc. and its subsidiaries (herein after "US Holdings") upon retirement. Pension benefits are gradually accrued based on length of service and annual compensation excluding non-cash components. Participants become vested in the Lux Pension Plan after three years of vesting service as defined by the Lux Pension Plan. In 2013, the Lux Pension Plan was amended so that employees hired on or after January 1, 2014 would not be eligible to participate. This plan is funded.

  On December 31, 2022 the OPT, LLC Pension Plan merged into the Lux Pension plan. There are 67 active members and 133 non active members to this defined benefit plan.
- **Lux SERP** — US Holdings also maintains a non-qualified, unfunded supplemental executive retirement plan ("Lux SERP") for participants of its qualified pension plan to provide benefits in excess of amounts permitted under the provisions of prevailing US tax law. This plan's liability mirrors the actuarial methods and assumptions used for the Lux Pension Plan. There are no assets associated to this plan.

  The last two plans operate under the US regulatory framework. These plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the plans. The plans expose the Group to actuarial risks, such as longevity risk, exchange rate risk, and interest rate risk.

Italy TFR (post-employment benefits of the Italian companies' employees)

The provision for employee severance pay (TFR), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from January 1, 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the company's only obligation is to pay the contributions to the pension funds or to National Social Insurance Agency (INPS). Liabilities related to severance pay pre-dating January 1, 2007 remain a defined-benefit plan to be valued using actuarial methods. There are no assets associated to this plan.

Germany

There are several different types of defined benefit plans in Germany. The most significant plan is carried by Essilor GmbH. As of December 31, 2022, this plan had 198 active members and 781 non active members (including 356 retired members). This plan is closed to new members and rights are currently frozen. Before its change of status, to join the plan, employees were required to hold a permanent contract, be younger than 55 years old and have a specified number of years of service. Rights offered by this plan are based on a final salary type of scheme. Payouts are based on 0.4% of the base salary for each eligible year of service, plus an additional 12%. No assets are currently associated to this defined benefit plan.

Moreover, as a result of the GV Acquisition, a pension arrangement, in addition to the state pension provided in Germany, for employees already employed with Apollo prior to 1994 is included in the Employee benefit balance as of December 31, 2022 (€40 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.

Switzerland

Following the GV Acquisition, Swiss pension arrangements are included into the Employee benefit balance as of December 31, 2022 (€16 million). These 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.

Other

In Australia and Hong Kong, the Group makes mandatory contributions to retirement funds. The plans provide benefits on a defined contribution basis for employees upon retirement, resignation, injury or death. Contributions to defined contribution superannuation plans are recognized as an expense as the contributions are paid or become payable to the fund. Contributions are accrued based on legal rates and annual compensation.

23.2. Changes of the period

€ millions	2022 Defined benefit obligation	2022 Fair value of plan assets	2022 Net liability (asset)	2021 Defined benefit obligation	2021 Fair value of plan assets	2021 Net liability (asset)
BALANCE AS OF JANUARY 1	**1,506**	**1,020**	**485**	**1,509**	**1,025**	**484**
Included in profit or loss						
Cost of services rendered in the period	50	(2)	52	58	—	58
Cost of past services	(0)	—	(0)	(7)	—	(7)
Interest cost (income)	26	21	6	4	17	(14)
Total movements in profit or loss	**76**	**18**	**58**	**55**	**17**	**38**
Included in OCI						
Actuarial loss (gain) arising from:						
demographic assumptions	*(4)*	—	*(4)*	*(17)*	—	*(17)*
financial assumptions	*(313)*	*(0)*	*(313)*	*(41)*	—	*(41)*
experience adjustment	*30*	—	*30*	*(10)*	—	*(10)*
Return on plan assets excluding interest income	—	(202)	202	—	48	(48)
Translation differences and other movements	50	48	2	74	72	2
Total movements in OCI	**(237)**	**(154)**	**(83)**	**6**	**121**	**(115)**
Other						
Contributions to plan assets	4	14	(11)	1	36	(34)
Benefits paid	(73)	(54)	(20)	(283)	(263)	(20)
Business combinations	0	—	0	218	84	133
GV Acquisition	—	—	—	*218*	*84*	*133*
Other business combinations	*0*	—	*0*	*0*	*(0)*	*0*
Total other movements	**(69)**	**(40)**	**(30)**	**(64)**	**(143)**	**79**
TOTAL AS OF DECEMBER 31	**1,276**	**845**	**431**	**1,506**	**1,020**	**485**
Net defined benefit assets classified in other non-current assets			—			51
BALANCE AS OF DECEMBER 31			**431**			**537**

23.3. Actuarial assumptions

A major assumption taken into account in the valuation of pension and other post-employment benefit obligations is the discount rate. In accordance with IAS 19 – *Employee Benefits*, the rates were determined by currency areas and by reference to the return on high-quality private bonds with a maturity equal to the term of the plans or the return on government bonds when the private market has insufficient liquidity.

The return on plan assets is determined based on the allocation of the assets and the discount rates used.

The main rates used by the Group are as follows:

	2022				2021			
In %	Eurozone	United States	Switzerland	United Kingdom	Eurozone	United States	Switzerland	United Kingdom
Discount rate	3.3%-3.8%	5.0%-5.2%	2.2%	4.8%	1.0%-1.1%	2.5%-2.9%	0.2%	2.0%
Inflation rate	2.0%-5.9%	2.5%	1.3%	3.2%	1.2%-1.8%	n.a.	1.0%	3.4%
Weighted average rate of salary increases	2.4%-2.6%	1.9%-8.2%	4.0%	0.0%	1.8%-2.3%	1.4%-5.0%	1.3%	0.0%

23.4. Breakdown of the fair value of plan assets by category

In %	December 31, 2022	December 31, 2021
Shares and equity funds	12%	14%
Bonds and fixed income funds	67%	66%
General insurance funds	14%	12%
Real estate/property	2%	2%
Other	5%	6%
TOTAL	**100%**	**100%**

The Plan's long-term investment objectives are to generate investment returns that provide adequate assets to meet the Plan's benefit obligations and to maintain sufficient liquidity to pay benefits and administrative expenses.

Plan assets are invested in pension funds or insurance companies for which invested assets are managed directly by pension fund managers or insurance companies. They determine appropriate investment strategies and funding allocations.

Plan assets are also invested in diversified portfolios across various asset classes based on the targets envisioned for the allocation of resources, using a mix of active management strategies, for which various consultants have been employed. Risk management is ensured by investment diversification across various asset classes, managers, strategies, market capitalizations (equity investments) and individual securities. Certain transactions and securities are not authorized to be conducted or held in the pension funds, such as purchase or sale of commodity contracts, real estate investments, excluding in trust funds, and American Depositary Receipts (ADR) or treasury shares of the Company. Risk is further controlled both at the asset class and manager level by assigning benchmarks and performance objectives. The investment managers are monitored on an ongoing basis to evaluate performance against these benchmarks and performance objectives.

Investments comply with local regulations in the countries in question.

23.5. Sensitivities

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would increase/decrease the total defined benefit obligation as shown below:

	Discount rate		Compensation increase	
€ millions	-50 bps	+50 bps	-100 bps	+100 bps
DBO at year end	1,340	1,215	1,255	1,297

Note 24 Share-based payments

Compensation costs on share-based payments are measured by the methods described in Note 1 – Significant accounting principles. The breakdown of the expenses recorded into the consolidated statement of profit or loss is as follows:

€ millions	2022	2021
Performance shares	(133)	(110)
Restricted shares	—	(6)
Stock options subscriptions	(2)	(1)
Employee share issues	(71)	(92)
COMPENSATION COSTS ON SHARE-BASED PAYMENTS	**(206)**	**(210)**

24.1. Performance shares

The Group has launched performance-based bonus share allotment plans (performance shares). In particular, these plans allow the beneficiaries to be awarded a certain amount of performance shares based on the annualized growth in the average share price of the Company, depending on the performance of the Company's share price compared with the price on the grant date (corresponding to the average of the prices quoted over the 20 trading days preceding the Board of Directors' Meeting at which the grant is decided).

The following table presents the changes in the number of performance shares in 2022 and 2021:

In number of shares	2022	2021
Performance shares as of January 1	**7,256,975**	**6,877,561**
Performance shares vested	(1,713,094)	(1,925,847)
Performance shares forfeited or cancelled	(932,328)	(595,050)
Awards for the fiscal year	2,174,013	2,900,311
PERFORMANCE SHARES AS OF DECEMBER 31	**6,785,566**	**7,256,975**
Weighted average of the remaining vesting period of the performance shares outstanding at end of the year (expressed in years)	*1.82*	*1.85*

The table below summarizes the movements since the granted date, in terms of number of shares, for the performance share plan with an impact on 2022 statement of profit or loss.

Granted date	Duration *(in years)*	Number of performance shares granted	Number of performance shares cancelled / forfeited	Number of performance shares vested	Number of performance shares outstanding as of December 31, 2022	Note
May 23, 2018	4	276,462	108,200	168,162	—	(a)
November 29, 2018	3	1,659,042	230,086	1,428,956	—	
October 3, 2019	3	2,228,446	766,780	1,461,666	—	(b)
November 28, 2019	3	94,520	32,950	61,570	—	(b)
October 1, 2020	3	2,138,851	251,752	27,615	1,859,484	
November 26, 2020	3	92,800	10,100	1,060	81,640	
October 28, 2021	3	2,900,311	212,523	2,975	2,684,813	
October 6, 2022	3	2,174,013	13,279	1,105	2,159,629	

(a) 84% of the outstanding performance shares at the vesting date were vested because the performance condition was partially met.
(b) 76% of the outstanding performance shares at the vesting date were vested because the performance condition was partially met.

For each plan, at the granted date, the Company determined the fair-value of the performance shares based on the following assumptions:

In % / €	October 2022	October and November 2021	October and November 2020	October and November 2019	November 2018
Share volatility	25.67%	22.53%	21.2%-21.6%	16.2%-16.6%	19.10%
Risk-free interest rate	1.87%	-0.58%	-0.70%	-0.6%–-0.7%	-0.23%
Dividend yield	2.34%	1.65%	1.40%	1.60%	1.43%
WEIGHTED AVERAGE FAIR VALUE	**€76.06**	**€69.76**	**€49.39**	**€49.13**	**€45.65**

24.2. Stock subscription option

Summary of the changes on the stock subscription options over 2022 and 2021 is presented below:

	2022		2021	
	Average exercise price (€)	Number of options	Average exercise price (€)	Number of options
As at January 1	€128.25	570,018	€116.42	557,489
Granted during the year	—	—	€165.80	121,868
Exercised during the year	€119.78	(99,616)	€105.85	(84,430)
Forfeited / Cancelled during the year	€126.41	(6,329)	€123.20	(24,909)
AS AT DECEMBER 31	**€130.09**	**464,073**	**€128.25**	**570,018**
of which vested and exercisable at December 31	*€120.74*	*242,610*	*€115.14*	*232,082*

With regards to the options exercised during the course of 2022, the weighted average share price of EssilorLuxottica shares was equal to €159.37 (€154.30 in 2021). The total cost accounted during the period amounted to €2 million (€1 million in 2021).

24.3. Employee share issues

In 2022, total expense incurred for employee share issues amounted to €71 million, including €40 million related to the Boost plan (the possibility to obtain existing shares of EssilorLuxottica offered to employees of foreign subsidiaries of the Group). In 2021, total expense incurred for employee share issues amounted to €92 million, including €30 million related to the Boost plan.

During 2022 the Group issued 232,868 shares to its employees (177,863 in 2021). The subscription price has been set at €131.79 per share (€147.63 in 2021), this being the average of the opening prices over the 20 trading days preceding November 21, 2022, to which a 20% discount has been applied.

In addition, the Group transferred 419,821 treasury shares to its employees as part of the Boost plan (384,149 in 2021).

Note 25 Provisions (current and non-current)

The balances as of December 31, 2022 and 2021 are detailed below:

€ millions	December 31, 2022	Restated[(a)] December 31, 2021
Warranty and returns	136	134
Litigations	208	248
Self-insurance	28	27
Restructuring and other	213	206
TOTAL PROVISIONS	**585**	**616**
of which current provisions	*283*	*373*
of which non-current provisions	*302*	*243*

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

The changes in provision for the years ended December 31, 2022 and 2021, are as follows:

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
Balance as of January 1, 2022[(a)]	**134**	**248**	**27**	**206**	**616**
Provisions for the period	38	8	0	120	166
Utilization and releases	(37)	(54)	(1)	(122)	(214)
Translation differences	3	8	2	1	13
Business combinations	1	0	—	0	2
Other movements	(4)	(2)	(0)	8	2
TOTAL CHANGES	**2**	**(40)**	**1**	**7**	**(31)**
Balance as of December 31, 2022	**136**	**208**	**28**	**213**	**585**
of which current provisions	*111*	*31*	*7*	*133*	*283*
of which non-current provisions	*25*	*176*	*21*	*80*	*302*

(a) The balance as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 3 – Business combinations.

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
Balance as of January 1, 2021	**119**	**158**	**28**	**135**	**441**
Provisions for the period	42	22	9	142	214
Utilization and releases	(39)	(23)	(12)	(102)	(176)
Translation differences	6	8	2	2	18
Business combinations	4	80	—	33	117
of which GV Acquisition[(a)]	*4*	*79*	—	*33*	*117*
of which other business combinations	—	*1*	—	*0*	*1*
Other movements	3	3	0	(4)	2
TOTAL CHANGES	**15**	**89**	**(1)**	**71**	**175**
Balance as of December 31, 2021 restated[(a)]	**134**	**248**	**27**	**206**	**616**
of which current provisions[(a)]	*110*	*121*	*7*	*135*	*373*
of which non-current provisions[(a)]	*25*	*126*	*20*	*71*	*243*

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition.

Provisions (current and non-current) decreased by €31 million in the period. The accrual of the period, €166 million, was counterbalanced by utilization and releases for about €214 million.

The utilization includes approximately USD48 million paid to the US Authorities in the context of antitrust investigations following the settlements reached in the year (see Note 30 – Contingencies and commitments, paragraph 30.2 *Litigation and contingent liabilities*).

Litigations include provisions for various legal disputes that have occurred in the course of business of the Group.

The item self-insurance includes provisions made since the Group insures itself against certain risks. The Group is self-insured for certain losses relating to workers' compensation, general liability, own risk, and employee medical benefits for claims incurred but not reported. The Group's liability is estimated using historical claims experience and industry averages.

Note 26 Other non-current liabilities

Other non-current liabilities as of December 31, 2022 and 2021 are detailed below:

€ millions	December 31, 2022	December 31, 2021
Liabilities related to long-term put options over non-controlling interests	152	64
Trade payables and liabilities related to long-term financial investments	26	30
Derivative financial instruments	1	1
Other	42	48
OTHER NON-CURRENT LIABILITIES	**221**	**143**

Other non-current liabilities include contract liabilities for a total amount of €27 million (€27 million as of December 31, 2021).

Note 27 Trade payables

Trade payables amount to €2,297 million (€2,218 million as of December 31, 2021).

€ millions	December 31, 2022	December 31, 2021
TRADE PAYABLES	**2,297**	**2,218**

The book value of trade payables is approximately equal to their fair value.

Note 28 Other current liabilities

Other current liabilities as of December 31, 2022 and 2021 are detailed below:

€ millions	December 31, 2022	December 31, 2021
Liabilities related to short-term put options over non-controlling interests	158	450
Liabilities related to short-term financial investments	69	8
Personnel expenses, social contribution, VAT and other indirect tax payables	1,401	1,514
Premium and discount	476	462
Payables with extended payment terms	515	328
Derivative financial instruments	36	16
Other	932	878
OTHER CURRENT LIABILITIES	**3,587**	**3,655**

The Group set up with financial institutions a voluntary supply chain finance ("SCF") program which enabled the Group's suppliers, at their sole discretion, to sell their receivables due by the Group, on a non-recourse basis and at a rate that leverages the Group's credit rating. No guarantees are provided by the Group or any of its subsidiaries under the SCF program and the Group has neither an economic interest in a supplier's decision to participate in the SCF program nor a direct financial relationship with the financial institution, as it relates to the SCF program.

Suppliers who opted to join this supply chain finance program have enabled the group to benefit from an extension of the payment terms of their debts towards these suppliers without any consideration. Trade payables subject to an extension of payment terms are classified in the line "Payables with extended payment terms".

Management has not identified additional liquidity risks deriving from the SCF program.

As of December 31, 2022, the amounts due to suppliers elected to participate in the SCF program included in *Other current liabilities* (line *Payables with extended payment terms* in the table above) amount to €515 million (€328 million as of December 31, 2021), notwithstanding those payables have a similar nature and function to trade payables, being related to the Group's normal operating cycle.

Cash flows related to those payables are classified as arising from operating activities (line *Changes in other operating receivables and payables* of the consolidated statement of cash flows).

The other current liabilities include contract liabilities for a total amount of €222 million (€179 million as of December 31, 2021).

Note 29 Financial instruments and management of market risks

29.1. Financial instruments recognized in the consolidated statement of financial position

€ millions	Notes	Total December 31, 2022	Financial assets/ (liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/ (liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets (excluding derivatives)	13	308	2	44	263	—	—
Finance lease receivables (non-current & current)	13-18	88	—	—	88	—	—
Trade receivables	29.2.2	2,754	—	—	2,754	—	—
Other current financial assets (excluding derivatives)	18	0	0	—	0	—	—
Derivative financial instruments	13-18	29	23	—	—	—	6
Cash and cash equivalents	19	1,960	204	—	1,756	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**5,139**	**229**	**44**	**4,861**	**—**	**6**
Non-current borrowings	22	7,858	—	—	7,858	—	—
Other non-current liabilities (excluding derivatives)[(a)]	26	193	7	—	33	152	—
Current borrowings	22	1,164	—	—	1,164	—	—
Trade payables	27	2,297	—	—	2,297	—	—
Other current liabilities (excluding derivatives)[(b)]	28	227	69	—	0	158	—
Derivative financial instruments	26-28	37	19	—	—	—	18
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**11,776**	**95**	**—**	**11,352**	**310**	**18**

(a) Excluding IFRS 15 contract liabilities.
(b) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

€ millions	Notes	Total December 31, 2021	Financial assets/ (liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/ (liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets (excluding derivatives)	13	194	2	78	114	—	—
Finance lease receivables (non-current & current)	13-18	61	—	—	61	—	—
Trade receivables	29.2.2	2,408	—	—	2,408	—	—
Other current financial assets (excluding derivatives)	18	0	—	—	0	—	—
Derivative financial instruments	13-18	42	12	—	—	—	31
Cash and cash equivalents	19	3,293	1,705	—	1,588	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**5,999**	**1,719**	**78**	**4,171**	**—**	**31**
Non-current borrowings	22	8,913	—	—	8,913	—	—
Other non-current liabilities (excluding derivatives)[(a)]	26	115	8	—	43	64	—
Current borrowings	22	1,036	—	—	1,036	—	—
Trade payables	27	2,218	—	—	2,218	—	—
Other current liabilities (excluding derivatives)[(b)]	28	458	7	—	3	448	—
Derivative financial instruments	26-28	17	13	—	—	—	4
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**12,757**	**27**	**—**	**12,214**	**512**	**4**

(a) Excluding IFRS 15 contract liabilities.
(b) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

The carrying value of assets and liabilities recorded at amortized cost is close to its fair value, except for long-term borrowings for which fair value is €7,144 million (€9,109 million as of December 31, 2021).

The fair value hierarchy of the relevant financial assets and liabilities is as follows:

- borrowings: the fair value of listed debt is equal to their market price. The level of the hierarchy used for determining this fair value is Level 1. The fair value of the non-listed debt equals the present value of future cash flows, calculated by utilizing the market rate currently available for similar debt and adjusted in order to take into account the Company's current credit rating. The level of the hierarchy used for determining this fair value is Level 2;
- cash, cash equivalent and short-term investments: the level of the hierarchy used for determining the fair value of money market mutual funds is Level 1;
- derivatives financial instruments: the fair value of the derivatives financial instruments equals the present value of future cash flows, calculated by utilizing the market inputs currently available. The level of the hierarchy used for determining this fair value is Level 2;
- equity investments at fair value through other comprehensive income: the level of the hierarchy used for determining this fair value is Level 3, except for investments in listed companies whose fair value is determined based on quoted price in the related active market, *i.e.* Level 1.

Other financial liabilities include the put liabilities and liabilities related to earn-out clauses. Changes in put liability's fair value are recognized through Group equity.

29.2. Counterparty risk

29.2.1. Credit risk related to financial counterparties

The Group is exposed to counterparty risk, *i.e.*, the risk that a bank defaults on its contractual obligations (short term investment, hedge or credit facility), which would result in a financial loss for the Group.

Default by a counterparty may result in loss in value (the case of non-payment of a financial asset) or liquidity (the case of inability to draw on an unused line of credit). To mitigate the risk, the Group mainly deals with top-tier banks and diversifies its banking counterparties, in order to limit its individual exposure, depending on the rating of the counterparty. Moreover, available cash is mainly invested with the purpose of meeting the criteria of *Cash and cash equivalents* classification as per the strategy of the Group (*i.e.* at least 90% of excess cash must be invested in products complying with the *Cash and cash equivalents* definition under IFRS).

The Group enters into derivative transactions under various master agreements, which contain clauses for the offsetting of amounts payable and receivable only on the occurrence of future events, such as a default or other credit event by one of the contracting parties. Since the Group does not have any currently legally enforceable right to offset recognized amounts, the mentioned agreements do not meet the criteria of offsetting in the statements of financial position.

Based on the information available to the Group, during the course of the year, there were no potential losses deriving from the inability of the above-mentioned counterparties to meet their contractual obligations.

29.2.2. Credit risk related to commercial counterparties

The credit risk is managed locally and monitored centrally by the Group. Nevertheless, a portion of the Group's revenue is realized directly with the end customer and those revenue do not expose the Group to any credit risk.

The Group does not have a significant concentration of credit risk. In any case, there are proper procedures in place to ensure that the sales of products and services are made to reliable customers on the basis of their financial position as well as past experience. Credit limits are defined according to thresholds that take into consideration internal and external evaluation of the customer's reliability. The utilization of credit limits is regularly monitored through automated controls.

As of December 31, 2022, non-provisioned past due trade receivables amount to €332 million (€322 million at the end of 2021).

€ millions	December 31, 2022	December 31, 2021
Trade receivables due within one year[(a)]	2,697	2,355
Trade receivables beyond one year[(b)]	57	54
of which:		
trade receivables not yet due	*2,422*	*2,087*
past due trade receivables	*332*	*322*

(a) In line item Trade receivables in the consolidated statement of financial position.
(b) In line item Other non-current assets in the consolidated statement of financial position.

29.3. Liquidity risk

The Group's activities expose it to the risk that its sources of liquidity may be insufficient to cover its financing needs. The Group aims to maintain a permanent source of liquidity in order to ensure its independence and growth. The funding policy is based on the diversification of funding sources, the use of medium- and long-term financing, the distribution of debt maturities over time and the establishment of committed credit facilities.

As of December 31, 2022, most of the Group's long-term financing and credit facilities were concentrated on EssilorLuxottica which then refinances its subsidiaries. Some companies may, however, need to arrange their own local financing when local regulations hamper intra-Group arrangements.

As of December 31, 2022, the Group had €2,258 million of committed credit facilities with leading banks. Drawing down these lines is not subject to any covenant. As of December 31, 2022, none of these lines had been used.

Primary rating agencies have assigned to the Company the following rating:

	Long term	Short term	Outlook	Effective date
Moody's	A2	P-1	Stable	September 26, 2022
Standard & Poor's	A	A-1	Stable	April 14, 2022

The distribution of the Group's Net debt (excluding lease liabilities) and available credit facilities by contractual maturity at the end of 2022 was as follows:

€ millions	2023 (1Y)	2024 (2Y)	2025 (3Y)	2026 (4Y)	2027 (5Y)	>2027 (>5Y)	Total
Bonds	1,000	1,298	1,494	1,246	1,489	2,231	8,756
Commercial papers	—		—	—	—	—	—
Bank loans	10	(0)	0	—	1	—	11
Private placements	28	—	—	—	90	—	118
Overdraft	50	—	—	—	—	—	50
Others debt	77	9	0	0	0	—	86
Gross debt	**1,164**	**1,306**	**1,494**	**1,246**	**1,580**	**2,231**	**9,022**
Short-term investments	0	—	—	—	—	—	0
Cash & cash equivalents	(1,960)	—	—	—	—	—	(1,960)
Foreign exchange derivatives at fair value							(1)
Interest Rate Swap measured at fair value							2
Net debt (excluding lease liabilities)	**(796)**	**1,306**	**1,494**	**1,246**	**1,580**	**2,231**	**7,063**
Available committed syndicated credit facilities	—	—	—	1,750	—	—	1,750
Available committed bilateral bank facilities	258	100	150	—	—	—	508
Available committed bridge facilities	—	—	—	—	—	—	—

The distribution of the Group's nominal gross debt (*i.e.* face value) by contractual maturity at the end of 2022 was as follows. The amounts disclosed are the contractual undiscounted cash flows (excluding interests).

€ millions	2023 (1Y)	2024 (2Y)	2025 (3Y)	2026 (4Y)	2027 (5Y)	>2027 (>5Y)	Total
Bonds	1,000	1,300	1,500	1,250	1,500	2,250	8,800
Commercial papers	—	—	—	—	—	—	—
Bank loans	10	(0)	0	—	1	—	11
Private placements	28	—	—	—	94	—	122
Overdraft	50	—	—	—	—	—	50
Others debt	77	9	0	0	0	—	86
GROSS DEBT	**1,165**	**1,309**	**1,501**	**1,250**	**1,595**	**2,250**	**9,069**

Please also refer to Note 22 – Financial debt, including lease liabilities.

29.3.1. Negative pledges and financial covenants

Some of the financing agreements of the Group (see Note 22 – Financial debt, including lease liabilities) require compliance with negative pledges and financial covenants, as set forth in the respective agreements.

Financial covenants require the Group to comply with specific levels of financial ratios. The most significant covenants establish a threshold for the ratio of EBITDA to financial expenses and priority debt to consolidated total assets.

In the case of a failure to comply with the above-mentioned ratios, the Group may be called upon to pay the outstanding debt if it does not correct such default within the period indicated in the applicable agreement.

Compliance with these covenants is monitored by the Group at the end of each semester and, as of December 31, 2022, the Group was fully in compliance with these covenants.

29.4. Currency risk

Due to its international presence, the Group is naturally exposed to risks related to fluctuations in foreign currencies. This international presence impacts its operations, its financing, and the conversion into euro of the financial statements of foreign subsidiaries denominated in other currencies.

In particular, the Group operations and sales are disseminated in several countries with multiple currencies. As a consequence, Group results could be materially affected by foreign exchange rate fluctuations.

The primary exchange rate to which the Group is exposed is the EUR/USD parity.

As of December 31, 2022, most of the currency hedging is managed by EssilorLuxottica and its subholding companies (Essilor, Luxottica and GrandVision). The Group seeks to limit currency risk with natural hedges, by hedging residual transactional exposure through currency forwards or options. Foreign exchange derivatives are entered into solely to hedge currency risks arising on business and financing operations. The Group does not carry out any currency trading transactions without any underlying transaction. The currency risk related to the translation of the results and financial positions of Group subsidiaries that have a functional currency other than the Euro, is not hedged.

29.5. Interest rate risk

The purpose of the interest rate management policy is to minimize the cost of financing while limiting the volatility of financial expenses linked to changes in interest rates. The major part of the Group's financing is therefore kept at fixed rates, either in the initial agreement or *via* hedging.

The interest rate position before and after hedging is as follows:

As almost all of the Group's financing is now concentrated on EssilorLuxottica, interest rate risk management is therefore centralized.

	Net debt		Derivatives		Net IR position	
€ millions	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Gross debt	8,882	140	(300)	300	8,582	440
Short-term investments	—	—	—	—	—	—
Cash and cash equivalents	—	(1,960)	—	—	—	(1,960)
Foreign exchange derivatives at fair value	—	(1)	—	—	—	(1)
Interest Rate Swap measured at fair value	—	2	—	—	—	2
NET DEBT (EXCLUDING LEASE LIABILITIES)	**8,882**	**(1,819)**	**(300)**	**300**	**8,582**	**(1,519)**

The interest rate position, by currency, before and after hedging is as follows:

	Net debt		Derivatives		Net IR position	
€ millions	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
EUR	8,784	(453)	(300)	300	8,484	(153)
USD	93	(378)	—	—	93	(378)
Other	5	(988)	—	—	5	(988)
NET DEBT (EXCLUDING LEASE LIABILITIES)	**8,882**	**(1,819)**	**(300)**	**300**	**8,582**	**(1,519)**

29.6. Commodities' risks

The Group's activities expose it to the volatility of energy, gas and raw materials prices. During the year, the Group entered into agreements and set up hedging financial instruments in order to secure its energy and raw materials supply costs.

29.7. Derivatives financial instruments

29.7.1. Market value by nature

	December 31, 2022		December 31, 2021	
€ millions	Fair value	Nominal	Fair value	Nominal
Forward contracts	6	3,951	4	4,490
Currency options	—	—	—	—
Cross-currency swap	—	—	—	—
Interest rate swaps	(2)	300	21	690
Interest rate options (caps)	—	—	—	—
Commodities[(a)]	(11)	58	—	—
TOTAL DERIVATIVES	**(8)**	**4,309**	**25**	**5,180**

(a) Mainly related to energy and gas supply.

29.7.2. Market value by hedge strategy

	December 31, 2022		December 31, 2021	
€ millions	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Interest rate swaps	—	—	—	(2)
Forward contracts	3	(3)	7	(2)
Commodities[(a)]	2	(13)	0	—
Fair value hedge				
Interest rate swap	—	(2)	24	(0)
Not allocated to a hedging relationship				
Forward contracts	23	(17)	12	(13)
Commodities[(b)]	1	(1)	—	—
TOTAL MARKET VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	**29**	**(37)**	**42**	**(17)**
of which current	*29*	*(36)*	*42*	*(16)*
of which non-current	—	*(1)*	—	*(1)*

(a) Mainly related to energy and gas supply.
(b) Mainly related to metals.

29.7.3. Foreign exchange derivatives hedging commercial and financing exposures as of December 31, 2022 (nominal amount)

	Currency purchased												
€ millions	EUR	USD	CNY	HKD	GBP	AUD	JPY	THB	CAD	CHF	SEK	Others	Total
Currency sold													
EUR	—	1,163	284	42	84	168	33	73	91	6	23	127	2,092
USD	520	—	25	6	0	0	10	115	19	—	—	52	746
GBP	224	12	—	—	—	—	—	—	—	—	15	2	253
HKD	53	20	91	—	—	—	5	1	—	—	—	—	170
CAD	4	63	—	—	—	—	—	—	—	—	—	—	68
AUD	27	1	—	36	—	—	—	—	—	—	—	—	64
MXN	63	2	—	—	—	—	—	—	—	—	—	—	65
JPY	64	—	—	7	—	—	—	—	—	—	—	—	71
SEK	69	—	—	—	5	—	—	—	—	—	—	3	76
INR	12	23	—	—	—	—	—	—	—	—	—	—	35
THB	6	8	—	8	—	—	3	—	—	—	—	—	24
NOK	16	0	—	—	2	—	—	—	—	—	—	5	23
CNY	17	11	—	5	—	—	6	—	—	—	—	—	39
BRL	23	11	—	—	—	—	—	—	—	—	—	—	34
SGD	9	1	—	2	—	—	—	—	—	—	—	—	13
ZAR	9	—	—	—	—	—	—	—	—	—	—	—	9
Others	137	22	—	2	3	5	—	—	—	—	—	1	170
TOTAL	**1,253**	**1,338**	**400**	**107**	**93**	**173**	**57**	**188**	**109**	**6**	**38**	**190**	**3,951**

Note 30 Contingencies and commitments

30.1. Commitments

As of December 31, 2022, the Group's contractual obligations and commitments were as follows:

€ millions	December 31, 2022	December 31, 2021
Guarantees and endorsements	271	112
Licenses	1,029	649
Other	91	89
TOTAL COMMITMENTS GIVEN	**1,391**	**850**

As part of the activities supporting the Company's mission, Essilor International signed in March 2021 a Collaboration Agreement with Vision Catalyst Fund ("VCF"), a 1$ billion fund created in 2018 to bring eye care to all people in the Commonwealth. According to this Collaboration Agreement, Essilor International aims to support VCF by way of a donation of a maximum of 200 million pairs of free ophthalmic lenses over a period ending in 2030.

In 2022, the Group signed a power purchase agreement with an Italian energy supplier to purchase electricity produced by a wind power plant to cover approximately half of the energy needs of its Italian operations. The agreement will be effective from January 1, 2024, for a period of 11 years. According to the agreement the Group commits to purchase an energy volume of 70GWh per year.

30.1.1. Guarantees and endorsements

Guarantees and endorsements mainly consist of the Company guarantees over Group subsidiaries.

30.1.2. Licenses

The Group has entered into license agreements with certain designers for the production, design and distribution of sunglasses and prescription frames. Under these license agreements, which have terms ranging from 3 to 15 years, the Group is also required to pay a royalty generally ranging from 6% to 13% of net sales of the related collection. Certain agreements also provide for the payment of minimum annual guaranteed amounts and a mandatory marketing contribution (the latter amounts to between 4% and 12% of net sales of the related collection). These agreements can typically be terminated early by either party for several reasons, including but not limited to non-payment of royalties, failure to reach minimum sales thresholds, and unauthorized changes to products.

The minimum payments related to these agreements are, as follows:

€ millions	December 31, 2022	December 31, 2021
Due within 1 year	213	149
Due in 1 to 5 years	484	399
Due in more than 5 years	332	100
TOTAL	**1,029**	**649**

30.2. Litigation and contingent liabilities

30.2.1. Alleged anti-competitive practices

French Competition Authority Investigations

Essilor

In July 2014, the French Competition Authority's investigation department made unannounced visits to selected Essilor entities in France and other actors in the ophthalmic lens industry involved in the online sale of ophthalmic lenses. Related to this investigation, a €81 million penalty has been imposed on October 6, 2022 by the French Competition Authority to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica strongly disagrees with the French Competition Authority and has appealed its decision on November 23, 2022, still confident that it will successfully demonstrate that this decision is ungrounded. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On February 15, 2023, €81 million were transferred to the French Authorities pending the decision on appeal. That cash-out occurred in 2023, is considered as a deposit made to a public authority in the context of the overall procedure and is without any impact on the consolidated financial statement for the year ended December 31, 2022.

Luxottica

Following lengthy proceedings against Luxottica, the Group was sentenced by the French Competition Authority to a €125 million fine on July 22, 2021 on the account of cartel practices. The Group has appealed this decision on September 10, 2021 and remains confident that it will successfully demonstrate that the decision is wrong from both a factual and a legal perspective. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On December 14, 2021, €125 million were transferred to the French Authorities. That cash-out was considered as a deposit made to a public authority in the context of the overall procedure and it has been accounted for as such in the Company's financial statements (see Note 13 – Other non-current assets).

Investigations

In 2016, the US Department of Justice and the Insurance Commission of the State of California questioned Essilor of America with regard to certain promotional activities.

During the first semester of 2022, Essilor of America and the US Department of Justice reached a settlement pursuant to which the Company paid an overall amount of approximately USD24 million to the US Authorities, and entered into a *Corporate Integrity Agreement*. During the second semester of 2022, Essilor of America and the Insurance Commission of the State of California reached a settlement pursuant to which Essilor of America paid an overall amount of approximately USD24 million to the Californian Authorities (see Note 25 – Provision (current and non-current)).

Meanwhile, cases of a similar nature are still pending with regard to Shamir Optical, another subsidiary of the Group.

Moreover, the Group is under investigations initiated in 2021 and 2022 by the Turkish and Greek Competition Authorities, respectively, in relation to local commercial practices. The Group is working with the authorities in connection with these ongoing investigations, and received a Statement of Objections by the Turkish Competition Authority on October 31, 2022.

30.2.2. Class actions

Certain US and Canadian subsidiaries of EssilorLuxottica are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. The relevant subsidiaries dispute the merits of all of these actions.

30.2.3. Tax disputes

EssilorLuxottica is part of various tax litigations, for which provisions have already been made.

30.2.4. Other existing proceedings

EssilorLuxottica and its subsidiaries are defendants in other legal proceedings arising in the ordinary course of business. EssilorLuxottica disputes the merits of all such outstanding claims, which it will vigorously pursue.

As of the date of approval by EssilorLuxottica Board of Directors of these consolidated financial statements, such other ongoing legal proceedings known to the Group are not likely to have significant impacts on the Group's financial position or profitability.

Note 31 Related party transactions

Main related parties are:

- members of EssilorLuxottica's Board of Directors, key management personnel and their close family members;
- companies over which members of the Board of Directors, key management personnel or their close family members have control or significant influence;
- companies over which the Group exercises joint control or significant influence; and
- people and companies which exercise control over the Group.

Moreover, as Delfin S.à r.l. fully consolidates EssilorLuxottica in its consolidated accounts, the Company's related parties also include Delfin's related parties.

31.1. Remuneration paid to members of the Board of Directors and key management personnel

€ millions	2022	2021
Total compensation and benefits paid	39	30
Directors' fees paid	1	2
TOTAL	**40**	**32**

The Board of Directors consisted of 14 members as of December 31, 2022, same as of December 31, 2021.

Total compensation and benefits paid reported above include wages, salaries and social security contributions, profit-sharing, bonuses, non monetary benefits and share-based payment.

No transactions outside the normal course of business were concluded during the year with the Board of Directors' members or key executives.

31.2. Related parties' transactions

A summary of related party transactions carried out during the years ended December 31, 2022 and December 31, 2021 is provided below.

	Consolidated statement of profit or loss 2022		Balance outstanding as of December 31, 2022	
€ millions	Revenue	Costs	Assets	Liabilities
Mazzucchelli 1849 S.p.A.[(a)]	0	(24)	—	8
Triapex s.r.o.[(a)]	—	(4)	—	3
Visionweb[(a)(b)]	0	(1)	—	—
Gateway Professional Network[(a)(c)]	0	(2)	—	—
Others	1	—	0	—
TOTAL	**1**	**(30)**	**0**	**11**

(a) Group's associates.
(b) Fully consolidated starting from the end of January 2022.
(c) Fully consolidated starting from July 1, 2022.

	Consolidated statement of profit or loss 2021		Balance outstanding as of December 31, 2021	
€ millions	Revenue	Costs	Assets	Liabilities
Visionweb[(a)]	2	(11)	48	3
Mazzucchelli 1849 S.p.A.[(a)]	—	(15)	0	8
Lenstec[(a)(b)]	8	(2)	—	0
Gateway Professional Network[(a)]	0	(3)	0	1
Others	1	(0)	0	0
TOTAL	**11**	**(32)**	**48**	**12**

(a) Group's associates.
(b) The company has been fully consolidated in the Group's financial statements starting from October 2021.

The relationships between the Group and its related parties are of a commercial nature. In 2022, the Group bought/sold products and services from/to those entities. Those transactions were concluded at arm's length within the normal day-to-day business operations.

Note 32 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue, as a going concern, to provide returns to its shareholders and benefit to other stakeholders, balancing the capital structure and lowering the cost of capital in order to reach a strong financial position.

One way the management use to monitor the capital is observing the ratio between *Net debt* and *Total equity*.

The Net debt is calculated as total debt less cash, cash equivalents and short-term investments (see Note 22 – Financial debt, including lease liabilities), while the total equity comprises all components of equity (see Note 21 – Equity).

The Group's *Net debt* to *Total equity* ratio as of December 31, 2022 and 2021 was as follows:

€ millions	Notes	December 31, 2022	December 31, 2021
Net debt (A)	22	10,246	9,698
Total equity (B)		38,147	35,997
NET DEBT TO EQUITY RATIO (A)/(B)		**26.9%**	**26.9%**

Note 33 Independent auditors' fees

EssilorLuxottica FY 2022 Audit and non audit services fees	PricewaterhouseCoopers				Mazars			
	Pricewaterhouse-Coopers Audit		Network		Mazars France		Network	
€ millions	Montant	%	Montant	%	Montant	%	Montant	%
Audit								
Review of interim condensed financial statements								
Parent company	1.3	49%	N/A	N/A	0.7	42%	N/A	N/A
Fully consolidated subsidiaries	1.1	43%	12.3	97%	0.7	44%	5.8	98%
Sub-total	**2.4**	**92%**	**12.3**	**97%**	**1.4**	**86%**	**5.8**	**98%**
Non audit services[(a)]								
Parent company	0.2	8%	0.0	0%	0.2	14%	0.0	0%
Fully consolidated subsidiaries	0.0	0%	0.4	3%	0.0	0%	0.1	2%
Sub-total	**0.2**	**8%**	**0.4**	**3%**	**0.2**	**14%**	**0.1**	**2%**
TOTAL	**2.6**	**100%**	**12.7**	**100%**	**1.6**	**100%**	**5.9**	**100%**

(a) Non audit services provided by PricewaterhouseCoopers Audit during 2022 comprised:
- tax compliance services;
- issuance of the Independent third party's report on the consolidated statement of extra-financial performance;
- agreed-upon procedures and technical consultancy.

Non audit services provided by Mazars during 2022 comprised:
- technical consultancy;
- services required by the law;
- tax compliance services.

EssilorLuxottica FY 2021 Audit and non audit services fees	PricewaterhouseCoopers				Mazars			
	Pricewaterhouse-Coopers Audit		Network		Mazars France		Network	
€ millions	Montant	%	Montant	%	Montant	%	Montant	%
Audit								
Review of interim condensed financial statements								
Parent company	1.1	44 %	N/A	N/A	0.8	53 %	N/A	N/A
Fully consolidated subsidiaries	1.1	44 %	13.6	96 %	0.6	40%	3.9	100 %
Sub-total	**2.2**	**88 %**	**13.6**	**96 %**	**1.4**	**93 %**	**3.9**	**100 %**
Non audit services[(a)]								
Parent company	0.2	9 %	0,0	0%	0.1	7 %	0,0	0%
Fully consolidated subsidiaries	0.1	3 %	0.6	4 %	0.0	0 %	0.0	0%
Sub-total	**0.3**	**12 %**	**0.6**	**4 %**	**0.1**	**7 %**	**0.0**	**0%**
TOTAL	**2.5**	**100 %**	**14.3**	**100 %**	**1.5**	**100 %**	**3.9**	**100%**

(a) Non audit services provided by PricewaterhouseCoopers Audit during 2021 comprised:
- tax compliance services;
- issuance of the Independent third party's report on the consolidated statement of extra-financial performance;
- agreed-upon procedures and technical consultancy.
- SOC 1 and SOC 2 certification services

Non audit services provided by Mazars during 2021 comprised:
- technical consultancy;
- services required by the law;
- tax compliance services.

Note 34 Subsequent events

No significant subsequent events occured between January 1, 2023 and February 22, 2023, date of approval of these consolidated financial statements by EssilorLuxottica Board of Directors.

Appendix 1

Exchange Rates

		Closing rate		Average rate	
For €1		December 31, 2022	December 31, 2021	2022	2021
AUD	Australian Dollar	1.5693	1.5615	1.5167	1.5749
BRL	Brazilian Real	5.6386	6.3101	5.4399	6.3779
CAD	Canadian Dollar	1.4440	1.4393	1.3695	1.4826
CNY	Chinese Yuan	7.3582	7.1947	7.0788	7.6282
GBP	British Pound	0.8869	0.8403	0.8528	0.8596
HKD	Hong Kong Dollar	8.3163	8.8333	8.2451	9.1932
JPY	Japanese Yen	140.6600	130.3800	138.0274	129.8767
INR	Indian Rupee	88.1710	84.2292	82.6864	87.4392
MXN	Mexican Peso	20.8560	23.1438	21.1869	23.9852
USD	US Dollar	1.0666	1.1326	1.0530	1.1827

Appendix 2

Interest in Group companies

Listed below are the main Group companies.
The complete list of consolidated companies is available on request at the registered office of the Company.

		2022		2021
Company	Country	Consolidation method	% Group interest	% Group interest
ESSILORLUXOTTICA SA	France	Legal parent[(a)]		
LUXOTTICA GROUP SPA	Italy	Accounting parent[(a)]		
LA OPTICA S.A.	Argentina	Full consolidation	100%	100%
ESSILOR LABORATORIES PTY LTD	Australia	Full consolidation	100%	100%
LUXOTTICA RETAIL AUSTRALIA PTY LTD	Australia	Full consolidation	100%	100%
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	Australia	Full consolidation	100%	100%
OPTIMED AUSTRALIA PTY LTD	Australia	Full consolidation	75%	75%
PEARLE ÖSTERREICH GMBH	Austria	Full consolidation	100%	100%
GRAND OPTICIENS BELGIUM N.V.	Belgium	Full consolidation	100%	100%
BRASILOR COMÉRCIO DE PRODUTOS ÓPTICOS E PARTICIPACOES LTDA	Brazil	Full consolidation	100%	100%
ESSILOR DA AMAZONIA E COMERCIO LTDA	Brazil	Full consolidation	100%	100%
FOTOPTICA LTDA	Brazil	Full consolidation	100%	100%
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	Brazil	Full consolidation	100%	100%
MULTI-OPTICA DISTRIBUIDORA LTDA	Brazil	Full consolidation	100%	100%
OTICAS CAROL LTDA	Brazil	Full consolidation	100%	100%
SGH BRASIL COMERCIO DE OCULOS LTDA	Brazil	Full consolidation	100%	100%
SUPERLENTE FRANQUEADORA LTDA	Brazil	Full consolidation	100%	100%
VE BULGARIA EOOD	Bulgaria	Full consolidation	100%	100%
ESSILORLUXOTTICA CANADA INC	Canada	Full consolidation	100%	100%
NIKON OPTICAL CANADA INC	Canada	Full consolidation	50%	50%
LUXOTTICA OF CHILE SA	Chile	Full consolidation	100%	100%
CHEMILENS (JIAXING) CO. LTD	China	Full consolidation	50%	50%
ESSILOR (CHINA) HOLDING CO LTD	China	Full consolidation	100%	100%
JIANGSU WANXIN OPTICAL CO LTD	China	Full consolidation	80%	80%
LUXOTTICA (CHINA) INVESTMENT CO LTD	China	Full consolidation	100%	100%
LUXOTTICA (SHANGHAI) TRADING CO LTD	China	Full consolidation	100%	100%
LUXOTTICA COMMERCIAL SERVICE (DONGGUAN) CO LTD	China	Full consolidation	100%	100%
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	China	Full consolidation	100%	100%
SHANGHAI ESSILOR OPTICAL COMPANY LIMITED	China	Full consolidation	100%	100%
XIAMEN ARTGRI OPTICAL CO LTD	China	Full consolidation	50%	50%
XIN TIANHONG OPTICAL COMPANY LIMITED	China	Full consolidation	50%	50%
LAFAM S.A.S.	Colombia	Full consolidation	100%	100%
LUXOTTICA OF COLOMBIA SAS	Colombia	Full consolidation	100%	100%
MIRAFLEX SAS	Colombia	Full consolidation	100%	75%
SERVIOPTICA S.A.S.	Colombia	Full consolidation	100%	100%

Company	Country	2022 Consolidation method	2022 % Group interest	2021 % Group interest
GRANDVISION CYPRUS LTD.	Cyprus	Full consolidation	100%	100%
GV CZ S.R.O.	Czech Republic	Full consolidation	100%	100%
SMEY DANMARK A/S	Denmark	Full consolidation	63%	
SYNOPTIK A/S	Denmark	Full consolidation	63%	63%
INSTRUMENTARIUM OPTIKA OÚ	Estonia	Full consolidation	100%	100%
INSTRU OPTIIKKA OY	Finland	Full consolidation	100%	100%
BBGR	France	Full consolidation	100%	100%
ESSILOR INTERNATIONAL SAS	France	Full consolidation	100%	100%
ESSILORLUXOTTICA AMERICA SAS [b]	France	Full consolidation	100%	100%
GRANDVISION FRANCE S.A.S.	France	Full consolidation	100%	100%
INVOPTIC	France	Full consolidation	100%	100%
LUXOTTICA FRANCE SASU	France	Full consolidation	100%	100%
MEGA OPTIC DESIGN	France	Full consolidation	75%	75%
MIKLI DIFFUSION FRANCE SASU	France	Full consolidation	100%	100%
NOVACEL OPHTALMIQUE	France	Full consolidation	75%	75%
SOLARIS S.A.S.	France	Full consolidation	100%	100%
SUNGLASS HUT FRANCE SASU	France	Full consolidation	100%	100%
APOLLO OPTIK HOLDING GMBH & CO KG [c]	Germany	Full consolidation	100%	100%
ESSILOR GMBH	Germany	Full consolidation	100%	100%
GRANDVISION TECHCENTRE DEUTSCHLAND GMBH [c]	Germany	Full consolidation	100%	100%
LUXOTTICA GERMANY GMBH	Germany	Full consolidation	100%	100%
ROBIN LOOK GMBH [c]	Germany	Full consolidation	100%	100%
RUPP + HUBRACH OPTIK GMBH	Germany	Full consolidation	100%	100%
SATISLOH GMBH	Germany	Full consolidation	100%	100%
GRANDVISION HELLAS S.A.	Greece	Full consolidation	100%	100%
LUXOTTICA HELLAS AE	Greece	Full consolidation	70%	70%
LGL LTD.	Guernsey	Full consolidation	100%	100%
LUXOTTICA HONG KONG SERVICES LIMITED	Hong Kong	Full consolidation	100%	100%
GRANDVISION HUNGARY KFT.	Hungary	Full consolidation	100%	100%
ESSILOR INDIA PRIVATE LIMITED	India	Full consolidation	100%	100%
GKB RX LENS PRIVATE LIMITED	India	Full consolidation	76%	76%
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	India	Full consolidation	100%	100%
SUNGLASS HUT IRELAND LIMITED	Ireland	Full consolidation	100%	100%
TRANSITIONS OPTICAL LIMITED	Ireland	Full consolidation	100%	100%
VISION EXPRESS IRELAND LTD.	Ireland	Full consolidation	100%	100%
ESSILOR ISRAELI HOLDINGS LTD	Israel	Full consolidation	100%	100%
LUXOTTICA OPTICS LTD	Israel	Full consolidation	100%	100%
SHAMIR OPTICA HOLDING LTD	Israel	Full consolidation	100%	50%
SHAMIR OPTICAL INDUSTRY LTD	Israel	Full consolidation	100%	50%
BARBERINI SPA	Italy	Full consolidation	100%	100%
ESSILOR ITALIA	Italy	Full consolidation	100%	100%
GRANDVISION ITALY SRL.	Italy	Full consolidation	100%	100%
L.T.L. SPA	Italy	Full consolidation	100%	100%
LUXOTTICA ITALIA SRL	Italy	Full consolidation	100%	100%
LUXOTTICA SRL	Italy	Full consolidation	100%	100%

Company	Country	2022 Consolidation method	2022 % Group interest	2021 % Group interest
SALMOIRAGHI & VIGANO' SPA	Italy	Full consolidation	100%	100%
FUKUI MEGANE INDUSTRY CO LTD	Japan	Full consolidation	67%	67%
LUXOTTICA JAPAN CO LTD	Japan	Full consolidation	100%	100%
NIKON ESSILOR CO LIMITED	Japan	Full consolidation	50%	50%
CHEMIGLAS CORP.	Korea	Full consolidation	50%	50%
LUXOTTICA KOREA LTD	Korea	Full consolidation	100%	100%
ESSILORLUXOTTICA RE SA	Luxembourg	Full consolidation	100%	
GRANDVISION LUXEMBOURG S.A.R.L.	Luxembourg	Full consolidation	100%	100%
LUXOTTICA WHOLESALE MALAYSIA SDN BHD	Malaysia	Full consolidation	100%	100%
ADMINISTRADORA LUX, S.A DE C.V.	Mexico	Full consolidation	70%	70%
ESSILOR MEXICO S.A DE C.V.	Mexico	Full consolidation	100%	100%
GVMV, S.A DE C.V.	Mexico	Full consolidation	70%	70%
LUXOTTICA MEXICO SA DE CV	Mexico	Full consolidation	100%	100%
OPTICA LUX, S.A DE C.V.	Mexico	Full consolidation	70%	70%
PRECISION OPTICA, S.A.	Mexico	Full consolidation	70%	70%
SUNGLASS HUT DE MEXICO SAPI DE CV	Mexico	Full consolidation	100%	100%
TIDE TI, S.A. DE C.V.	Mexico	Full consolidation	70%	70%
GRANDOPTICAL MONACO S.A.R.L.	Monaco	Full consolidation	100%	100%
SOLARIS MONACO S.A.R.L.	Monaco	Full consolidation	100%	100%
LUXOTTICA HOLLAND BV	Netherlands	Full consolidation	100%	100%
LUXOTTICA THE NETHERLANDS BV	Netherlands	Full consolidation	100%	100%
BRILMIJ GROEP B.V.	Netherlands	Full consolidation	100%	100%
CHARLIE TEMPLE EUROPE B.V.	Netherlands	Full consolidation	67%	67%
ESSILOR NEDERLAND BV	Netherlands	Full consolidation	100%	100%
ESSILOR NEDERLAND HOLDING BV	Netherlands	Full consolidation	100%	100%
GRANDVISION B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION FINANCE B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION IT SERVICES B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION RETAIL HOLDING B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION SUPPLY CHAIN B.V.	Netherlands	Full consolidation	100%	100%
OPTICAL RETAIL GROUP B.V.	Netherlands	Full consolidation	100%	100%
VISION VENTURES B.V.	Netherlands	Full consolidation	100%	100%
BRILLELAND AS	Norway	Full consolidation	63%	63%
INTEROPTIK AS	Norway	Full consolidation	63%	63%
OPTICAS GMO PERU SAC	Peru	Full consolidation	100%	100%
TOPSA PERU SAC	Peru	Full consolidation	100%	100%
LUXOTTICA POLAND SP ZOO	Poland	Full consolidation	100%	100%
VISION EXPRESS SP SP.Z.O.O.	Poland	Full consolidation	100%	100%
ESSILOR PORTUGAL – SOCIEDADE INDUSTRIAL DE ÓPTICA, LDA	Portugal	Full consolidation	100%	100%
GRANDOPTICAL PORTUGAL S.A.	Portugal	Full consolidation	100%	100%
GRANDVISION PORTUGAL, UNIPESSOAL LDA.	Portugal	Full consolidation	100%	100%
GRANDVISION SUPPLY CHAIN (PORTUGAL) S.A.	Portugal	Full consolidation	100%	100%
LUXOTTICA PORTUGAL SA	Portugal	Full consolidation	100%	100%
SOLARIS PORTUGAL S.A.	Portugal	Full consolidation	100%	100%
COMPANY GRANDVISION LLC	Russia	Full consolidation	100%	100%
LENSMASTER OOO	Russia	Full consolidation	100%	100%

Company	Country	2022 Consolidation method	2022 % Group interest	2021 % Group interest
LUXOTTICA RUS LLC	Russia	Full consolidation	100%	100%
OPTIC CLUB LLC	Russia	Full consolidation	100%	100%
ESSILORLUXOTTICA ASIA PACIFIC PTE LTD (EX. ESSILOR AMERA PTE LTD)	Singapore	Full consolidation	100%	100%
OSA INVESTMENTS HOLDINGS PTE LTD	Singapore	Full consolidation	100%	100%
TRANSITIONS OPTICAL (S) PTE. LTD.	Singapore	Full consolidation	100%	100%
GRANDOPTICAL SLOVAKIA S.R.O.	Slovakia	Full consolidation	100%	100%
LUXOTTICA SOUTHERN AFRICA (PTY) LTD	South Africa	Full consolidation	100%	100%
ESSILOR ESPANA	Spain	Full consolidation	100%	100%
ESSILOR OPTICA INTERNATIONAL HOLDING SL	Spain	Full consolidation	100%	100%
GRANDVISION SPAIN GRUPO OPTICO S.A.U.	Spain	Full consolidation	100%	100%
LUXOTTICA SPAIN SLU	Spain	Full consolidation	100%	100%
FUTURE EYEWEAR SWEDEN GROUP AB	Sweden	Full consolidation	100%	100%
LENSCO AB	Sweden	Full consolidation	100%	100%
SMART EYES HOLDING AB	Sweden	Full consolidation	63%	
SYNOPTIK SWEDEN AB	Sweden	Full consolidation	63%	63%
ESSILOR SUISSE SA	Switzerland	Full consolidation	100%	100%
KOCHOPTIK GMBH	Switzerland	Full consolidation	79%	79%
MC OPTIK (SCHWEIZ) AG	Switzerland	Full consolidation	79%	79%
SATISLOH AG	Switzerland	Full consolidation	100%	100%
SATISLOH HOLDING AG	Switzerland	Full consolidation	100%	100%
VISILAB MAGASINS S.A.	Switzerland	Full consolidation	79%	79%
VISILABGROUP S.A.	Switzerland	Full consolidation	79%	79%
ESSILOR MANUFACTURING (THAILAND) CO LTD	Thailand	Full consolidation	100%	100%
LUXOTTICA WHOLESALE (THAILAND) LTD	Thailand	Full consolidation	100%	100%
ATASUN OPTIK PERAKENDE TICARET ANONIM ŞIRKETI	Turkey	Full consolidation	100%	100%
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	Turkey	Full consolidation	100%	100%
CLASSIC OPTICAL LABORATORIES, INC.	U.S.A.	Full consolidation	100%	100%
COSTA DEL MAR, INC	U.S.A.	Full consolidation	100%	100%
DAC VISION INC	U.S.A.	Full consolidation	100%	100%
EOA HOLDING CO., INC.	U.S.A.	Full consolidation	100%	100%
ESSILOR LABORATORIES OF AMERICA HOLDING CO INC	U.S.A.	Full consolidation	100%	100%
ESSILOR LABORATORIES OF AMERICA INC	U.S.A.	Full consolidation	100%	100%
ESSILOR LABS COMPANY	U.S.A.	Full consolidation	100%	100%
ESSILOR LATIN AMERICA & CARIBBEAN, INC	U.S.A.	Full consolidation	100%	100%
ESSILOR OF AMERICA, INC	U.S.A.	Full consolidation	100%	100%
ESSILORLUXOTTICA USA INC	U.S.A.	Full consolidation	100%	100%
EYEBUY DIRECT, INC	U.S.A.	Full consolidation	100%	100%
EYEMED INSURANCE COMPANY	U.S.A.	Full consolidation	100%	100%
EYEMED VISION CARE LLC	U.S.A.	Full consolidation	100%	100%
FGX INTERNATIONAL INC.	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO. OF CALIFORNIA, INC.	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO. OF COCONUT GROVE, INC	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO., INC.	U.S.A.	Full consolidation	100%	100%

Company	Country	2022 Consolidation method	2022 % Group interest	2021 % Group interest
FRAMES FOR AMERICA, INC.	U.S.A.	Full consolidation	100%	100%
GRANDVISION USA RETAIL HOLDING CORPORATION	U.S.A.	Full consolidation	100%	100%
I-COAT COMPANY, LLC	U.S.A.	Full consolidation	100%	100%
INSIGHT OPTICAL MANUFACTURING CO. OF FLORIDA, INC.	U.S.A.	Full consolidation	100%	100%
K.B. CO. LLC, THE POLARIZED LENS COMPANY	U.S.A.	Full consolidation	100%	100%
LUXOTTICA OF AMERICA INC	U.S.A.	Full consolidation	100%	100%
MOC ACQUISITION CORPORATION	U.S.A.	Full consolidation	100%	84%
OAKLEY INC	U.S.A.	Full consolidation	100%	100%
PREMIER OPHTHALMIC SERVICES LLC	U.S.A.	Full consolidation	80%	80%
SATISLOH NORTH AMERICA	U.S.A.	Full consolidation	100%	100%
SHAMIR INSIGHT INC	U.S.A.	Full consolidation	100%	50%
SIGHGLASS VISION INC	U.S.A.	Full consolidation	50%	
SIGNET ARMORLITE, INC.	U.S.A.	Full consolidation	100%	100%
TRANSITIONS OPTICAL INC	U.S.A.	Full consolidation	100%	100%
TRI-SUPREME OPTICAL, LLC	U.S.A.	Full consolidation	100%	100%
VISION SOURCE	U.S.A.	Full consolidation	100%	100%
WALMAN OPTICAL COMPANY	U.S.A.	Full consolidation	100%	
LUXOPTICA	Ukraine	Full consolidation	51%	51%
LUXOTTICA MIDDLE EAST FZE	United Arab Emirates	Full consolidation	100%	100%
BBGR LIMITED	United Kingdom	Full consolidation	100%	100%
ESSILOR LIMITED	United Kingdom	Full consolidation	100%	100%
GRANDVISION TECH CENTRE UK LTD.	United Kingdom	Full consolidation	100%	100%
LENSTEC	United Kingdom	Full consolidation	100%	100%
LUXOTTICA NORTH EUROPE LTD	United Kingdom	Full consolidation	100%	100%
LUXOTTICA RETAIL UK LTD	United Kingdom	Full consolidation	100%	100%
TRIFLE HOLDINGS LIMITED	United Kingdom	Full consolidation	100%	100%
VISION DIRECT LIMITED	United Kingdom	Full consolidation	100%	100%
VISION EXPRESS (UK) LTD.	United Kingdom	Full consolidation	100%	100%
TYLOR S.A.	Uruguay	Full consolidation	100%	100%

(a) EssilorLuxottica is the legal parent of the Group. However, for accounting purposes the EL Combination has been accounted for as a reverse acquisition, i.e. the consolidated financial statements of the Group have been prepared as a continuation of the financial statements of the accounting acquirer, Luxottica Group S.p.A.
(b) Previously Luxottica US Holdings Corp.
(c) 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 EssilorLuxottica SA and take 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 the financial year 2022. 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 EssilorLuxottica SA.

4.2 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2022

To the Annual Shareholders' Meeting of EssilorLuxottica,

Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders' Meeting, we have audited the accompanying consolidated financial statements of EssilorLuxottica (the "Group") for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and other intangible assets

Risk identified

As at December 31, 2022, goodwill and intangible assets net book values total €30,7 billion and €12,1 billion, respectively.

The Group performs at least once a year an impairment test on goodwill by reference to market data or to value in use calculations based on discounted cash-flows as described in note 1.12.1 Significant accounting principles – Impairment of goodwill to the consolidated financial statements. The determination of the recoverable value and the sensitivity to key data and assumptions used, require significant Management judgment and estimates.

Intangible assets are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount (as described in note 1.13 Significant accounting principles - Other intangible assets to the consolidated financial statements). The recoverable amount is determined as the higher of the value in use, calculated consistently with the basis applied for goodwill, and the fair value less costs to sell.

The significant value of goodwill and intangible assets, the sensitivity to the fluctuation of certain key data, assumptions and judgment applied by Management in the complex and evolving context due to the macroeconomic environment, the conflict in Ukraine and the climate and environmental related risks, have led us to consider the measurement of the recoverable value of goodwill and intangible assets as a key audit matter.

Our response

We have gained an understanding of i) the impairment testing procedures adopted by Management, policies applied in measuring goodwill and finite lives intangible assets and ii) the methodology developed by Management to elaborate and monitor estimates.

We have assessed the adequacy of the groups of cash generating units used for the allocation of goodwill and their consistency with the Group organizational structure, the level at which return on investments is monitored and the Group internal reporting.

We have reviewed and confirmed management's assessment of the existence of impairment indicators as at December 31, 2022.

We have examined methodologies applied in developing cash flows projections used to determine value in use and the approach adopted in applying the discounted cash flow mathematical model with the support of our valuation experts. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source.

We have assessed the consistency of cash flows projections with Management business plans. We have also analyzed, when possible, the consistency of forecasts developed by Management with past performance and market outlook and conducted impairment test sensitivity analyses.

In addition, we have assessed the adequacy of information disclosed in notes 1.12.1 and 1.13 – Significant accounting principles and note 10 – Goodwill and other intangible assets to the consolidated financial statements as at December 31, 2022.

Valuation of litigation reserves, and uncertain tax position ("UTP") and contingent liabilities

Risk identified

EssilorLuxottica operates in numerous countries and therefore the Group is exposed to various risks arising in the ordinary course of its business, particularly tax and legal risks.

As disclosed in note 1.24 Significant accounting principles - Provisions, provisions are recognized when:

- the Group has a present obligation, legal or constructive, as a result of a past event;
- it is probable that unrequited outflows of resources will be required; and
- the amount of the obligation can be reliability estimated.

Contingent liabilities are not recognized in the statement of financial position (except in connection with business combinations) but are disclosed in the notes to the consolidated financial statements unless the probability of an outflow of resources embodying economic benefit is remote.

Litigation reserves amount to €208 million as at December 31, 2022 (note 25 Provisions (current and non-current) to the consolidated financial statements) and tax payables related to uncertain tax positions amount to €482 million as at December 31, 2022 (note 17 Tax receivables and tax payables to the consolidated financial statements).

Note 30.2 Litigation and contingent liabilities to the consolidated financial statements describes significant litigations and contingencies and notably the disputes against the French antitrust authority which claims amount to €81 million against Essilor and to €125 million against Luxottica as at December 31, 2022.

The measurement of i) the consequences of legal and tax risks and ii) the reserves and liabilities, recognized when applicable, is subject to a significant level of judgment from Management, in particular to assess the outcome of ongoing litigations or the likelihood of occurrence of identified risks. Accordingly, we deemed the valuation of litigation reserves and uncertain tax position labilities as a key audit matter.

Our response

In order to identify and gain an understanding of all the existing disputes and uncertain tax positions as well as the elements of judgment relating thereto, we made inquiries, in France and abroad, with the legal and tax departments. We corroborated the list of disputes identified with the presentations made by the legal and tax departments to the Audit and Risks Committee and the information provided by the main law firms and external experts appointed by the Group.

Regarding the main disputes and uncertain tax positions for which a provision is recorded or a contingent liability disclosed in the financial statements, we assessed the quality of Management's estimates by considering, as needed, the data, assumptions and calculations used. With the support of our own experts, when applicable, we have also:

- examined the elements of procedure, the technical notes prepared by management and, where applicable, the legal opinions prepared by law firms or external experts in order to assess the merits of a provision, a liability or a contingent liability;
- based on the elements communicated to us, critically assessed the estimated range of risk level and verified that the measurement used by management falls within these ranges;
- verified the consistency of the methods used for these assessments, when relevant;
- verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Besides, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Essilor International (Compagnie Générale d'Optique), subsequently renamed EssilorLuxottica, by the Annual Shareholders' Meeting held on June 14, 1983 for PricewaterhouseCoopers Audit and on May 11, 2007 for Mazars.

As at December 31, 2022, PricewaterhouseCoopers Audit was in its fortieth year of uninterrupted engagement and Mazars in its sixteenth year of uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 override of internal control.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 1, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

4.3 Restated Unaudited *Pro Forma* Consolidated Financial Information

Introduction

The Restated Unaudited *Pro Forma* Consolidated Financial Information of EssilorLuxottica (also referred as the "**Group**") includes the restated unaudited *pro forma* consolidated statement of profit or loss for the year ended December 31, 2021 with the related explanatory notes (together the "**Restated Unaudited *Pro Forma* Consolidated Financial Information**"). It has been prepared to represent the *pro forma* effects of the combination between EssilorLuxottica and GrandVision (the "**GV Combination**"), occurred on July 1, 2021 as a result of the acquisition by EssilorLuxottica of approximately 76.72% of the issued ordinary shares of GrandVision (the "**Initial Acquisition**"). The Initial Acquisition was followed by the acquisition of an additional 9.96% of the issued ordinary shares of GrandVision in the month of September 2021 (the "**Subsequent Acquisitions**") and a subsequent mandatory public offer on all the remaining issued and outstanding GrandVision shares (launched on October 8, 2021) aimed to acquire 100% of GrandVision's share capital (the "**Offer**").

The Restated Unaudited *Pro Forma* Consolidated Financial Information has been produced for illustrative purposes only, assuming that the GV Combination had occurred on January 1, 2021.

The *pro forma* adjustments related to the Restated Unaudited *Pro Forma* Consolidated Financial Information are limited to those that are (i) directly attributable to the GV Combination, and (ii) factually supportable.

The restated unaudited *pro forma* consolidated statement of profit or loss does not include the following items:

- any restructuring and integration costs that may be additionally incurred as a result of the GV Combination;
- any synergies, operating efficiencies and cost savings that may result from the GV Combination.

In addition, restated unaudited adjusted *pro forma* consolidated statement of profit or loss for the year ended December 31, 2021 is disclosed in Note 4 to the Restated Unaudited *Pro Forma* Consolidated Financial Information. It is intended to (i) reverse the impact of the combination of Essilor and Luxottica (the "EL Combination") and the GV Combination as well as other transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance and (ii) present, on a *pro forma* basis, the adjusted indicators regularly produced by EssilorLuxottica for the purpose of its financial communication. These adjustments are described in Note 4 to the Restated Unaudited *Pro Forma* Consolidated Financial Information.

In the consolidated financial statements of the Group for the year ended December 31, 2021, the Initial Acquisition of the controlling stake in GrandVision, the Subsequent Acquisitions and the Offer have been considered as a single transaction (so called *linked transaction*); therefore, they have been accounted for as if all ownership interests in GrandVision were acquired at the acquisition date as part of the transaction to gain control. This Restated Unaudited *Pro Forma* Consolidated Financial Information reflects the same accounting treatment.

Because of its nature, the Restated Unaudited *Pro Forma* Consolidated Financial Information addresses a hypothetical situation and is neither intended to represent or to be indicative of the result of operations that EssilorLuxottica would have achieved had the GV Combination occurred as of January 1, 2021, nor is the Restated Unaudited *Pro Forma* Consolidated Financial Information indicative of the future operating results of the Group. The Restated Unaudited *Pro Forma* Consolidated Financial Information is based upon certain assumptions that EssilorLuxottica believes reasonable at the date of this Document.

The Restated Unaudited *Pro Forma* Consolidated Financial Information is derived from:

- EssilorLuxottica's restated consolidated statement of profit or loss for the year ended December 31, 2021 (the "**EL FY-2021 P&L Restated**"), as disclosed in EssilorLuxottica's consolidated financial statements as of and for the year ended December 31, 2022 prepared in accordance with IFRS Standards as endorsed by the European Union (the "**EssilorLuxottica FY-2022 FS**"). These consolidated financial statements are included in this Universal Registration Document, together with the related audit report issued by PricewaterhouseCoopers Audit and Mazars dated March 1st, 2023, which does not include any qualification;
- GrandVision's historical consolidated statement of profit or loss for the six-month period ended June 30, 2021 (the "**GV H1-2021 P&L**"), as disclosed in GrandVision's condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2021 prepared in accordance with IFRS Standards as endorsed by the European Union and more specifically in accordance with IAS 34 – Interim financial reporting (the "**GrandVision 2021 Interim FS**"). On August 13, 2021, PricewaterhouseCoopers Accountants N.V. issued a review report on GrandVision 2021 Interim FS, which does not include any qualification.

An unaudited *pro forma* consolidated statement of profit or loss for the year ended December 31, 2021 ("**2021 *Pro Forma***") was included in EssilorLuxottica's 2021 Universal Registration Document filed on March 25, 2022. The 2021 *Pro Forma* has been prepared without taking in consideration the effects coming from the finalization of the purchase price allocation related to the GV Combination (completed within one year from the GV Combination date, i.e. July 1, 2021) which are instead reflected in the preparation of these Restated Unaudited *Pro Forma* Consolidated Financial Information.

The Restated Unaudited *Pro Forma* Consolidated Financial Information is prepared on a basis that is consistent with the accounting policies used in the preparation of EssilorLuxottica FY-2022 FS.

Furthermore, the Restated Unaudited *Pro Forma* Consolidated Financial Information for year ended December 31, 2021 does not reflect the full year effect of business combinations, other than the GV Combination, finalized by EssilorLuxottica or GrandVision during the course of 2021, as they are not significant.

The Restated Unaudited *Pro Forma* Consolidated Financial Information is presented in millions of Euro. As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Regulatory framework

The Restated Unaudited *Pro Forma* Consolidated Financial Information for the year ended December 31, 2021 has been prepared on a voluntary basis. Nevertheless, it has been prepared in accordance with Annex 20 "Pro forma information" of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and the Position-Recommendation DOC-2021-02 issued by the AMF.

Restated Unaudited *pro forma* consolidated statement of profit or loss

€ millions	EL FY-2021 P&L Restated Note 1	GV H1-2021 P&L Note 1	*PPA adjustments first semester 2021 Restated* Note 2	*Eliminations and other adjustments* Note 3	EssilorLuxottica *pro forma* information Restated
Revenue	19,820	1,891	-	(214)[(a),(b)]	21,498
Cost of sales	(7,589)	(529)	-	158[(a),(b)]	(7,960)
Gross profit	**12,231**	**1,363**	**-**	**(55)**	**13,538**
% of revenue	*61.7%*				*63.0%*
Research and development	(579)	-	-	-	(579)
Selling	(5,719)	(889)	(101)	40[(b)]	(6,669)
Royalties	(174)	-	-	0[(b)]	(174)
Advertising and marketing	(1,534)	(120)	-	2[(b)]	(1,652)
General and administrative	(1,982)	(160)	-	7[(b)]	(2,134)
Other income / (expenses)	64	95	-	(95)[(c)]	64
Total operating expenses	**(9,924)**	**(1,074)**	**(101)**	**(46)**	**(11,144)**
Operating profit	**2,307**	**289**	**(101)**	**(101)**	**2,394**
% of revenue	*11.6%*				*11.1%*
Cost of net debt	(111)	(16)	-	0[(b)]	(127)
Other financial income / (expenses)	(19)	(1)	-	0[(b)]	(20)
Share of profits of associates	3	3	-	(3)[(b)]	3
Profit before taxes	**2,181**	**274**	**(101)**	**(104)**	**2,250**
% of revenue	*11.0%*				*10.5%*
Income taxes	(582)	(43)	26	1[(b)]	(599)
Effective tax rate	26.7%				26.6%
NET PROFIT	**1,598**	**231**	**(75)**	**(103)**	**1,652**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,448**	**215**	**(71)**	**(103)**	**1,489**

See accompanying notes to the Restated Unaudited *Pro Forma* Consolidated Financial Information.

Notes to the Restated Unaudited *Pro Forma* Consolidated Financial Information

Note 1 EL FY-2021 P&L Restated and GV H1-2021 P&L

These columns include: (i) EssilorLuxottica's restated consolidated statement of profit or loss for the year ended December 31, 2021 (**EL FY-2021 P&L Restated**), as disclosed in EssilorLuxottica FY-2022 FS as of and for the year ended December 31, 2022, and (ii) GrandVision's historical consolidated statement of profit or loss for the six-month period ended June 30, 2021 (**GV H1-2021 P&L**), derived from GrandVision 2021 Interim FS as of and for the six-month period ended June 30, 2021. Both statements of profit or loss are consistent with the presentation applied in EssilorLuxottica FY-2022 FS.

Note 2 Purchase price allocation adjustments

The GV Combination is accounted for using the acquisition method of accounting in accordance with IFRS 3 – *Business Combinations*.

The consideration transferred has been allocated to GrandVision's assets acquired and liabilities assumed as of July 1, 2021 based upon their fair values at that date ("purchase price allocation"). The accounting for the GV Combination has been finalized in the first semester of 2022 and disclosed in EssilorLuxottica FY-2022 FS.

The adjustments related to the purchase price allocation ("PPA adjustments") correspond to the incremental profit or loss impacts (for the six-month period from January 1, 2021 to June 30, 2021) resulting from the measurement of GrandVision's assets acquired and liabilities assumed at their fair value at the date of the Initial Acquisition (July 1, 2021). Those impacts are already reflected in EL FY-2021 P&L Restated for the six-month period from July 1, 2021 to December 31, 2021.

For the purpose of the restated unaudited *pro forma* consolidated statement of profit or loss for the year ended December 31, 2021, the PPA adjustments related to the fair value step-up on assets acquired consisted in adding the six-month period (from January 1, 2021 to June 30, 2021) amortization related to the fair value of new intangible assets recognised as a result of the GV Combination (trade names, customer relationships and franchising network) after eliminating the six-month period amortization impacts relating to historical intangible assets (trade names and customer relationships) recognised in GV H1-2021 P&L.

The purchase price allocation reflects the output from the valuation work performed by EssilorLuxottica with the support of an independent valuation expert. Fair values have been determined as of July 1, 2021 and have been used, as they stand, for the purpose of the Restated Unaudited *Pro Forma* Consolidated Financial Information.

The following is a description of each significant fair value step-up on assets acquired.

€ millions	*Values*	*Estimated w. average useful life (years)*	*12-month amortization*	*6-month amortization reflected in pro forma*
New customer relationships	1,001	9.4	(122)	(61)
New trade names	1,542	24.5	(64)	(32)
New franchising network	329	9.0	(38)	(19)
New intangibles assets recognized	**2,872**	**17.5**	**(224)**	**(112)**
Historical carrying value of replaced intangible assets	(156)		22	11
FAIR VALUE STEP-UP ON INTANGIBLE ASSETS	**2,716**		**(202)**	**(101)**

The €101 million reported as PPA adjustments in *Selling* represent the six-month amortization related to the fair value of customer relationships, trade names and franchising network taking into account their estimated weighted average useful life, after the cancellation of the historical amortization of customer relationships and trade names recognised in GV H1-2021 P&L.

The related tax effects have also been reported as PPA adjustments. Those effects have been calculated based on the prevailing tax rate applicable to each entity/area where fair value step-up on assets have been recognised.

Note 3 Eliminations and other adjustments

a) Reflects the elimination of the intercompany transactions between EssilorLuxottica and GrandVision for the six-month period ended June 30, 2021.

b) Represents the elimination of the contribution of the businesses disposed / to be disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination. In the first semester of 2021, the proposed acquisition of GrandVision by EssilorLuxottica was cleared by the European Commission and the Chilean market regulator under the conditions described below.

- On March 23, 2021, the European Commission granted its final approval subject to the divestment of optical retail businesses in Belgium (35 stores from the "GrandOptical" chain, without the banner), the Netherlands (142 stores from the "EyeWish" chain, including the banner) and Italy (174 stores from the "VistaSì" chain, including the banner, and the "GrandVision by" chain, without the banner); in December 2021, EssilorLuxottica and GrandVision entered into two agreements for the divestment of these businesses; both transactions were completed in the course of the first semester of 2022.
- On April 9, 2021, the Chilean market regulator FNE (Fiscalía Nacional Económica) cleared the proposed acquisition following the commitment to divest GrandVision's Chilean operations under the banner Rotter Y Krauss. GrandVision divested its Chilean operations on July 1, 2021, prior to the Initial Acquisition.

c) Represents the elimination of the gain, recognized in GrandVision 2021 Interim FS, related to remeasurement to the provisional fair value of the European business to be disposed by GrandVision as agreed with the European Commission in the context of the GV Combination (see Note 3 (b) above). As from April 1, 2021, the European business to be disposed were excluded from full consolidation and accounted for as investments in associates. In GV H1-2021 P&L, GrandVision recognized a fair value up-lift on the carrying amount of those investments of approximately €95 million which is eliminated for the purpose of *pro forma* information.

Note 4 Restated unaudited adjusted *pro forma* consolidated statements of profit or loss for the year ended December 31, 2021

The restated unaudited adjusted *pro forma* consolidated statement of profit or loss for the year ended December 31, 2021 is intended to (i) offset the impact of the EL Combination, the GV Combination and other transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance and (ii) present, on a *pro forma* basis, the adjusted indicators regularly produced by EssilorLuxottica for the purpose of its financial communication. These adjustments are limited in numbers, well-identified and significant at the level of the EssilorLuxottica's consolidated performance.

€ millions	EssilorLuxottica *pro forma* information Restated	Adjustments related to PPA impact Restated	Other non-GAAP adjustments	EssilorLuxottica *pro forma* adjusted information Restated
Revenue	21,498	-	-	21,498
Cost of sales	(7,960)	38	53	(7,869)
Gross profit	**13,538**	**38**	**53**	**13,628**
% of revenue	*63.0%*			*63.4%*
Research and development	(579)	257	1	(321)
Selling	(6,669)	499	65	(6,105)
Royalties	(174)	-	-	(174)
Advertising and marketing	(1,652)	90	2	(1,560)
General and administrative	(2,134)	11	123	(2,000)
Other income / (expenses)	64	-	(61)	3
Total operating expenses	**(11,144)**	**857**	**130**	**(10,157)**
Operating profit	**2,394**	**895**	**182**	**3,471**
% of revenue	*11.1%*			*16.1%*
Cost of net debt	(127)	(0)	-	(128)
Other financial income / (expenses)	(20)	-	-	(20)
Share of profits of associates	3	-	-	3
Profit before taxes	**2,250**	**894**	**182**	**3,327**
% of revenue	*10.5%*			
Income taxes	(599)	(179)	(62)	(840)
Effective tax rate	26.6%			25.2%
NET PROFIT	**1,652**	**715**	**121**	**2,487**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,489**	**711**	**119**	**2,319**

The adjustments include:

- **adjustments related to PPA impact**: the impact of the purchase price allocation related to the EL Combination for the year ended December 31, 2021 as well as the impact of the purchase price allocation related to the GV Combination for the year ended December 31, 2021 (as disclosed in Note 2). Those adjustments include the twelve-month impacts of (i) the use of the inventories owned by GrandVision subject to a fair-value step-up (for approximately €36 million), (ii) the incremental amortizations of intangible assets recognised as a result of the EL Combination and the GV Combination compared to existing intangible assets, (iii) the depreciation of PP&E fair value step-up recognized in the context of the EL Combination, (iv) the cost of net debt impact related to the fair value step-up of the financial liabilities, also recognized in the context of the EL Combination, and (v) related tax effects. Those effects are eliminated through the adjusted indicators that EssilorLuxottica regularly presents;
- **other non-GAAP adjustments,** as described below.

The main other non-GAAP adjustments reflected into the restated unaudited adjusted *pro forma* consolidated statement of profit or loss for the year period ended December 31, 2021 are related to the following transactions.

(i) Non-recurring *Cost of sales* for €53 million of which (i) approximately €50 million mainly related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint and the distribution network to increase the Group's operational and organizational efficiency, and (ii) €2 million corresponding to the expenses related to share-based plans granted in the context of the EL Combination to employees working for operations activities (Luxottica's restricted shares plan (LTI), vested in March 2021, and other Essilor's plans).

(ii) Non-recurring *Selling* expenses for €65 million associated with:

- impairment losses and write-off for approximately €51 million, of which €38 million resulting from the decision to progressively converge toward a common IT platform for Direct to Consumer business of the Group;
- restructuring projects in EMEA and North America as well as selling costs related to the rationalization of the distribution activities in France, for approximately €18 million in total, partially compensated by a non-recurring income of €5 million; and
- expenses related to share-based payments for about €1 million.

(iii) Non-recurring General and administrative expenses for €123 million associated with the following impacts:

- severances for approximately €11 million, mainly related to key management personnel;
- costs associated with restructuring projects for approximately €28 million, including impairment losses for approximately €11 million;
- a positive effect of €18 million resulting from: (i) the release of a contingent liability (recognised in the context of the EL Combination) related to a litigation involving a subsidiary of the Group, and (ii) the release of GrandVision's provision related to the favorable outcome of the proceedings initiated by the French Competition Authority for €10 million;
- expenses related to share-based payments for about €5 million linked to share-based plans granted in the context of the EL Combination (Luxottica's restricted shares plan (LTI) vested in March 2021 and other Essilor's plans);
- non-recurring expenses related to M&A projects for €71 million mainly linked to the transaction costs incurred in connection with the acquisition of GrandVision and the proposed acquisition of Walman; and
- other one-off costs incurred by the Group of which (i) approximately €10 million as net negative impact related to significant claims and litigations and (ii) approximately €13 million of other one-off costs linked to integration streams and (iii) approximately €3 million of other non-recurring costs.

(iv) Other income / (expenses) are adjusted for a net positive effect of €61 million mainly associated with:

- the positive effect recorded following the recovery, in the first months of 2021, of misappropriated funds from the EMTC fraud (detected at the end of 2019 at an Essilor's plant in Thailand) for approximately €62 million;
- the positive effect resulting from changes in consolidation scope and other non-recurring income, for an aggregate amount of €6 million; and
- a negative effect of approximately €7 million resulting from the valuation of the business to be disposed according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

(v) Income taxes are adjusted for an amount of €(62) million corresponding mainly to the tax effects of the above-mentioned adjustments.

4.4 Statutory Auditors' report on the *pro forma* financial information

This is a free translation into English of the statutory auditors' report on related-party agreements issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2021

To the Chairman and Chief Executive Officer,

In our capacity as Statutory Auditors of your company and in accordance with Regulation (EU) 2017/1129 supplemented by the Commission Delegated Regulation (EU) n°2019/980, we hereby report to you on the pro forma financial information of EssilorLuxottica for the year ended December 31, 2021 set out in Section 4.3 Restated Unaudited *Pro Forma* Financial Consolidated Information of the 2022 Universal Registration Document (the "Pro Forma Financial Information").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the combination of EssilorLuxottica and GrandVision could have had on EssilorLuxottica's consolidated income statement for the year ended December 31, 2021 if the transaction had taken effect on January 1, 2021. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Pro Forma Financial Information in accordance with the provisions of Regulation (EU) 2017/1129 and ESMA's recommendations on Pro Forma Financial Information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, section 3 of Commission Delegated Regulation (EU) n°2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary according to the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of EssilorLuxottica to obtain the information and explanations that we deemed necessary.

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated;
- that basis is consistent with the accounting policies of the issuer.

This report has been issued solely for the purpose of the filing of the universal registration document with the French financial markets authority (Autorité des marchés financiers or "AMF") and cannot be used for any other purpose.

Neuilly-sur-Seine and Paris La Défense, March 10, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

4.5 Financial statements of EssilorLuxottica

The statutory financial statements for 2022 include the income statement, balance sheet, cash flow statement and notes presented below and have been prepared under the responsibility of the Board of Directors and are presented to the Shareholders' Meeting for approval. They were approved and authorized for issue by the Board of Directors on February 22, 2023.

The statutory auditors' report on the annual financial statements for 2022 is included in Section 4.7.

4.5.1 Key figures

€ millions, except per share data, which is in euros	2022	2021
Income statement		
Operating profit (loss)	(42)	(52)
Profit (loss) before non-operating items and tax	(58)	(70)
Profit (loss)	(101)	(153)
Balance sheet		
Share capital	81	80
Shareholders' equity	23,571	24,060
Net debt	8,704	10,169
Non-current assets, net	35,629	35,695
TOTAL ASSETS	**36,994**	**38,525**
Net dividend per ordinary share *(in euros)*	3.23[(a)]	2.51

(a) Subject to the decision of Shareholders at the next Annual Shareholders' Meeting on May 17, 2023.

In 2022, EssilorLuxottica incurred an operating loss of €42 million (loss amounted to €52 million in 2021). This change of the operating loss mainly comes from the *personnel expenses* decreasing by €8 million compared with 2021 because of a decrease of the cost related to the performance shares plans (PSP) awarded to employees and corporate directors of the Company by €5 million and the decrease of the related social charges on PSP by €3 million.

The financial loss amounted to €16 million, largely due to the cost of net debt for €43 million and an impact of the remeasurement at fair value of an investments for €13 million and partially offset by divend received for €17 million and by a net exchange gain amounted to €23 million.

Non-operating expense is at €70 million (€105 million in 2021), due to the net cost of the employee shareholding programs dedicated to Group employees and vested with treasury shares for €41 million (€82 million in 2021) of which €26 million for Boost program and €15 million for PSP. Other non-operating expenses are retaed to the yearly tax depreciation of the investments' acquisition costs for €28 million.

4.5.2 Income Statement

€ millions	Notes	2022	2021
Reversals of depreciation, amortization and provisions		-	0
Other income		10	6
Total operating income		**10**	**6**
Other external purchases and expenses		21	18
Personnel expenses		28	36
Depreciation, amortization and provisions		0	0
Other expenses		3	3
Total operating expenses	**2**	**52**	**58**
Operating profit (loss)		**(42)**	**(52)**
Financial income	3	(16)	(18)
Profit (loss) before non-operating items and tax		**(58)**	**(70)**
Non-operating income (expense)	4	(70)	(105)
Income tax (income) expense	5	(27)	(22)
PROFIT (LOSS)		**(101)**	**(153)**

4.5.3 Balance Sheet

Assets

€ millions	Notes	2022 Gross amount	2022 Depreciation, amortization & provisions	2022 Net amount	2021 Net amount
Property, plant and equipment		4	2	2	2
Financial assets	6	35,639	13	35,627	35,692
Non-current assets		**35,643**	**15**	**35,629**	**35,695**
Trade and related receivables	7	9	-	9	2
Other receivables	7	866	-	866	992
Marketable securities	8	360	-	360	1,726
Cash		85	-	85	51
Current assets		**1,320**	**-**	**1,320**	**2,772**
Bond redemption premium		31	-	31	37
Prepaid expenses	9	15	-	15	21
TOTAL		**37,009**	**15**	**36,994**	**38,525**

Shareholders' equity & liabilities

€ millions	Notes	2022	2021
Share capital	10.1	81	80
Additional paid-in capital		23,112	22,425
Legal reserves		8	8
Other reserves		380	1,637
Retained earnings		-	0
Profit (loss) for the year		(101)	(153)
Tax-driven provisions		92	63
Shareholders' equity	**10**	**23,571**	**24,060**
Provisions for contingencies and liabilities	**11**	**540**	**845**
Bonds	12.1	8,952	9,391
Other financial debt (including loans from subsidiaries)	12.1	197	2,555
Financial liabilities		**9,149**	**11,946**
Trade and related payables	12.2	10	11
Accrued taxes and personnel expenses	12.2	9	11
Other liabilities	12.2	3,704	1,616
Operating and other liabilities		**3,723**	**1,638**
Foreign currency translation adjustment	13	12	36
TOTAL		**36,994**	**38,525**

4.5.4 Cash Flow Statement

€ millions	2022	2021
Profit for the fiscal year	(101)	(153)
Adjustments for non-cash items	18	761
Cash flow	**(83)**	**608**
Change in working capital[(a)]	2,193	1,197
Net cash flow from operating activities	**2,110**	**1,805**
Purchases of property, plant & equipment	-	(0)
Acquisition of shares in subsidiaries and affiliates and other investments[(b)]	(82)	(7,279)
Loans granted to subsidiaries (increase)/decrease	127	(9)
Net cash flow used in investing activities	**46**	**(7,287)**
Capital increase	38	29
Disposal/(acquisition) of treasury shares	(417)	302
Dividends paid	(454)	(138)
Increase/(decrease) in borrowings	(440)	(488)
Increase/(decrease) in loans from subsidiaries	(2,343)	1,763
Net cash flow used in financing activities	**(3,617)**	**864**
Change in cash and cash equivalents	(1,461)	(4,618)
Cash and cash equivalents at beginning of year	1,546	6,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	**85**	**1,546**

(a) Changes in working capital are as follows - see table below:
(b) Mainly related to the completion of the squeeze-out procedure to get 100% of the GrandVision shares with transaction costs (€11 million), to the acquisition of minority interests in a retail company in the optical industry and listed in the US (€49 million) and creation of a new fully owned group entity for €16 million, see Note 6 - Financial assets.

€ millions	2022	2021	Changes
Operating receivables	(9)	(2)	(7)
Other receivables	(881)	(1,013)	132
Operating liabilities	19	22	(3)
Other liabilities	3,716	1,645	2,071
TOTAL WORKING CAPITAL	**2,844**	**651**	**2,193**

Cash is defined as available cash and short-term deposits net of current bank overdrafts.

4.5.5 Notes to the 2022 financial statements of EssilorLuxottica

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These notes include the balance sheet, with total assets of €36,994 million before appropriation of profit or loss for the year ended December 31, 2022, and the income statement posting a loss of €101 million.

EssilorLuxottica is a French limited liability company. Its registered office is located at 147, rue de Paris, in Charenton-le-Pont, France, and it is listed on the Euronext stock exchange. EssilorLuxottica is the parent company of the Group EssilorLuxottica, group consolidated in the accounts of Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

The fiscal year covers a 12-month period, from January 1, 2022 to December 31, 2022. Figures are provided in millions of euros, unless otherwise stated.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Significant events of the fiscal year

Macroeconomic environment

During the year 2022, the macroeconomic environment was affected by a return of inflation, tightening financial conditions and tension on the commodity and energy markets, also impacted by the conflict in Russia and Ukraine and the residual effects of the COVID-19 related restrictions.

Despite this challenging scenario, the Group was able to grow thanks to its capacity of managing both price-mix and product assortments and to the strict cost control in industrial operations and discretionary expenses. Moreover, the Group's hedging policies on the main risks (interest rates, raw material and energy purchase prices, amongst others) helped to mitigate the overall volatility observed on the markets.

The changes in this macroeconomic environment described above had a direct impact on the key parameters used by the Group in performing its impairment tests (e.g. Weighted Average Cost of Capital - WACC). Moreover, the Group considered this new macroeconomic context in preparing its budget estimates.

EssilorLuxottica has considered those elements, in particular in the determination of the value in use of the Group equity investments and no impairment was recognized.

Finalization of GrandVision acquisition

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, i.e. €28.42 per share, plus financial interests as per the applicable regulations, corresponding to a global amount of approximately €12 million. Therefore, EssilorLuxottica holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

In the first semester 2022, EssilorLuxottica completed the divestment of businesses in Italy, Belgium and the Netherlands as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition.

French Competition Authority investigation

IIn July 2014, the French Competition Authority's investigation department made unannounced visits to selected Essilor entities in France and other actors in the ophthalmic lens industry involved in the online sale of ophthalmic lenses. Related to this investigation, a €81 million penalty has been imposed on October 6, 2022 by the French Competition Authority to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica and Essilor International strongly disagrees with the French Competition Authority and have appealed its decision on November 23, 2022, still confident that they will successfully demonstrate that this decision is ungrounded. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On February 15, 2023, €81 million were transferred to the French Authorities pending the decision on appeal. That cash-out is considered as a deposit made to a public authority in the context of the overall procedure and it has been accounted for as such.

Note 1 Accounting policies

The financial statements have been prepared in compliance with French statutory and regulatory provisions (Plan Comptable Général) and general guidelines for the preparation and presentation of these annual financial statements are in compliance with the provisions of the French Accounting Standards Board's (ANC) amended Regulation no. 2014-03 (regulation ANC n°2018-01) on the French Chart of Accounts.

1.1. Property, plant and equipment

Properties, plants and equipments are measured at acquisition cost (purchase price and associated transaction costs). Property, plant and equipment mainly comprise fixtures and fittings and other property, plant and equipment, which are depreciated using the straight-line method over the assets' estimated useful lives.

Properties, plants and equipments are tested for impairment when the occurrence of an event or a change of circumstances indicates that the recoverable amount may be less than the carrying amount.

When the impairment test shows that an asset's recoverable amount is less than its carrying amount, an impairment loss is recorded. The recoverable amount of an asset is the higher of its fair value and value in use.

The initial cost of assets includes directly related transaction costs.

1.2. Financial assets

Equity investments are carried at their acquisition cost or contribution value. EssilorLuxottica has opted to include acquisition costs in the initial cost of equity investments.

At the year-end closing date, Equity investments are measured at their value in use, based on a multi-criteria approach taking into account in particular the proportional value of the investments in the subsidiary's equity and future cash flow projection.

For the long-term portfolio securities, the shares being listed on a regulated stock exchange, the value in use corresponds to the average price of the shares over the last month of the year.

For both categories of investments, if value in use is below gross value, an impairment loss is recognized. Impairment is recorded under financial income.

Loans and receivables are measured at nominal value. A provision is recorded to cover any risk of non-recovery.

When the company buys back its own shares, they are recognized as treasury shares at their acquisition cost under *Other long-term financial investments* when the Treasury shares are not intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies. An impairment loss is recorded for shares whose acquisition cost is greater than their average market price for the last month of the fiscal year, except for shares repurchased for cancelation and shares covered by provisions for performance or restricted shares and stock options.

External expenses reflecting the professional fees incurred in the business combination that qualify as acquisition costs are recorded under *Other long-term financial investments*. They are then reallocated to *Equity investments* upon completion of the business combination.

1.3. Receivables and payables

Receivables and payables are stated at nominal value.

Receivables are written down when their present value, estimated based on collection risk, falls below their carrying amount.

1.4. Marketable securities

Marketable securities are recorded at acquisition cost. An impairment loss is recorded if their value falls below their acquisition cost.

Acquired Treasury shares with the attention to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies are recorded in the *marketable securities*.

1.5. Financial instruments and foreign currency transactions

EssilorLuxottica applies the provisions of ANC Regulation No. 2015-05 on financial futures and hedging transactions.

1.5.1. Foreign exchange derivative instruments

The Company uses derivative instruments solely for hedging purposes. Derivative instruments are handled within predetermined management limits with the purpose of optimizing exchange rate risk hedging.

EssilorLuxottica manages an exchange rate risk position that includes all monetary assets and liabilities in foreign currencies. Gains and losses on foreign exchange derivative instruments are used to offset re-measurement at the closing rate of balance sheet positions in foreign currencies. The swap points relating to derivative financial instruments are recognized in financial income over the life of the hedging instrument.

EssilorLuxottica also uses forward purchases and sales to hedge future foreign currency transactions. Foreign exchange losses and gains relating to these derivatives are recognized in the income statement symmetrically with the hedged items.

In principle, EssilorLuxottica uses derivative financial instruments solely for hedging purposes. In exceptional cases where derivative financial instruments do not qualify for hedge accounting, the following accounting method is used:

- the change in the value of the derivative is recorded on the balance sheet, with an offsetting an adjustment account;
- a provision is recognized for unrealized losses (unrealized gains are not recognized in the income statement);
- realized gains and losses are recognized in profit or loss.

1.5.2. Interest rate derivative instruments

With regard to interest rate risk, the Company's policy is to protect itself against unfavorable interest rate changes. To hedge interest rate risk, EssilorLuxottica uses interest rate swaps.

Financial income and expenses relating to interest rate derivatives are recognized in the income statement in the same period as the hedged item.

1.6. Pension and other post-employment benefit obligations

In accordance with ANC Recommendation n°. 2013-02 of November 7, 2013 on the measurement and recognition of pension and other post-employment benefit obligations, the Company recognizes provisions for its retirement, long-service awards and other long-term benefits.

By the adoption of the amendment dated November 5, 2021 of the ANC Recommendation n°. 2013-02 of November 7, 2013, the Company decided to spread the cost related to the benefit obligation over the period on which provided services by the beneficiaries lead to benefits on not anymore over the employment period.

Where the benefits are payable under defined contribution plans, the contributions are expensed as incurred.

In the case of defined benefit plans, provisions are recognized based on the following actuarial assumptions:

- the projected benefit obligation, corresponding to the vested rights of the Company's current and retired employees, is determined based on estimated final salaries (projected unit credit method) and actuarial assumptions relating to the discount, inflation, staff turnover and salary increase rates;
- the discount rate corresponds to the interest rate of top-tier issuers for periods corresponding to the estimated average duration of the benefit obligation;
- when all or part of the obligation is funded by the Company contributing to an external plan, the provision is decreased by the market value of the plan assets;
- actuarial gains and losses resulting from changes in assumptions and experience-based adjustments are recognized in profit and loss using the corridor method. This method entails amortizing in the income statement, over the expected average remaining service lives of plan participants, only the portion of the net cumulative gain or loss that exceeds 10% of the greater of the pension benefit obligation or the fair value of plan assets;
- if the Company amends an existing plan or introduces a new one and the rights under the new or amended plan are unvested, the related change in the Company's obligation is recognized in profit or loss on a straight-line basis over the expected average remaining service lives of the plan participants. If rights under the new or amended plan vest immediately, the resulting change in the Company's obligation is recognized immediately in profit or loss;
- the provision recorded in the balance sheet corresponds to the projected benefit obligation less the market value of any plan assets, the value of unrealized actuarial gains and losses and unrecognized past service costs;

1.7. Income tax (tax consolidation regime)

EssilorLuxottica is the head of the consolidated tax group in France, and the only entity liable to pay corporate income tax.

Each company in the tax group calculates and recognizes income tax expense as if it were taxed separately.

Consolidated tax income or expense is included in EssilorLuxottica's financial statements.

1.8. Recognition and measurement of provisions

1.8.1. Provisions for contingencies and liabilities

Provisions for contingencies and liabilities are recognized when there is an obligation towards a third party that can be measured with sufficient reliability and it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation without any benefit of at least equivalent value being expected in return.

Contingent liabilities are not recognized on the balance sheet but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions for performance and restricted shares granted over the fiscal year

When a performance or restricted share plan is decided to grant existing shares, a provision is recognized. The provision is based on an estimate of the number of shares definitely granted, taking into account staff turnover and, for performance shares plans, the market price assumptions. The provision is calculated based on the weighted average price of treasury shares at year-end. The provision is measured at the stock market price for commitments not covered by treasury shares.

Since French accounting board (CRC) Regulation no. 2014-03, the provision for performance and restricted shares has been allocated over the vesting period, as vesting is conditional on the grantee's employment by the Company.

As performance or restricted shares are compensation items, the related provisions are recognized as personnel expenses for the company's beneficiaries. For transactions with other Group beneficiaries, a provision on the whole commitment is recorded at the grant date, and the equivalent amount is recharged to the corresponding subsidiaries. Those impacts are recorded in non-operating income and expenses.

Provisions for contingencies for subsidiaries and affiliates

An impairment loss is recognized for equity investments whose present value is less than their carrying amount. Where applicable, the provision is allocated in the following order: to securities, non-current receivables, current accounts, and the provision for contingencies. However, the latter is only recognized:

- if the legal form makes EssilorLuxottica indefinitely and jointly and severally responsible for the liability; or
- up to the amount of commitments given by EssilorLuxottica for all other legal forms.

1.8.2. Tax-driven provisions

Tax-driven provisions mainly reflect additional tax depreciation.

1.9. Premiums on bonds

Premiums on bonds paid by EssilorLuxottica are recorded in the balance sheet in Bond redemption premium and those received are recorded in the other financial debts.

Premium are therefore amortized in the financial income over the duration of the bonds.

1.10. Borrowing costs

Borrowing costs may be:

- fully expensed in the year they are incurred; or
- allocated over the term of the loan.

The choice of method is made upon issuance of the debt and cannot be later changed.

1.11. Climate and environmental risks

Together with its affiliated companies, EssilorLuxottica's exposure to the consequences of climate change is deemed to be limited. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. In 2021, the Group launched its new approach to sustainability, titled *Eyes on the Planet*, which is built around, among the others, the following pillars:

- *Eyes on Carbon*: EssilorLuxottica is on track to achieve carbon neutrality in its direct operations (scopes 1 and 2) by 2025, with a milestone set for Europe by 2023, starting from Italy and France already in 2021. During 2022, EssilorLuxottica kept investing in the self-production of renewable electricity (e.g. photovoltaic systems at Sedico and Barberini sites in Italy), in the improvement of energy efficiency and the support of carbon reduction projects;
- *Eyes on Circularity*: EssilorLuxottica is progressively shifting from fossil-based materials to bio-based and recycled materials, which produce fewer emissions, biodegrade, and are easier to recycle. The acquisition of Fedon, completed in 2022, represents a step forward in EssilorLuxottica commitment by investing in the circularity of its packaging materials.

The deployment of these initiatives is reflected in the 2022 budget and in the medium-term projections used to determine the value in use of the equity investments.

Note 2 Operating expenses

The operating expenses amounted at €52 million mainly comprise *personnel expenses* (€28 million), *the other external purchases and expenses* (€20 million) as well as the *other operating expenses* (€3 million). The operating expenses decreased by €6 million compared with 2021.

This increase is driven by the personnel expenses (a decrease by €8 million compared to 2021) mainly coming from:

- costs related to the performance shares plans (PSP) awarded to employees and corporate directors of the Company increasing by (€5 million);
- social charges on PSP increasing by (€3 million).

The *External purchases and expenses* increase by €3 million and mainly include lawyer, bank and consultancy fees as well as lease costs.

Note 3 Financial income

€ millions	2022	2021
Interest expenses	(42)	(37)
Dividends[(a)]	17	14
Impairment (loss) reversal[(b)]	(13)	4
Currency exchange[(c)]	23	0
Other	0	0
TOTAL	**(16)**	**(18)**

(a) The line item Dividends corresponds to a dividend paid by Essilor Korea Co. Ltd for €15 million and to a dividend paid by Synsam Group For €1 million. In 2021, this line only included a dividend paid by Essilor Korea Co. Ltd for €14 million.
(b) Impact of the remeasurement at fair value of the minority interest in the listed company Synsam Group
(c) The line item Change mainly includes in 2022 a partial reversal by €24 million of a portion of the foreign currency adjustment from the partial contribution of assets in 2017 performed in the framework of the combination between Essilor and Luxottica.

Note 4 Non-operating income (expense), net

The non-operating loss amounted by €70 million (loss amounted to € 105 million in 2021) mainly comes from:

- cost of the shareholding programs dedicated to Group employees and delivered with treasury shares for €41 million (€82 million in 2021) of which €20 million for the new performance shares plan granted in 2022, €26 million related to the disposal of shares to employees within the Boost program and a gain amounted to €5 million linked to the remeasurement of the performance shares plans granted before 2022 (expense by €45 million in 2021). These costs are presented net of the recharges to Group entities
- yearly tax-driven provisions on acquisition cost for €28 million and related to amortization of the capitalized acquisition costs on investments (€23 million in 2021).

Note 5 Corporate income tax

5.1. Profit excluding tax assessments

€ millions	2022	2021
Profit (loss) for the year	(101)	(153)
Corporate income tax (income)/expense	(27)	(22)
Pre-tax profit (loss)	(128)	(175)
Change in tax-driven provisions	29	23
Pre-tax profit (loss), excluding tax assessments	(99)	(152)

5.2. Breakdown of corporate income tax

The breakdown of corporate income tax between ordinary and non-recurring items is the following:

2022 *€ millions*	Before tax	Corresponding tax	After tax
Profit (loss) from ordinary operations	(58)	-	(58)
Profit (loss) from non-recurring items	(70)	-	(70)
Tax consolidation result	-	27	27
PROFIT (LOSS)			**(101)**

2021 *€ millions*	Before tax	Corresponding tax	After tax
Profit from ordinary operations	(70)	-	(70)
Profit (loss) from non-recurring items	(105)	-	(105)
Tax consolidation result	-	22	22
PROFIT			**(153)**

5.3. Increases and reductions in future tax liabilities

5.3.1. Assets

No deferred tax assets were recognized in the balance sheet.

€ millions	2022	2021
Provisions for retirement obligations	0	0
TOTAL	**0**	**0**
Loss carry-forwards[(a)]	**49**	**160**
Future income tax rate	25.83%	25.83%
Corporate income tax	13	41

(a) This is the cumulative loss carry-forward of the consolidated tax group. EssilorLuxottica expects to use its loss carry-forwards.

5.3.2. Liabilities

No deferred tax liabilities were recognized in the balance sheet.

€ millions	2022	2021
Additional tax depreciation	92	63
TOTAL	**92**	**63**
Future income tax rate	25.83%	25.83%
Future tax liabilities	24	16

Note 6 Financial assets

6.1. Summary

2022 *€ millions*	Carrying amount at January 1, 2022	Increases	Decreases	Other changes	Provisions for the fiscal year	Reversals for the fiscal year	Carrying amount at December 31, 2022
Equity investments[(a)]	35,017	27	-	-	-	-	35,043
Loans to equity investments[(b)]	625	373	(500)	-	-	-	498
Long-term portfolio securities[(c)]	50	49	-	-	-	-	86
Other long-term financial investments	0	-	-	-	-	-	0
Gross value	**35,692**	**449**	**(500)**	**-**	**-**	**-**	**35,639**
Impairment	-	-	-	-	(13)	-	(13)
NET VALUE	**35,692**	**449**	**(500)**	**-**	**(13)**	**-**	**35,627**

(a) The increase in equity investments is mainly due to the completion of the squeeze-out procedure on the remaining GrandVision shares for €11 million (acquisition costs included) and to the capital injection in the new fully owned legal entity EssilorLuxottica Ré for €16 million.
(b) As of December 31, 2022, receivables to equity investments correspond to a loan granted to Luxottica France for €125 million and a new loan granted to GrandVision Finance B.V. for €370 million. All these loans are with a maturity date in April 2024. The loan granted to Luxottica Group S.p.A. for €.500 million (closing position in 2021) has been repaid in 2022.
(c) Long-term portfolio securities correspond to minority interest in listed companies of which the fair-value is the average listed price over the last month of the year. In 2022, the Company acquired minority interests in a retail company operating in the optical industry and listed in the US. The related gross value of this investment is €49 million with a fair value at year-end at €73 million. In this line, the other investment is an equity interest for 6.6% in Synsam Group, a company in the optical retail industry. Gross value of this investment in Synsam Group is approximately €50 million. At year-end, fair value being at €37 million, an impairment has been recognized accordingly for €13 million.

2021 *€ millions*	Carrying amount at January 1, 2021	Increases	Decreases	Other changes	Provisions for the fiscal year	Reversals for the fiscal year	Carrying amount at December 31, 2021
Equity investments[(a)]	27,763	7,222	-	32	-	-	35,017
Receivables from equity investments[(b)]	616	773	(764)	-	-	-	625
Other long-term investments (treasury shares)[(c)]	42	-	(42)	-	-	-	0
Long-term portfolio securities[(d)]	-	50	-	-	-	-	50
Other long-term financial investments[(e)]	32	-	-	(32)	-	-	0
Gross value	**28,453**	**8,045**	**(806)**	**-**	**-**	**-**	**35,692**
Impairment	4	-		-	-	(4)	-
NET VALUE	**28,449**		**(806)**				**35,692**

(a) Increase in equity investments is due to the acquisition of GrandVision (99.84% of the ordinary shares), including capitalized acquisition costs for €51 million.
(b) As of December 31, 2021, receivables from equity investments correspond to a loan granted to Luxottica Group S.p.A. for €.500 million with a maturity date in February 2024 and a new loan granted in December 2021 to Luxottica France for €125 million with a maturity date in April 2024.
(c) Transfer of treasury shares reserved to Group employees under the international employee share ownership plan.
(d) EssilorLuxottica acquired a minority interest in Synsam Group, a listed Sweden company in the Optical retail industry. The interest is of 6.6%. Gross value of this investment is approximately €50 million with a fair value at year-end at €70 million, this fair value is based on the Synsam average share price in December 2021.
(e) Reclassification of the GrandVision acquisition costs which were classified as acquisition costs in progress as of December 31, 2020, the transaction being completed as of July 1, 2021.

6.2. Subsidiaries and equity investments

Subsidiaries and equity investments held by EssilorLuxottica at December 31, 2022 (all at least a 50% interest):

€ millions	Share capital	Other equity	Share of capital held *(%)*	Carrying amount of shares held		Loans and advances granted and not yet repaid	Guarantees and endorse-ments granted	Net revenue of last fiscal year	Profit for last fiscal year	Dividends received by the Company during the fiscal year
				Gross	Net					
Luxottica Group S.p.A.	29	4,563	100%	22,125	22,125	-	-	3,978	749	-
Essilor International (SAS)	278	6,253	100%	5,487	5,487	-	-	1,196	280	-
GrandVision B.V.	5	1,706	100%	7,264	7,264	370	-	-	269	-
Essilor Manufacturing India Pvt Ltd	27	5	100%	28	28	-	-	41	(2)	-
Essilor India Pvt Ltd	114	(32)	100%	115	115	-	-	62	(2)	-
EssilorLuxottica Ré	16	-	100%	16	16	-	-	-	-	-
Essilor Korea Co Ltd	1	(4)	50%	3	3	-	-	27	32	15
ONBITT Co Ltd	0	5	51%	5	5	-	-	7	2	-

Luxottica Group S.p.A. is an Italian company. With its subsidiaries, the company designs, manufactures, distributes and retails its eyewear brands. Its best-known brands are Ray-Ban, Persol, and Oakley.
Essilor International (SAS) is based in France. With its subsidiaries, the company designs, manufactures and markets a wide range of lenses to improve and protect eyesight and develops and markets equipment for prescription laboratories and instruments and services for eye care professionals.
GrandVision B.V. is a Company based in The Netherlands. With its subsidiaries, the company is a global leader in optical retail through a global retail network of more than 7,200 stores in approximately 40 countries. Well-known local retail brands include Apollo-Optik, Générale d'Optique, GrandOptical, Pearle, MasVision in and Vision Express.

Impairment test on the equity Investments:

Equity Investments are subject to impairment tests to compare the value in use at the closing date with the carrying amount, particular:

- for the Investment in Luxottica Group S.p.A. and in GrandVision, companies owned at 100%, the value in use is based on future cash flow projections generated by its business. These future cash flow projections rely on the 2023 budget estimate and on a business plan covering a three-year period up to 2026. The applied weighted average cost of capital (WACC) is 9.5% - (6.4% in 2021). At December 31, 2022, the value in use of each equity investment is higher than the carrying amount;
- for the Investment in Essilor International (SAS), company owned at 100%, the value in use, based on the value of the investments in the subsidiary's equity, is higher than the carrying amount as of December 31, 2022.

Note 7 Current assets

7.1. Maturities of receivables

€ millions	At December 31, 2022
More than one year	-
Less than one year	**403**
Trade and related receivables	2
Other receivables[(a)]	401
TOTAL	**403**

(a) The line item *Other receivables* primarily comprises €237 million invoicing of the Group employee shareholding programs (performance shares plans vested in 2022 and Boost), cash-pooling account for €99 million, tax group current accounts for €45 million and tax receivables for €18 million.

7.2. Accrued income

€ millions	At December 31, 2022	At December 31, 2021
Receivables:		
• Unbilled revenue (trade receivables)	7	2
• Other receivables[(a)]	461	786
TOTAL	**468**	**788**

(a) The line item *Other receivables* mainly comprises accrued income for rebilling the cost of the performance share plans awarded since October 2020 for €461 million as of December 31, 2022 (€753 million in 2021).

7.3. Cash instruments

€ millions	At December 31, 2022	At December 31, 2021
Hedging instruments[(a)]	4	28
TOTAL	**4**	**28**

(a) This line item reflects the re-measurement of hedging instruments set up to cover currency risk associated with the Company's debt denominated in USD.

Note 8 Marketable securities

€ millions	At December 31, 2022		At December 31, 2021
	Gross	Net	Net
Time deposit[(a)]	-	-	1,495
Treasury shares[(b)]	360	360	231
TOTAL	**360**	**360**	**1,726**

(a) *Time deposits* are a category of marketable securities subject to an insignificant risk of changes in value. At the end of 2021, all the time deposits were expressed in Euro.
(b) *Treasury shares* classified in Marketable securities are held with the intention to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its affiliated companies. All the movements of the year related to Treasury shares are presented in the table below.

Movements in treasury shares

€ millions	Number of shares	Net book value
Position as of January 1, 2022	**1,382,761**	**231**
Share buyback	2,987,123	470
Definitive acquisitions of performance shares	(1,545,101)	(260)
Boost plan (transfer of shares to employees)	(419,821	(74)
Acquisitions stock options	(44,312)	(9)
SITUATION AS OF DECEMBER 31, 2022	**2,360,650**	**360**

Between January 1 and December 31, 2022, the Treasury shares item increased net by nearly €128 million due to the delivery of treasury shares under employee shareholding programs as well as the implementation of the three share buyback programs below initiated by the Company:

- Purchase of 1,500,000 EssilorLuxottica shares at an average price of €174.14 per share between February 1 and February 8, 2022 and corresponding to a total amount of €262 million (including transaction costs). This share buyback program, announced on February 1, 2022, was launched in accordance with the tenth resolution approved by the Shareholders' Meeting of May 21, 2021;
- Purchase of 938,409 EssilorLuxottica shares at an average price of €139.14 per share between June 17 and August 31, 2022 and corresponding to a total amount of €131 million (including transaction costs). This share buyback program, announced on June 17, 2022, was launched in accordance with the fourteenth resolution approved by the Shareholders' Meeting of May 25, 2022;
- Purchase of 548,714 EssilorLuxottica shares at an average price of €139.30 per share between September 27 and December 31, 2022 and corresponding to a total amount of nearly €77 million (including transaction costs). This share buyback program, announced on September 23, 2022, was launched in accordance with the fourteenth resolution approved by the Shareholders' Meeting of May 25, 2022. At the closing date of the financial year, this program is still in progress with a mandate given to buy back up to 1,500,000 EssilorLuxottica shares by March 31, 2023 depending on market conditions.

Note 9 Prepaid expenses

€ millions	At December 31, 2022	At December 31, 2021
Prepaid expenses related to:		
Operating	1	2
Financing[(a)]	13	18
TOTAL	**15**	**21**

(a) The line item corresponds to the borrowing costs.

Note 10 Shareholders' equity

10.1. Changes in share capital

	Number of shares					
	At January 1, 2022	Issued	Cancelled	Exchanged	At December 31, 2022	Par value *(in euros)*
Ordinary shares	441,925,033	5,722,297	-	-	447,647,330	0.18
TOTAL	**441,925,033**	**5,722,297**	**-**	**-**	**447,647,330**	**0.18**

10.2. Statement of changes in shareholders' equity

€ millions	Share capital	Additional paid-in capital	Reserves and retained earnings	Profit (loss) for the year	Tax-driven provisions	Shareholders' equity
Shareholders' equity at January 1, 2022	**80**	**22,425**	**1,645**	**(153)**	**63**	**24,060**
Capital increases:						
• Stock options	0	7	-	-	-	7
• Performance share plans	0	-	(0)	-	-	0
• FCP mutual funds	0	31	-	-	-	31
Other changes in the fiscal year	-	(0)	0	-	28	28
Profit appropriation	-	-	(153)	153	-	-
Profit for the fiscal year	-	-	-	(101)	-	(101)
Dividend paid	1	649	(1,104)	-	-	(454)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2022	**81**	**23,112**	**388**	**(101)**	**92**	**23,571**

Share capital amounted to €80,576,519.40 reflecting the increase of 5,722,297 ordinary shares as a result of the transactions related to:

- scrip dividend (4,789,194 shares);
- increase in share capital reserved to employees of EssilorLuxottica group (232,868 shares);
- new shares delivered under performance share plans (630,729 shares);
- stock options exercised (69,506 shares).

Scrip dividend

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021 representing a total dividend of €1,104 million. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €135.60 per share (so-called scrip dividend). At the end of the option period (June 15, 2022), 258,731,714 dividend rights were exercised in favour of the payment of the 2021 dividend in shares, accordingly:

- 4,789,194 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €649 million; and
- €454 million were paid in cash to those shareholders who did not opt for the scrip dividend.

Both the cash and the scrip dividend were paid on June 21, 2022. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

10.3. Stock options, Performance shares and employee share issuance

10.3.1. Stock options

The exercise price of stock options is based on the average share market price quoted over 20 trading days preceding the date of the Board of Directors' Meeting at which the decision is taken to grant the options. Gains on stock options granted from 2004 onwards (corresponding to the difference between the average share market price during the three calendar months prior to the month when the option is exercised and the exercise price) are capped at 100% of the exercise price.

In accordance with the decision of the Extraordinary Shareholders' Meeting of November 29, 2018, the new performance share plans granted since this date have been served by using Treasury shares starting this date instead of newly issued shares.

Stock options are subject to performance conditions based on the share market price over a period of two to six years after the grant date, as well as the 100% cap on gains.

Stock purchase options are subject to a provision for risks for €14 million before recharge to Group subsidiaries, see Note 11 - Provisions.

The following table shows changes in the number of outstanding stock options at year-end:

	Number of stock options at January 1, 2022	Options granted	Stock options cancelled or expired	Stock options exercised	Number of stock options at December 31, 2022
Stock subscription options	126,080	-	(1,610)	(55,304)	69,166
Stock purchase options	443,948	-	(4,719)	(44,312)	394,907
TOTAL	**570,018**	**-**	**(6,329)**	**(99,616)**	**464,073**

10.3.2. Performance shares

The Company has granted performance-based bonus shares depending on the performance of the Company's share price. The number of performance shares definitely granted depends on changes in EssilorLuxottica's share market price during the period compared with the benchmark price at the grant date (corresponding to the average price quoted over the 20 trading days preceding the Board of Directors' Meeting at which the grant was decided).

The maximum number of performance shares that would vest assuming that performance conditions were met is as follows:

- 2022 awards: 2,159,629 shares;
- 2021 awards: 2,684,813 shares;
- 2020 awards: 1,941,124 shares.

Characteristics of the shares to award

- Performance shares plans authorized since the Extraordinary Shareholders' Meeting of November 29, 2018 are to be definitely granted with existing treasury shares upon the decision of this Extraordinary Shareholders' Meeting. The related costs to these plans are accrued in accordance with the Note 1.8 - Recognition and measurement of provisions. The amount of this provision is €525 million, before recharge to Group subsidiaries as of December 31, 2022.
- Ongoing performance shares plans authorized before November 29, 2018 were to be definitely granted by new shares to be issued and the last one has been definitely granted in May 2022.

The following table shows changes in the number of outstanding performance shares over the fiscal year:

	Number of performance shares at January 1, 2022	Performance shares granted in the period	Performance shares cancelled	Fully vested performance shares	Number of performance shares at December 31, 2022
Performance shares	7,256,975	2,174,013	(932,328)	(1,713,094)	6,785,566
TOTAL	**7,256,975**	**2,174,013**	**(932,328)**	**(1,713,094)**	**6,785,566**

10.3.3. Employee stock purchase plan

The main characteristics of the Employee stock ownership plan are as follows:

In €	2022	2021
Share subscription price	131.79	147.63
Total discount amount	32.95	36.91
Number of shares subscribed	232,868	177,863

Note 11 Provisions

2022 *€ millions*	Carrying amount at January 1, 2022	Provision allowances for the fiscal year	Reversals for the fiscal year (used)	Reversals for the fiscal year (not used)	Carrying amount at December 31, 2022
Provision on allocation of shares and options[(a)]	844	33	(338)	-	539
Provisions for pensions	1	(0)	-	-	1
TOTAL	**845**	**33**	**(338)**	**-**	**540**

(a) The provision allowances for the fiscal year for the performance shares and stock purchase options corresponds to the cost related to plans granted in 2022 (€146 million) net of updated costs plans granted between October 2020 and December 2021 (decrease of €113 million) based on the actuarial assumptions observed at the end of the financial year. Reversals of provisions relate to existing provisions as of December 31, 2021 and relating to plans delivered during the financial year).

2021 *€ millions*	Carrying amount at January 1, 2021	Provision allowances for the fiscal year	Reversals for the fiscal year (used)	Reversals for the fiscal year (not used)	Carrying amount at December 31, 2021
Provision for performance and conditional shares[(a)]	368	650	(173)	-	844
Provisions for pensions	1	1	-	(1)	1
TOTAL	**369**	**651**	**(173)**	**(1)**	**845**

(a) The provision allowances for the fiscal year for the performance shares and stock purchase options corresponds to the cost related to plans granted in 2021 (€175 million) and to the remeasurement of the performance share plans granted between November 2018 and December 2020 (€441 million) based on the financial current market conditions at year-end. Reversals booked over the year are related to performance and restricted share plans delivered in 2021 (releases related to the plan subject to a presence conditions for €75 million and the 2018 performance share plans for €98 million).

Note 12 Financial liabilities

12.1. Maturities of financial liabilities

12.1.1. Breakdown of financial liabilities by maturity and category

€ millions	At December 31, 2022	At December 31, 2021
Due in less than one year	**1,255**	**3,029**
US private placements[(a)]	29	177
Bonds[(a)]	1,000	265
Interest on bonds and US private placements[(a)]	30	35
US commercial paper programs	-	-
Loans from subsidiaries[(b)]	181	2,524
Other financial liabilities	15	28
Due between one and five years	**5,644**	**5,079**
US private placements[(a)]	94	26
Bonds[(a)]	5,550	5,050
Other financial liabilities	-	3
Due in more than five years	**2,250**	**3,838**
US private placements[(a)]	-	88
Bonds[(a)]	2,250	3,750
TOTAL	**9,149**	**11,946**

(a) Corresponds to the balance sheet line item Bonds amounting to €9,391 million.
(b) Corresponds to loans granted by EOA Holding Co. Inc. for USD 2,030 million (€1,793 million), by Luxottica Group Spa for €535 million, by Luxottica Retail Australia Pty. Ltd for AUD 220 million (€141 million), by Luxottica South Pacific Holdings Pty. Ltd for AUD 65 million (€41 million), by Luxottica Retail New Zealand Ltd for NZD 24 million (€14 million) and the related accrued interest not yet due.

12.1.2. Breakdown of financial liabilities by currency

€ millions	At December 31, 2022	At December 31, 2021
EUR	8,845	9,394
USD	123	2,355
AUD	168	183
NZD	13	14
TOTAL	**9,149**	**11,946**

12.1.3. Covenants and negative pledge

The Company's financing arrangements are not subject to specific financial covenants. Only the US private placements have a specific financial ratio requirement.

Bonds issued in November 2019 and in June 2020 are subjects to negative pledges which prohibit to EssilorLuxottica and other Group entities from granting any guarantees or security interests on any of their assets in favor of third parties without the consent of the lenders above certain limits. Default with respect to the above-mentioned clauses which may be called upon to pay the outstanding debt.

EssilorLuxottica is in compliance with covenants and negative pledges as at December 31, 2022.

12.2. Maturities of other liabilities

12.2.1. Breakdown of operating liabilities and other liabilities by maturity and category

€ millions	At December 31, 2022	At December 31, 2021
Due in less than one year	**3,706**	**1,638**
Operating liabilities	4	22
Other liabilities[(a)]	3,702	1,616
Due in one to five years	**-**	**-**
Due in more than five years	**-**	**-**
TOTAL	**3,706**	**1,638**

(a) The line item Other liabilities primarily comprises a €3,682 million current account balance between EssilorLuxottica and Essilor International (SAS) at December 31, 2022. At December 31, 2021, the balance of this current account was €1,560 million.

12.3. Accrued expenses

Accrued expenses included in the *financial liabilities* and in the *Operating liabilities* are the following:

€ millions	At December 31, 2022	At December 31, 2021
Accrued interest on borrowings	30	35
Accrued taxes and personnel expenses	10	9
Other operating liabilities	8	9
TOTAL	**48**	**53**

Note 13 Foreign currency translation adjustments

€ millions	At December 31, 2022	At December 31, 2021
Foreign currency translation adjustment – unrealized currency gain[(a)]	12	36
TOTAL	**12**	**36**

(a) The partial asset contribution of Essilor International's operations realized in 2017 in the context of the combination of Essilor and Luxottica generated a €80 million unrealized currency gain, partially reversed since this date.

Note 14 Off balance sheet commitments

14.1. Financial commitments

Confirmed undrawn credit lines at December 31, 2022 amounted to €2,258 million.

14.1.1. Foreign exchange instruments

At December 31, 2022, forward foreign exchange contracts were as follows:

€ millions	Contract amount (initial price)	Market value at December 31, 2022
Cross country swaps (Buy USD/Sell EUR)	-	-
Forex swaps – forward purchases	182	(1)
TOTAL		**(1)**

14.1.2. Interest rate instruments

In millions of currency units	Notional in USD	Notional in EUR	Market value at December 31, 2022 *(€)*
Interest rate swaps – pay variable rate	300	300	(2)
TOTAL	**300**	**300**	**(2)**

These instruments are used to hedge the fixed rate debt held by EssilorLuxottica.

14.2. Finance lease commitments

There are no commitments regarding finance leases.

14.3. Future payment commitments

14.3.1. Contractual obligations 2022

	Payments due by period			
€ millions	Less than 1 year	1 to 5 years	More than 5 years	Total
Operating leases	1	6	0	7
TOTAL	**1**	**6**	**0**	**7**

14.4. Guarantees and endorsements

Guarantees and endorsements mainly consist of the Company guarantees over Group subsidiaries for a total amount of €433 million.

Note 15 Information on employees

15.1. Pension and other post-employment benefit obligations

15.1.1. Supplementary pension plan

The actuarial assumptions used for fiscal year 2022 were the inflation rate (2.00%), staff turnover rate, salary increase rate (between 2.00% and 4.20%), the discount rate (3.75%) and return rate on financial assets (2.40%).

The total benefit obligation was estimated at €8 million.

€ millions	At December 31, 2022	At December 31, 2021
Present value of the obligation	8	7
Market value of fund assets	(6)	(6)
Deferred items[(a)]	(2)	(2)
PROVISION (ASSETS) RECOGNIZED IN THE BALANCE SHEET	**(0)**	**(1)**

(a) Deferred items include actuarial gains or losses. The asset is classified under Prepaid expenses in the balance sheet.

15.1.2. Lump sum payment on retirement

€ millions	At December 31, 2022	At December 31, 2021
Present value of the obligation	0	0
PROVISION RECOGNIZED IN THE BALANCE SHEET	**0**	**0**

15.1.3. Expense for the fiscal year

€ millions	2022	2021
Current service cost	1	1
Interest on benefit obligation	0	-
Contributions paid	-	-
Curtailment	-	2
Benefits paid	-	-
Actuarial gains (losses)	0	-
EXPENSE (INCOME) FOR THE FISCAL YEAR	**1**	**3**

15.2. Average number of employees

Breakdown of average number of employees	2022	2021
Managerial personnel	29	17
Supervisors and employees	1	1
TOTAL	**30**	**18**

15.3. Compensation of executive officers

€ millions	2022	2021
Executive bodies[a]		
Compensation received[b]	8	6
Benefit payable on retirement (actuarial value)	0	0
Supplementary retirement benefit (actuarial value)	8	6
Value of performance shares granted during the year[b]	6	6
Administrative bodies		
Compensation received	1	2

(a) The amounts shown for fiscal year 2022 correspond to the compensations and benefits for Leonardo del Vecchio for his function of Chairman of the Board until June 27, 2022 (date of his passing), Francesco Milleri for his function of Chief Executive Officer and then Chairman and Chief Executive Officer from June 28, 2022 and Paul du Saillant for the function of Deputy Chief Executive Officer in 2022. The amounts shown for fiscal year 2021 correspond to the compensations and benefits for Leonardo Del Vecchio, Francesco Milleri and Paul du Saillant for their respective functions of Chairman, Chief Executive Officer and Deputy Chief Executive Officer in 2021.
(b) Compensation paid by EssilorLuxottica or by one of its subsidiaries.
(c) The amounts indicated are the fair value carrying amounts of the performance shares in accordance with IFRS. They are not the actual amounts that may be generated upon acquisition of the shares, if fully vested. Shares granted are subject to employment and performance conditions.

Note 16 Related party transactions

During the fiscal year, there were no related party transactions, within the meaning of Article R. 123-198 11 of the French Commercial Code, involving significant amounts or which were not conducted at arm's length.

Note 17 Subsequent events

No significant events occurred between January 1, 2023 and February 22, 2023, the date of approval by EssilorLuxottica Board of Directors of these annual financial statements.

4.6 Other information related to the financial statements of EssilorLuxottica

4.6.1 Sumptuary expenses

Absence of sumptuary expenses.

4.6.2 Accounts payable payment term

As per article D441-6 of the French Commercial Code, the following schedule provides details on invoices received not paid as at the ending date of the fiscal year, and which are overdue:

	Invoices received not paid as at the ending date of the fiscal year, and which are overdue					
€ millions	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) RANGES OF PAYMENT DELAY						
Number of invoices concerned	54	6	5	3	11	25
Total amount of invoices concerned (all taxes excluded)	1	0	0	0	1	1
Percentage of total amount of purchases of FY (all taxes included)	5.5%	-0.3%	0.1%	0.8 %	3.0 %	3.7 %
(B) INVOICES EXCLUDED FROM (A) RELATING TO DEBTS AND CLAIMS IN DISPUTE OR NOT RECORDED						
Number of excluded invoices						
Total amount of excluded invoices						
(C) SRD PAYMENT PERIOD USED (CONVENTIONAL OR LEGAL – ARTICLE L. 441-10 OR ARTICLE L. 441-11 OF THEFRENCH COMMERCIAL CODE)						
Standard payment period used to calculate payment delays	Conventional period and legal period					

4.6.3 Profit (and other characteristic items) of the last five fiscal years

Share capital at year-end *€ millions*	At December 31, 2022	At December 31, 2021	At December 31, 2020	At December 31, 2019	At December 31, 2018 [f]
Share capital	81	80	79	79	77
Number of ordinary shares outstanding	447,647,330	441,925,033	439,000,648	437,533,516	426,777,218
of which treasury shares	2,360,650	1,382,761	1,986,459	787,310	1,099,757

Transactions and results of the year *€ millions*	2022	2021	2020	2019	2018
Net revenue	-	-	-	-	-
Profit before tax and calculated expenses (amortization and provisions)	(398)	314	671	(60)	195
Corporate income tax	(27)	(22)	(39)	(6)	0
Profit after tax and calculated expenses (depreciation, amortization and provisions)	(101)	(153)	613	(58)	395
Dividends	1,446[a]	1,111[b]	977[c]	-[d]	887[e]

Earnings per share *In €*	2022	2021	2020	2019	2018 [f]
Earnings per share, after tax and employee profit-sharing, but before calculated expenses (depreciation, amortization and provisions), excluding treasury stock	(0.83)	0.76	1.62	(0.12)	0.45
Earnings per share, after tax and employee profit-sharing, calculated expenses (depreciation, amortization and provisions), excluding treasury stock	(0.23)	(0.35)	1.40	(0.13)	0.90
Net dividend per ordinary share	3.23[a]	2.51[b]	2.23[c]	-[d]	2.04[e]

Personnel *€ millions, except for average number of employees*	2022	2021	2020	2019	2018
Average number of employees in the year	30	18	17	12	10
Total payroll	12	9	5	5	4
Total employee benefits	5	11	3	7	(2)

(a) Subject to the decision of shareholders at the Annual Shareholders' Meeting of May 17, 2023. The dividend will be deducted from *Other reserve for* €279 million and from *Premiums* for €1,167 million.
(b) Dividend deducted from *Other reserves*.
(c) This total amount comes from the 2020 distributable net income, for €555 million, and from other distributable reserves for €422 million. This dividend includes the interim dividend for the 2020 financial year, paid in December 2020 for a global amount of €503 million.
(d) On April 18, 2020, in light of the current Covid-19 outbreak, the Board of Directors decided not to submit a dividend for 2019 to the Annual Shareholders' Meeting of June 25, 2020.
(e) Including the proportion of distributable reserves.
(f) The increase in share capital in 2018 is mainly explained by the contribution of Delfin S.à.r.l.'s equity interests in Luxottica Group S.p.A. to EssilorLuxottica.

4.7 Statutory Auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2022

To the Annual Shareholders' Meeting of EssilorLuxottica,

Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders' Meeting, we have audited the accompanying financial statements of EssilorLuxottica for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' responsibilities for the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investment

Risk identified

As at December 31, 2022, net equity investments amount to €35 billion and represent 94,7% of the Company total assets. Equity investments are initially valued and recorded at their acquisition cost or contribution value.

As at December 31, 2022, the Luxottica Group S.p.A., Essilor International (SAS) and GrandVision B.V. investments value, which accounts for 99,5% of the Equity investments, were measured at their value in use, based on a multi-criteria approach taking into account the proportional value of the investments in the subsidiary's equity or future cash flow projections. If the latter valuation is lower than the carrying amount, an impairment loss would be recorded.

Given the weight of equity investments in the balance sheet and the judgment involved in the valuation methodology and the key assumptions applied by Management in the complex and evolving context due to the macroeconomic environment, notably because of the conflict in Ukraine and the climate and environmental related risks, we considered the determination of the carrying amount of equity investments to be a key audit matter.

Our response

Our procedures primarily consisted in:

- assessing the methodology used by Management to determine the 2022 year-end value of equity investments;
- assessing key assumptions and estimates used by Management to determine the value in use, notably the discounted cash-flows used for Luxottica Group S.p.A and GrandVision B.V. investment valuations;
- verifying the appropriateness of the information included in note 1.2 Accounting policies – Financial assets and note 6. Financial assets to the statutory financial statements.

Specific verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies which are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management report.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the CEO, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Essilor International (Compagnie Générale d'Optique), subsequently renamed EssilorLuxottica, by the Annual Shareholders' Meeting held on June 14, 1983 for PricewaterhouseCoopers Audit and on May 11, 2007 for Mazars.

As at December 31, 2022, PricewaterhouseCoopers Audit was in its fortieth year of uninterrupted engagement and Mazars in its sixteenth year of uninterrupted engagement.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of Management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 override of internal control;
- obtains 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 internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 1, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

5

Chapter 5

Social, environmental and societal information

(2022 non-financial statement of EssilorLuxottica)

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5.1 EssilorLuxottica's approach to Sustainable Development

Introduction

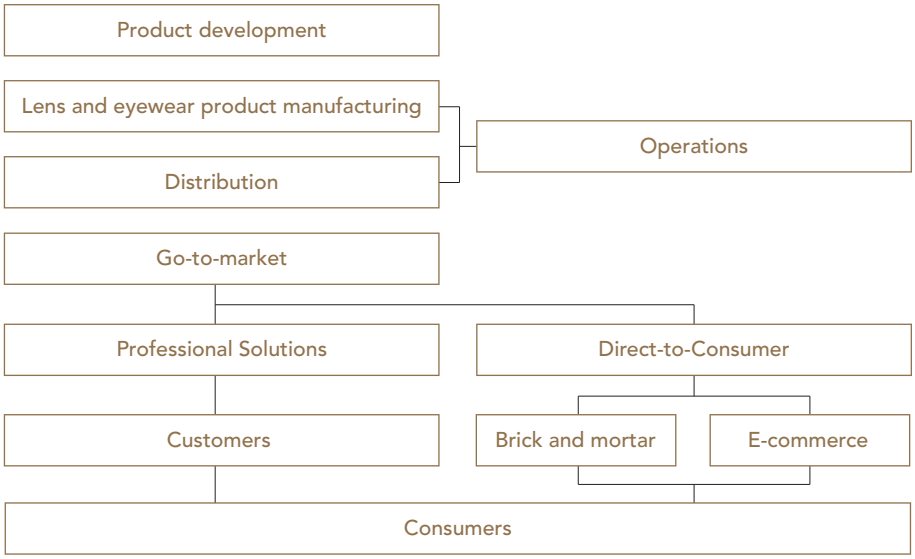
To help everyone everywhere "see more and be more", EssilorLuxottica's Mission drives its strategy and everything it does. It is at the heart of the Company's values and principles and informs its integrated approach to sustainable development. Doing good for its employees, customers, consumers and communities while doing good for the planet is at the core of its Company-wide sustainability program called "Eyes on the Planet" launched in July 2021. Its commitments towards carbon neutrality, circularity, world sight, inclusion, and ethics reaffirm how its Mission, sustainability and business strategy are strongly intertwined at EssilorLuxottica. From fighting climate change, managing and reducing water use at manufacturing sites, improving occupational health and safety, and ensuring equal opportunities to engaging local communities in outreach initiatives, the Eyes on the Planet program consistently supports the Group Mission (See Section 5.2.3).

In executing its sustainability strategy, the Company contributes to the achievement of 13[1] of the 17 UN Sustainable Development Goals (SDGs) that form the 2030 Agenda. In addition, the UN General Assembly resolution[2] on vision, adopted last year, further supports EssilorLuxottica's own ambition to eliminate uncorrected poor vision in a generation.

This Chapter represents the Group's non-financial statement pursuant to article L.225-102-1 II of the French Commercial Code. Furthermore, the 2022 non-financial performance is described following the five pillars of the Company's sustainability program "Eyes on the Planet" and in accordance with other major sustainability-related regulations, such as the Duty of Care (see Section 5.2.5) and the EU Taxonomy for sustainable activities (see Section 5.3). A methodology note including cross-reference tables with the GRI Standards, the TCFD guidelines and the EU Taxonomy is available at the end of this chapter (see Section 5.5).

5.1.1 Business model and environmental and social considerations

At EssilorLuxottica, value creation and sustainable growth go hand-in-hand with employee well-being, environmental sustainability and social impact across regions and businesses. As described in Chapter 1 of this Universal Registration Document, the Company's vertically integrated business model covers the industry's entire value chain. It draws on the complementary expertise of two industry pioneers, one in advanced lens technologies and the other in the craftsmanship of iconic eyewear to set new industry standards for vision care and the consumer experience around it.



(1) SDG 3 "Good health and well-being", SDG 4 "Quality education", SDG 5 "Gender equality", SDG 6 "Clean water and sanitation", SDG 7 "Affordable and clean energy", SDG 8 "Decent work and economic growth", SDG 9 "Industry, innovation and infrastructure", SDG 10 "Reduced inequalities", SDG 11 "Sustainable cities and communities", SDG 12 "Responsible consumption and production", SDG 13 "Climate action", SDG 16 "Peace, justice and strong institutions", SDG 17 "Partnerships for the goals"

(2) UN General Assembly resolution "Vision for Everyone: accelerating action to achieve the Sustainable Development Goals" available at un.org

With its offering, scale and global reach, EssilorLuxottica balances both social and environmental challenges and opportunities. Sustainability, as embodied in the Eyes on the Planet program, is at the core of its strategy and addresses the main environmental and social issues across the Company's value chain: its lens and eyewear manufacturing capabilities, distribution centers, supply chain, and the end use of its products by consumers.

- *Product development.* EssilorLuxottica has built a powerful global R&D network supported by leading scientific, industrial and academic communities, and centered on six areas: vision care, eyewear design and technological innovation, smart eyewear, sun lenses, digital transformation and sustainability. Sustainability and innovation go together, with the product naturally at the center of its circular economy approach so to minimize the impact on the environment while enhancing product excellence and quality (Section 5.2.2). In this context, the Group places the emphasis on talent management and business partner relationships. Its approach to innovation is supported and strengthened by proactive intellectual property management. At the end of 2022, the Company owned more than 12,000 patents and created over 3,500 new eyewear models. See Section 1.4.2 of this Universal Registration Document.
- *Lens and eyewear product manufacturing.* The Company's manufacturing capabilities, including 36 corrective and plano lens mass production facilities and 14 eyewear mass production plants, account for the majority of direct environmental impacts. This is due to products and raw materials used in production, energy and water consumption, waste production and resulting greenhouse gas emissions. Given the concentration of environmental impacts, EssilorLuxottica places emphasis on water, energy and waste, as well as on occupational health and safety measures. In addition, 614 prescription laboratories and edging-mounting facilities around the world, of which 538 proximity laboratories and 76 industrial laboratories including 14 integrated lens and frame laboratories that produce complete-pair offerings, make up the final link in the value chain. The lens laboratories environmental footprint is fragmented and limited, and it is derived primarily from the use of chemical products and the consumption of energy and water. See Section 1.4.3 of this Universal Registration Document.
- *Distribution.* EssilorLuxottica has a global network of 57 distribution centers for lenses, eyewear and contact lenses. Situated close to manufacturing sites, they coordinate the logistics flow between suppliers, production plants, prescription lens laboratories, wholesale clients, retail stores and e-commerce customers. Most of the environmental impact of these centers comes from greenhouse gas emissions from transportation (air and road freight, etc.). Given the high number of employees and the nature of their activities, the Company's greatest focus here is on workplace health and safety. EssilorLuxottica's efficient distribution network makes it possible to maintain close contact with customers while maximizing the visibility of its brand portfolio.
- *Professional solutions network.* The Company serves third-party eye care professionals ranging from independent opticians to optical retail banners, as well as specialty sun retailers, sport channels offering Oakley and Costa branded eyewear, apparel, footwear and accessories, and department stores and duty-free shops. EssilorLuxottica also counts among its partners third-party e-commerce platforms and independent distributors that provide vision care in remote and rural communities in underserved regions. To this regard, the Group's inclusive business models provide vision care to underserved populations without access to conventional distribution channels (see Section 5.2.3). Pre and post-sale services, an open learning platform (Leonardo), information security and data protection, digital tools that connect the Group's operations to its customers and consumers, and digital support for eye care professionals are key for the success of long-lasting, trust-based relationships.
- *Direct-to-Consumer network:* The Group's expertise in the Direct-to-Consumer business has given it a unique understanding of consumer needs and tastes in key countries. With approximately 18,000 stores globally and e-commerce platforms, EssilorLuxottica serves the end consumer with a wide range of prescription frames and sunglasses, lens options and eyecare services. Engaging websites, omnichannel solutions and continuous training for store employees translates into an increase in consumer awareness around vision care as well as digitally enhanced consumer experiences and services. The monitoring of energy consumption in directly operated stores completes the overview of EssilorLuxottica's environmental impact, and encourages the implementation of dedicated energy efficiency projects (*e.g.* lighting) and in-store waste management behaviors.

Its vertically integrated business model enables EssilorLuxottica to oversee the entire value chain. This control of all phases - from product development to distribution - also allows it to closely oversee environmental issues, health and safety and human rights along the value chain and, ultimately, to adopt socially responsible practices. In this context, the Company is committed to constantly limiting and reducing its impact on the climate (see Section 5.2.1).

EssilorLuxottica's sustainability efforts extend to its subsidiaries in terms of environmental footprint reduction (*e.g.* energy optimization) and social impact on local employees (*e.g.* development opportunities and mobility) and communities (*e.g.* access to quality eyecare). In addition, employees are encouraged to receive training on sustainability topics through a comprehensive online learning path that is being developed and delivered through the Leonardo platform.

As detailed in Section 5.1.4, the Company is committed to addressing critical Corporate Social Responsibility (CSR) risks in its value chain, including climate change, talent management and sustainable offering. At the same time, it responds to the world's growing vision needs with a large portfolio of innovative eyecare and eyewear products accessible to everyone, everywhere in support of its Mission (see Section 5.2.3).

5.1.2 Stakeholder engagement

EssilorLuxottica's approach to sustainable development relies heavily on the environmental and social impact of its business activities related to the various stakeholders along the value chain.

As the significance and handling of social and environmental issues differ between countries, stakeholder relationships are generally managed locally, under the responsibility of senior management of the legal entities. However, as EssilorLuxottica continues to grow, ensuring the Company has a unified presence across markets has become increasingly important. The EssilorLuxottica Code of Ethics sets forth principles that apply to all its employees, contractors, vendors and suppliers everywhere and in every circumstance.

Depending on the situation, interactions between EssilorLuxottica and its stakeholders serve a range of purposes including to:

- provide a consultation process for the purpose of anticipating business developments, the market and regulations, as well as managing risks and identifying opportunities;
- involve stakeholders in strategic decisions through customer satisfaction surveys, forums, training sessions, etc.;
- inform stakeholders by providing reliable, factual data using different communication methods, including brochures, websites, annual reviews and questionnaires;
- contribute to growth *via* partnership projects, particularly in the fields of health and the environment, such as support for patients' associations, humanitarian aid programs and partnerships with universities.

Relations and transparent communication with stakeholders are therefore key for the Company, as their needs and viewpoints fuel its strategy and operations. Stakeholders' main concerns are also documented and addressed. In addition, EssilorLuxottica communicates on its sustainability initiatives and provides regular updates throughout the year on its corporate channels, including its corporate website, social media accounts and the Leonardo learning platform.

The table below presents the main topics related to stakeholder engagement.

Main Stakeholders	Main Issues
Employees and representative organizations (*e.g.* trade unions)	Quality of working conditions
	Work-Life balance
	Recruitment/Attracting and retaining talents
	Skills development and training initiatives
	Equal opportunities, diversity and inclusion
Business partners, including licensors	Shared commitment to social and environmental concerns
	Collaboration on innovation and development
	Integrity in business relations
Clients and prescribers (*e.g.* eye care professional or ECPs)	High quality and innovative products
	High quality customer service and training
	Responsible marketing
	Integrity in business relations
	Data protection
	Sustainable procurement
Consumers	Product and service quality and efficiency
	Responsible marketing
	Products meeting new visual health needs related to societal trends (digitalization, urbanization, etc.)
	Data protection
	Sustainable products and services
Shareholders, investors and rating agencies	Management of sustainable development
	Transparency and evaluation of non-financial activity
	Environmental aspects (*e.g.* energy, water, waste and climate change)
	Social aspects (*e.g.* talent acquisition, diversity, human rights)
	Economic aspects (*e.g.* corporate conduct, risk management, governance)
	Management of CSR risks
Suppliers	Integrity in business and compliance with regulations and laws
	Constructive collaboration/co-innovation
	Sustainable procurement and supplier CSR audit/responsible sourcing
	Respect for Human Rights
NGOs and consumer associations	Dialogue and partnership
	Transparency (on social initiatives, environmental footprint, product performance, etc.)
	Sponsorships and philanthropy
Educational institutions	Cooperation for R&D and innovation (*e.g.* scholarships)
	Attracting and developing talent
Public authorities and governments	Social and economic impact
	Contribution to visual health and inclusive economy
	Fair business practices, including responsible marketing
	Dialogue and education
Local communities	Quality of life: provide quality vision for all
	Social and economic impact (*e.g.* jobs, support for the local economy and inclusive business)
	Raising awareness and access to vision correction and protection
	Sponsorships and philanthropy

5.1.3 Governance of Sustainability

The development and execution of the Eyes on the Planet program is based on a robust and effective governance model.

The EssilorLuxottica Corporate Social Responsibility (CSR) Committee consists of three members, two of which are Independent Directors. It is chaired by an Independent Director. The main duty of the CSR Committee, within the remit of the Board of Directors, is to ensure that the Company effectively addresses the deployment of the Company's Mission, which is fully integrated in the strategy.

As detailed in Section 3.1.2.6 of this Universal Registration Document, the CSR Committee's duties go beyond philanthropy, inclusive business and compliance to address how the Company manages its economic, social and environmental impacts as well as its relationships with stakeholders.

In 2021, the EssilorLuxottica CSR department was created, fully integrating the CSR functions of Essilor and Luxottica and directly reporting to the Chief Executive Officer, to lead efforts on environmental and social challenges and enhance the development of its Company-wide sustainability strategy and roadmap.

The role of the CSR department is to involve and coordinate with other departments, functions, business units and brands in the execution and development of the Group's Eyes on the Planet sustainability program at global and local levels in a way that is consistent with EssilorLuxottica's Mission and business strategy (See Section 5.2). This translates into the following main responsibilities:

- ensuring effective management of environmental and social issues along the value chain;
- advancing the organization's awareness and culture on sustainability topics while supporting communication inside and outside the organization;
- ensuring that activities are directed and coordinated across the Group consistently with its sustainability program, also sharing best practices and promoting cross-functional collaborations and taskforces;
- guaranteeing compliance to non-financial disclosure and other major sustainability related regulations;
- identifying and managing CSR risks in coordination with the Group Risk Management department;
- providing guidance and expertise on delivering the Group sustainability strategy at local or brand level as well as driving bottom-up actions for improving the Company's sustainability efforts on the ground.

The Eyes on the Planet program therefore informs the organizational structure of the CSR function, where each member is accountable for the development and execution of a specific pillar and/or works cross-functionally with many colleagues in different business units and regions to ensure the program, roadmap and tasks are well anchored close to the business.

As described in Section 3.3 of this Universal Registration Document, a CSR criterion is included in the Executive Corporate Officers' annual variable compensation package and is linked to the efforts pursued through the "Eyes on the Planet" sustainability program. To reflect the importance of CSR in the Group's strategy, the weight in the annual variable compensation has been doubled in 2023. In addition, since 2022, a CSR criterion has been also included in the annual variable compensation of more than 15,000 employees.

5.1.4 CSR risk management

Risk is an integral part of doing business, and can be defined as any uncertain event that could threaten the achievement of business objectives and strategies or the Company's tangible and intangible assets. EssilorLuxottica faces an evolving landscape of environmental, social and societal related risks that can impact its profitability, growth and reputation, and could compromise the achievement and uphold the Company's overall performance. The Company is risk-averse toward events that could negatively affect the safety or well-being of its employees, consumers and other stakeholders or endanger the natural environment.

Chapter 5 focuses on topics highlighted as most important during the annual CSR risk assessment, which was fully part of the EssilorLuxottica Group-wide risk assessment process.

Methodology of EssilorLuxottica CSR risk assessment

As part of its commitment to mitigate environmental and social risks, the assessment of CSR risks and opportunities is an integral part of the Group-wide risk assessment process that is conducted every year by the Risk Management and the CSR function of the Group and covers all the Company's regions, legal entities, and activities. The 2022 risk assessment process further improved the integration of CSR dimensions into the Group risk taxonomy (see Chapter 1 of this Universal Registration Document). The Group's sustainability priorities have been identified by an internal survey, interviews, workshops and expert reviews. Eight CSR risk factors were identified as most relevant for the EssilorLuxottica business and were regrouped into five priority topics: climate change, talent management and well-being, sustainable offering and production, responsible business practices and non-financial communication.

CSR risk description and mitigation measures

The tables below describes the eight risk factors and related mitigation measures regrouped into the five priority topics.

Climate Change

Risk Factor	Risk Description	Mitigation Measures
Climate Transition	As the world goes through a low-carbon transition, the Group may encounter risks arising from the instability of supply and demand (*e.g.* energy), the emergence of new stringent climate regulation (*e.g.* carbon tax), the development of competing low carbon technologies (*e.g.* 3D printing) or increased concern / expectations from stakeholders (*e.g.* new customer preference) that may lead to the inability to achieve its climate commitment or adapt its business model. The risk may be exacerbated by the Group's inability to track the effectiveness of existing actions and consequent missed opportunities. Moreover, delays in delivering the EssilorLuxottica climate roadmap may be caused by a lack of proper organization, expertise and resources, further impacting the Group reputation and its external perception.	In line with its "Eyes on the Planet" program, EssilorLuxottica has developed a Carbon Neutrality roadmap that brings together representatives of different internal functions (Procurement, R&D, EHS, CSR, etc.) and whose progress is reviewed by the co-Chief Operating Officers of the Group on a regular basis. Key actions contributing to carbon neutrality transition include: • regular reporting of GHG emissions for scope 1, scope 2 and scope 3 emissions; • completing and regular update of the carbon footprint assessment to evaluate the Group's overall GHG portfolio; • optimizing its production process and equipment to continuously improve energy efficiency; • investing in renewable energy production (*e.g.* solar and biomass heating systems) and maximizing the use of renewable energy where possible; • reducing CO2 emissions of logistics activities to build a low carbon supply chain; • supporting carbon capture or carbon reduction projects beyond the value chain to contribute to the global carbon neutrality agenda. As a first step, the Group is committed to achieving carbon neutrality for its direct operations by 2025. Various indicators have been defined to closely assess the progress of the different programs (*e.g.* energy consumption and associated scopes 1 and 2 emissions, GHG reduction of green logistics initiatives). For further details, see Section 5.2.1.
Business Interruption	The Group can encounter risks arising from possible interruptions of critical operations as a consequence of both internal and external events. As climate change is increasingly becoming a global emergency, the Group can be exposed to either natural disruptive events (*e.g.* hurricane, floods) or long-term shift in climate patterns (*e.g.* raising temperatures). Such risks may be more probable in countries defined as 'at risk' due to geographical position and strategic relevance for the Group's production. The challenges in preparing for such events or systematic changes may prevent the company from carrying out its operational activities; the difficulties in adapting to related consequences may lead to business disruptions or higher operational costs.	EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. The Group monitors risk exposure level per climate risk and per site to ensure risk resilience measures are in place and ensure business continuity. In 2022, the Group updated its physical climate risk model to continue assess the risk exposure of global assets. To mitigate risks, the Group continuously monitors and updates its Business Continuity Plans and Disaster Recovery Plans, scheduling climate risk investigations before building facilities and providing alternative scenarios in case the Group's main facilities are forced to close for several months. This approach enables it to mitigate the risk of business interruption due to a shortage of key natural resources, loss of license to operate linked to environmental issues or regulatory changes, or climate change events. A dedicated framework of climate resilience review was developed to monitor the preparedness and effectiveness of climate resilience of key manufacturing sites. And the Group closely follows indicators such as number of sites exposed to water risks and power shortage. For further details, see Section 5.2.1.

Talent management and well-being

Risk Factor	Risk Description	Mitigation Measures
People Management	The Group ability to attract and retain talent can be put at risk because of: (i) effectiveness in creating one EssilorLuxottica organization by integrating the three different organizational cultures; (ii) change in people's attitude toward work-life balance; (iii) effectiveness in creating employer branding activities as one Company; (iv) difficulty in finding the right people with adequate level of engagement. People seek an environment that allows them to resize work-life balance. Work-from-home practices are more common throughout all regions and need to be carefully managed. As a result, fewer in-person interactions may hinder the development of a strong sense of belonging especially for individuals who have recently joined EssilorLuxottica. Given the importance of CSR/sustainability topics, notably for younger generations (*e.g.* equal opportunities, environmental attention), any perceived gap between the Group's communicated CSR commitments and their actual implementation could have consequences for talent attractiveness, the efficiency of recruitment and retention capabilities.	EssilorLuxottica considers its employees as one of the key drivers for business success. The Group is truly engaged in ensuring a safe, welcoming and positive working environment for its employees, by continuously planning and developing initiatives to make them feel part of a global community. Over the past years, the Group has continued to deploy its talent development initiatives and retention measures: • extension of its global digital educational platform (Leonardo); • performance reviews; • competitive pay and bonuses; • expansion of the international Employee Shareholding Plan "Boost"; • development of well-being initiatives to improve work-life balance. In 2022, the Global DE&I function was created to establish the Company's strategy, commitments, and goals on Diversity, Equity and Inclusion. Besides, at local level, to cultivate a culture of diversity and inclusion, many initiatives exist in different regions to promote open dialogue. In addition, a new employee engagement program has also been launched to help define the Group's shared values and identity in a co-creation process that leverages respective heritage and strengths while engaging all employees worldwide. The Group uses various indicators to closely assess the impact of different programs (*e.g.* breakdown of employees by gender, age, contract type and category, education hours delivered, and number of women in managerial positions globally). For further details, see Section 5.2.4.
Health and Safety and working conditions	Health and safety and working conditions are receiving more and more attention and are subject to stricter laws. Infringing on the changing guidelines could result in media exposure with potential negative consequences on the Group's reputation and brand. The Group could be negatively impacted if employees were to perceive their working conditions as not completely safe and/or its welfare policies as inadequate and/or unsatisfactory. Such circumstances may lead to a tightening of the social dialogue and even to social conflict (*e.g.* strikes), thus exposing the Group to possible business interruption, reputational damage and legal proceedings. The risk could be exacerbated if employees have the perception that their complaints are not fully considered.	The health and safety of its employees as well as the security of its workplace is a top priority for EssilorLuxottica. The Group has implemented different internal policies and procedures to mitigate such risk, introducing measures to make the workplace safer and healthier. The Group is continuously working to be compliant with laws and regulations existing in countries where it operates. Different internal and external audits are performed every year on this topic, and several production facilities, logistics sites and prescription labs have obtained the ISO 45001:2018 Occupational Health and Safety Management certification, which provides a framework to identify and improve employee safety while preventing workplace risks. In addition, EssilorLuxottica supports its employees with a comprehensive welfare package. The Group has also defined various indicators to monitor the effectiveness of its H&S programs (*e.g.* frequency and severity rates). For further details, see Section 5.2.4.

Sustainable offering and production

Risk Factor	Risk Description	Mitigation Measures
Product Innovation and Circularity	EssilorLuxottica has a wide and unique range of products that requires adapted production resources and specific raw materials. In these regards, the Company may not yet fully integrate sustainability criteria (such as recycled materials) into each stage of the development and production process. As consumer expectations for sustainable products are not fully met, this risk may have a negative impact on the Company by causing it to lose competitive advantage and market share, particularly among young generations.	EssilorLuxottica is making significant efforts across its entire production cycle, including a shift from fossil-based materials to bio-based materials, biodegradable materials, and products easier to recycle. The Company also aims to create circular products from the very start of the innovation process using eco-design principles. To do so, it nurtures key fundamental work streams such as: • investing in breakthrough technologies; • increasing renewable content in its products; • developing eco-design with LCAs or in-house tools like the Sustainability Assessment Methodology (SAM) used in Prescription lenses; • improving process efficiencies to reduce waste generation and increasing recycling opportunities. The commitment of the Group has also led to launch specific sustainable eyewear collections, including: • Arnette's pinnacle collections, which are made using eco-friendly bio-acetate; • Costa del Mar's Untangled collection, which is made using recycled fishing nets. Furthermore, EssilorLuxottica believes collaboration with its stakeholders is key to redesigning its products and processes, and developing new business models. Different projects have been launched with suppliers such as Bureo to develop new sustainable frames collections and academic institutions such as ESSEC to launch the 'Global Circular Economy Chair.' EssilorLuxottica monitors specific indicators to follow the deployment of such programs (*e.g.* waste generation, deployment of SAM training program). For further details, see Section 5.2.2.

Responsible business practices

Risk Factor	Risk Description	Mitigation Measures
Supply Chain	With the Group's global and extended operational footprint, its third parties are located in many regions, with different, complex and multifaceted patterns in terms of CSR and ethics. The Company can build business relationships with suppliers based in regions where the application of human rights and environmental legislation may be limited or fall below the Group's or international standards. Reputational, legal and compliance risks may negatively impact the Group due to non-responsible behavior throughout the supply chain.	The Group has developed responsible sourcing standards and initiatives for the EssilorLuxottica responsible sourcing program that brings together representatives of different internal functions (Procurement, Risk Management, Manufacturing, CSR, etc.). The Group requests suppliers to respect and adhere to the Company's commitments in the areas of ethics, human rights and labor standards, environment, health and safety. To ensure this, qualified third-parties assess suppliers' environmental and social performance through either a self-assessment platform or on-site audits. Suppliers who do not meet the Company's requirements after a social and environmental audit, who refuse to implement the necessary corrective actions or show no improvement and repeated issues across multiple audits could be evaluated for business interruption or reduction. Besides, the Group has in place training and awareness initiatives targeting suppliers and the procurement community. EssilorLuxottica tracks some specific indicators (*e.g.* number of audits, number of critical non-conformities) to identify risks, put in place mitigation measures and ensure the overall effectiveness of the program. For further details, see Section 5.2.5.
Ethics	EssilorLuxottica, due to its international footprint, is exposed to different local and international laws on business ethics (*e.g.* anti-corruption, international economic sanctions, Data Privacy). Non-compliance with these regulations or third parties and business partners that do not respect the Group's Code of Ethics and pursue unethical behaviors (*e.g.* bribery, trickery, breach of confidence) may lead to fines, sanctions and reputational impacts for the Group. Additionally, problems with compliance could arise from a lack of clear internal communication regarding best practices and appropriate behaviors.	The Group has established different programs internally (*e.g.* Code of Ethics, Anti-bribery & corruption principles and guidelines, Competition Law Compliance program,privacy compliance program) that define and support the Group's expectations and principles and apply to all the employees, subsidiaries and, in some cases, business partners. Since the launch of Leonardo, EssilorLuxottica has used this educational platform to encourage dedicated educational activities on these topics. Furthermore, it has launched mandatory education on corruption and bribery, safety policies and cyber security. In addition, the Group is raising awareness for privacy data through conferences and seminars (*e.g.* during the Company's Data Privacy Week). The Group conducts rigorous reputational and compliance checks on all partner organizations prior to entering a collaboration. In 2022, EssilorLuxottica conducted an update on its global corruption risk assessment and issued an integrated corruption risk cartography. The Group is currently working on updating its Code of Ethics, and is deploying a new and integrated internal alert system within the whole organization that will replace the different currently existing alert systems in place. At Group level, different indicators are monitored such as the number of employees having completed "Code of Ethics" education and the "Business and Human Rights" education. For further details, see Section 5.2.5.

Non-Financial communication

Risk Factor	Risk Description	Mitigation Measures
Reporting and communication	EssilorLuxottica operates internationally and has the liability to fulfill different already existing and upcoming country laws and regulations, such as France's Duty of Care, the UK Modern Slavery Act and the recent Corporate Sustainability Reporting Directive. The increasing interest for CSR/sustainability topics leads to higher stakeholder expectations on transparency, data accuracy, consistency of information etc... Company's credibility and reputation may be hindered by insufficient communication on the achievements and milestones reached or by non-accurate, not reliable or not clear disclosure of CSR-related information. Similarly, heightened investor appetite for CSR strategies and performances requires constant improvements in Company's non-financial reporting capabilities and disclosure, which are ultimately used by ESG rating providers to assess companies' ESG performances and issue public scores. Poor data and disclosures may result in low ESG scores and wrong perception of the Company's sustainability efforts.	2022 marked the first anniversary of EssilorLuxottica's sustainability program "Eyes on the Planet". Ever since its launch, the Company and its subsidiaries have been consistently executing projects and initiatives under each 'Eyes on' strategic pillar of the program: World Sight, Inclusion, Ethics, Carbon, and Circularity, aiming to further embed sustainability into the business model. As the Group advances on its sustainability journey, a policy on sustainability communication is being developed to ensure that approach and efforts are presented in an accurate and consistent way to all audiences and stakeholders, and across all regions. The policy contains guiding principles for governing and coordinating the Company's external and internal communication flows regarding sustainability. In addition, the EssilorLuxottica Sustainability Reporting Protocol contains detailed guidelines and a glossary to ensure alignment on indicator definitions, rules of reporting and data consistency. The document is reviewed and updated every year to ensure alignment with the most updated reporting standards. The CSR department maintains a constant regulatory watch to guarantee compliance with non-financial disclosure and other major sustainability-related regulations. Besides, regular calls/meetings are also organized with different stakeholders such as investors and business partners (*e.g.* licenses)to present the Group's CSR-related topics performance. Regarding the reporting of non-financial information, the majority of those disclosed in the present URD are monitored on a monthly basis by the different data owners (*e.g.* HR, EHS). In addition, ever since the creation of EssilorLuxottica, both external and internal audits have been performed on non-financial reporting processes and organization and data accuracy to ensure reliability and transparency. The most relevant KPIs that support the Group's CSR strategy are presented in the present Chapter 5 of this Universal Registration Document. These are also used to complete ESG rating questionnaires or to review ESG reports with the Investor Relations department. For further details, see the present Chapter 5 and Section 5.1.5.

Combined with the mitigating measures described above, EssilorLuxottica is implementing dedicated CSR policies, procedures and controls at both operating and holding levels.

As required by regulation, the themes of 'fighting against food waste and food poverty', 'means in favor of responsible, fair and sustainable food', 'the respect of animal welfare' and 'actions to promote the practice of physical activities and sports' have been analyzed, and none of them have been rated with high potential CSR risks for EssilorLuxottica. For more details about the Company-wide risk assessment, see Section 1.6.

5.1.5 Protocol and organization of non-financial reporting

Non-financial reporting provides a tool to help the Company monitor and understand its status and progress on sustainability priorities, risk management, and its associated impacts. It is also an opportunity to provide stakeholders with a complete and consistent overview of the Company's environmental and social impact.

As a French-listed company, EssilorLuxottica is taking European Directive no. 2014/95 (transposed into French law in August 2017, Decree No. 2017-1265, Article L.225-102-1, II of the French Commercial Code) as reference on its non-financial statement.

EssilorLuxottica Sustainability Reporting Protocol

EssilorLuxottica Sustainability Reporting Protocol contains detailed guidelines and a glossary that ensure alignment on indicator definitions, rules of reporting, and data consistency.

The Reporting Protocol follows the guidelines of the Global Reporting Initiative (GRI) Standards (version 2016 and version 2021 for Universal Standards); it also takes into consideration the global agenda of the United Nations Sustainable Development Goals (SDGs) and specific framework such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For indicators on greenhouse gas (GHG) emissions, the Company follows the GHG Protocol and the framework of the Global Logistics Emissions Council (GLEC).

For certain specific CSR topics (*e.g.* health and safety indicators), the information reported is analyzed and monitored by the Company in the normal course of its business, using company-specific KPIs and definitions.

The document is reviewed and updated annually to ensure the most updated reporting standards are followed and support sustainability performance monitoring and management.

(i) Reporting scope

The reporting scope of non-financial information covers all entities and subsidiaries within the Company's financial consolidation scope. The list of entities requested for sustainability reporting is updated annually according to the financial consolidation scope.

For each specific indicator, reporting coverage can vary and is specified in the disclosure of each indicator based on the headcount of the entities reporting information and on the Company's total headcount.

(ii) Key indicators

The selection of EssilorLuxottica indicators covers key sustainability topics that were identified following the Group CSR risk assessment, major topics related to the "Eyes on the Planet" program and mandatory requirements set by the EU Directive No. 2014/95 (transposed into French law in August 2017, Decree No. 2017-1265). Other criteria such as expectations from key accounts, rating agencies and indices and institutional investors were also considered when selecting the indicators.

See Section 5.5 for more information on reporting scope, period, rules of reporting and consolidation, and other guidelines related to the information disclosed in this chapter.

Reporting organization

In 2022, the reporting campaign was organized through a collaborative and integrated process that was centrally managed by the Corporate CSR function and followed the guidelines defined inside the EssilorLuxottica's Reporting Protocol.

Specifically, workforce information is consolidated by the HR controlling team through the operational employee monitoring system that relies on the SAP, E-Talent and KPEYE platforms; education information is centrally collected via the Leonardo platform and Sustainability Portal; environment, health and safety indicators of manufacturing sites and prescription laboratories are collected by the Benchmark ESG™|Gensuite® software and environmental information of retail activities is collected through Oracle Cloud EPM Planning.

At the beginning of the reporting campaign, the CSR team held specific training webinars to explain the reporting process and information requested to relevant teams globally, as well as to engage them on the importance of timely and consistent sustainability reporting.

All the information presented in this chapter has been reviewed by PricewaterhouseCoopers Audit, an independent third-party organization, in accordance with regulations resulting from European Directive No. 2014/95. See Section 5.6 "Report of the Independent Third-Party Organization" for further details.

5.2 Eyes on the Planet, EssilorLuxottica's sustainability program

Program description

Sustainability is deeply rooted at the core of EssilorLuxottica, both as an essential part of the Company's DNA today and key to continuing its history of corporate responsibility to help people see more and be more. Doing good for its employees, customers, consumers and communities while doing good for the planet is at the heart of its Company-wide Sustainability program Eyes on the Planet. First presented in 2021, the program is founded on five key pillars described below: Eyes on Carbon, Eyes on Circularity, Eyes on World Sight, Eyes on Inclusion, and Eyes on Ethics. Each pillar has a clear commitment and is broken down into a set of core activities that are easy to recognize in the Company's business model, offering, presence and connection with the local communities and territories.

- **Eyes on Carbon:** EssilorLuxottica is committed to addressing climate change and preserving the environment by reducing energy consumption and water use within its operations, limiting its carbon footprint across the value chain, and being resilient to climate-related risks. In 2021 the Company announced its journey to become carbon neutral in its direct operations in Europe by 2023 and worldwide by 2025. See Section 5.2.1.
- **Eyes on Circularity:** EssilorLuxottica is committed to optimizing the use of resources to lower its product environmental footprint across the value chain, including a shift from fossil-based materials to bio-based materials and embedding eco-design in all its product developments by 2025, while ensuring high product standards. The Group is also taking steps to put an end to waste following the 4Rs "Research-Reduce-Reuse-Recycle". See Section 5.2.2.
- **Eyes on World Sight:** Based on its belief that good vision is a basic human right, the Group has an ambition to eliminate uncorrected poor vision in a generation and make vision care accessible to everyone, everywhere. This responsibility towards vision and society also includes other corporate citizenship initiatives, such as advocacy for good vision on the road and cultural heritage preservation. See Section 5.2.3.
- **Eyes on Inclusion:** The Company's employees are the leading players and contributors to EssilorLuxottica's sustainable development and value creation efforts. The Company seeks to develop a culture of learning, diversity , and safety along with the creation of a working environment that offers everybody the same opportunities on the basis of merit and without discrimination. See Section 5.2.4.
- **Eyes on Ethics:** EssilorLuxottica's vertically-integrated business model is the key to delivering and ensuring a fair and ethical business approach wherever it has a presence. Drawing on the ILO Conventions and the United Nations Global Compact Principles on Human Rights, the Company is committed to respecting and promoting human rights across its entire business and value chain. See Section 5.2.5.

Ever since its launch, the Company and its subsidiaries have been consistently executing projects and initiatives under each "Eyes on" strategic pillar of the program, aiming to further embed sustainability into its business model. By advancing its Eyes on the Planet program, EssilorLuxottica contributes to its Mission and involves the entire organization in addressing environmental protection, employee well-being, and the economic and social progress of the local communities it serves.

EssilorLuxottica 2022 sustainability highlights are reported throughout this chapter according to the corresponding pillar.

5.2.1 Eyes on Carbon

Adapting to climate change and moving toward a low-carbon economy are among the topics at the top of the global agenda today. EssilorLuxottica, as an industry leader, acts to address these global challenges. On the one hand, climate-related actions are drivers of operational efficiency, innovation and competitiveness; on the other hand, the Company needs to be resilient to climate-related risks, which may expose it to business interruptions or higher operational costs due to physical climate hazards or radical systematic changes in regulation or society.

The Company supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to ensure comprehensive and transparent disclosure on climate-related risks and opportunities as it builds and executes its climate change roadmap. EssilorLuxottica's approach to addressing climate change is consolidated under the Eyes on Carbon pillar and is recalled below according to the four key building blocks of the TCFD guidelines. Additional references are provided in the reconciliation table in Section 5.5.

Governance

Climate change topics are reviewed by the Company's CSR Committee annually. The role of the CSR Committee is stated in Chapter 3 of this Universal Registration Document and in Section 5.1.3.

At an operational level, EssilorLuxottica has specific governance structures and working groups to ensure the advancement of actions:

- A cross-functional task force including the EHS, Procurement, Logistics, R&D and CSR departments was formalized to ease collaborative projects, support key decision-making, deploy carbon reduction actions and ensure the achievement of associated targets. The work of the task force is reviewed by the co-Chief Operating Officers of the Group on a regular basis.
- A task force on climate resilience, including the Internal Audit, Risk Management, EHS and CSR functions, was also set up to assess the maturity level of climate risk management at strategic sites through a specific climate resilience review framework designed internally.

Strategy and commitments

EssilorLuxottica's approach to tackle climate change has two main dimensions.

First, the Company continuously makes efforts across its value chain to limit and reduce its impact on the climate. These include investing in energy efficiency programs and renewable energy production, maximizing the use of renewable energy where possible, optimizing production organization and logistics flows, and innovating in the field of sustainable raw materials and low-carbon products and services.

Specifically, EssilorLuxottica announced its first climate commitment in 2021, aiming to achieve carbon neutrality for its direct operations (scope 1 and scope 2) by 2025, with a milestone set for Europe by 2023. To further advance climate actions and ambitions, the complete carbon footprint assessment for EssilorLuxottica was accomplished in 2022 to prepare for a more comprehensive carbon reduction roadmap and contribute to the global net zero agenda.

Second, concerns about climate change require EssilorLuxottica to understand its climate risk exposures and develop solutions to adapt and quickly respond to the challenges posed by this issue. The Company aims to maintain good knowledge of global climate projections, and assess its vulnerability to climate change risks to improve its resilience and prepare the business for potential consequences.

Risk management

Following the recommendations of the TCFD framework, two categories of climate-related risks – risks related to the physical impacts of climate change and risks related to the transition to a lower-carbon economy – are considered to prepare the Company for potential related operational, financial and reputational impacts, and build the climate resilience of its activities.

Identification and management of physical climate risks

Specific climate risk assessment has been performed to better understand climate-related risks. Following the first climate risk model conducted on limited scope, in the last part of 2022, EssilorLuxottica further expanded and updated its physical climate risk assessment to cover the Group full activities, including manufacturing and logistics facilities, offices and directly managed stores. The new climate risk model was built based on four chronic climate hazards (heat stress, sea level rise, precipitation and drought) and four acute climate hazards (tropical windstorm as hurricanes & typhoons, extratropical windstorm such as autumn and winter storms, extreme flooding and fire weather) in the mid-term (2030) and long-term (2050 and 2100). The model takes into consideration three "Representative Concentration Pathways" (RCP) scenarios developed by the Intergovernmental Panel on Climate Change (IPCC): RCP 2.6 (>+1.5 °C by 2100), RCP 4.5 (+2-3 °C by 2100) and RCP 8.5 (>+4°C by 2100).

This updated climate risk model helps the Group screen the physical climate risk exposure of a specific site based on its location, anticipate and prepare for potential climate hazards, raise awareness and protect employees in urgent situations and improve the resilience of its assets and supply chain. Finally, the model can support management decisions when evaluating a new building project.

In addition, water risks are periodically assessed in key areas where EssilorLuxottica sites are located combining results from the WWF Water Risk Filter with both basin risk assessment and site-specific information. By doing so, the Company is able to identify water risks, seize their potential impact and monitor the implementation of water stewardship projects. In 2021, based on a renewed assessment for an expanded scope of sites[1], manufacturing sites in five locations (Delhi and Bangalore in India; Chihuahua and Tihuana in Mexico; and Madrid in Spain), accounting for approximately 3.5% of the Company's total water use, were exposed to water risks with potential restrictions on water withdrawals imposed by local authorities, increases in the cost of water and potential questions from local stakeholders who are also dependent on these water resources.

EssilorLuxottica mitigates related water risks by defining a more stringent water roadmap for these sites with specific water efficiency targets, water supply management and interaction with local communities. Water reduction actions include:

- water mapping for equipment using water for main laboratories and mass production sites;
- installation of "smart" meters to accurately measure water use with different levels of granularity, which help structural improvements of traditional resource-heavy processes, such as galvanization;
- comparison of site water performance with the benchmark process or "water model";
- closed-circuit water systems in galvanizing plants, and in painting and hard-coating processes;
- defining a medium-term plan to reduce water use at site level.

The table below shows the Company's water footprint in 2022, and the evolution compared with 2021 and 2020:

	2022	2021	2020
TOTAL WATER USE *(m^3)*	**8,344,903**	**8,220,930**	**7,358,458**
Third-party water	**7,192,018**	**7,022,151**	**6,021,045**
Natural water	**1,152,885**	**1,198,779**	**1,337,413**
Surface water	13,644	64,808	N/A
Ground water	1,139,241	1,133,971	N/A

Note: 2022 water use remained stable compared to 2021. To continuously improve water reporting, the Company start to disclose surface water and ground water separately under "natural water". Surface water decreased significantly due to the closing of a site during 2022, who used largely surface water.
Water data covers 87% of the headcount excluding the retail network. Retail stores were exempt from water reporting due to their limited water consumption. For more information on the Company's reporting rules, please refer to Section 5.5.

Identification and management of transition climate risks

The Company may be exposed to extensive policy and regulation changes, technology limits, market shifts or reputational risks throughout the global transition towards a lower-carbon economy.

To manage related risks, EssilorLuxottica closely monitors regulatory, technological and market changes, anticipates possible challenges in the future, and has implemented actions to reduce carbon footprint across the value chain, continuously studying standards and benchmarks to improve the Group climate change roadmap.

EssilorLuxottica has also implemented environmental management systems that conform to the ISO 14001 standard. As a result, 33 of its manufacturing facilities, 17 lens laboratories, two distribution centers and one corporate office are ISO 14001 certified.

In 2021, a climate resilience review framework was developed with the cooperation of the CSR and Internal Audit teams to understand the vulnerability of EssilorLuxottica sites to climate-related risks and assess their maturity level on climate risk management. This climate resilience review framework follows TCFD recommendations. Up to now, climate resilience reviews were performed at seven strategic manufacturing sites in Italy, the US, Mexico, Thailand and India, where potential climate risk exposures have been identified. These first reviews helped the Group further improve climate risk management at both corporate and local levels.

(1) EssilorLuxottica water risk assessments were conducted for 38 manufacturing facilities, 57 lens prescription laboratories and 4 primary distribution service centers.

Key actions, metrics and targets

In line with its Eyes on Carbon commitment, the Company continuously initiates, advances and monitors different climate actions within its operations and along the value chain.

Carbon neutrality for direct operations

In 2021, EssilorLuxottica published its first climate commitment to achieve carbon neutrality for its direct operations (scope 1 and scope 2) by 2025, with a milestone set for Europe by 2023. The Company is focused on three key action areas to ensure the achievement of this commitment.

1. Improving energy efficiency

EssilorLuxottica's energy initiatives are led by the EHS department, with actions such as:

- a complete review of the energy efficiency of manufacturing processes and peripheral units;
- improvement of the equipment efficiency ratios (EER) by upgrading large electrical motors with higher energy efficiency class, and redefinition of the stoppage or standby conditions for equipment with the highest consumption. The mapping of more than 5,000 motors has been done in 2022, both for processes and utilities, in the main mass production plants and most significant prescription labs; the mapping gave the Company a priority list of 800 electrical motors to be replaced within the next three years. The first phase has been approved, with a significant investment planned;
- the installation of meters to monitor energy consumption for main prescription laboratories and mass productions units in real time and the use of specific indicators to identify priority action areas and define new projects and improvement plan;
- raising awareness and training technicians and maintenance teams;
- continuous improvement of energy efficiency of existing buildings and stores in terms of lighting, air conditioning and heating systems.

Associated with the Company's efforts to improve energy efficiency and structure its energy management systems, 13 of its manufacturing facilities, three lens laboratories, two distribution centers and one corporate office have obtained ISO 50001 certification over the years.

Following the obtainment of the Leadership in Energy and Environmental Design (LEED) certification for logistic hubs built in recent years, in 2021, the Company started to draft its "New Building Guidelines," including criteria to obtain Gold level LEED certification for all of its new manufacturing and distribution buildings. These criteria attest that the design and construction respect the surrounding ecosystem, and have already been applied to three buildings currently under construction in France, Thailand and Mexico.

Following the practice of LEED certification for manufacturing and distribution buildings, the Company also had its first retail store certified in 2022. In addition to LEED certification, the guidelines also contain climate-related criteria such as renewable energy consideration, air emissions, water risk management, waste management and site location selection including climate risk analysis.

The table below shows the Company's energy consumption in 2022, and the evolution compared with 2021 and 2020:

	2022	2021	2020
TOTAL ENERGY CONSUMPTION *(GWh)*	**1,930.6**	**1,888.8**	**1,502.9**
Renewable energy produced on site	8.6	6.5	5.6
Electricity purchased from renewable sources	543.3	282.8	N/A
Electricity purchased from non-renewable sources	1,122.2	1,343.2	1,306.1
Steam	2.4	2.6	2.3
Gas	244.8	240.7	179.0
Liquid Fuel	9.3	13.0	9.9

Note: 2022 energy data remained at a similar level as 2021. The slight increase of around 2% was aligned with the trend of increased production volume after 2 years impacted by Covid-19. Meanwhile, in line with EssilorLuxottica climate roadmap, the Group has continously extended the use of renewable energy. Specifically, six new entities started to produce renewable energy on site thanks to the constant investments and gradual roll-out of photovoltaic panels, resulting in a total increase of 33% for the consumption of renewable energy produced on site. Meanwhile, the amount of purchased renewable energy with Energy Attribute Certificates (EACs) has almost doubled compared to previous year.
2022 energy consumption data covers around 92% of the Company's headcount including the retail network. The reporting and consolidation methodology for the retail network has been updated in 2022 to align at full Group level. For more information on the reporting rules for energy, please refer to Section 5.5.

In 2022, the distribution of energy consumption per geographical area was as follows: Asia-Pacific (40%), EMEA (28%), North America (24%), and Latin America (8%).

2. Increasing the use of renewable energy

To ensure achievement of the 2025 carbon neutral target for its direct operations, actions on renewable energy have been largely accelerated with more investment in self-produced renewable energy and a formalized renewable energy purchasing roadmap.

On self-produced renewable energy, since 2013 manufacturing and distribution sites in Italy have started to reduce GHG emissions thanks to the installment of photovoltaic panels systems and biomass heating systems. Their gradual rollout has enabled the company to increase the amount of self-generated clean energy in Italy between 2015 and 2022 by 5.4 GWh (30 times the 2015 amount and an increase of 36% compared with 2021). Following the two big photovoltaic systems entered into service at the Agordo and Sedico sites during 2021, two other big photovoltaic systems entered into service in 2022 at the Barberini and another Sedico site. Starting from 2023, all the photovoltaic systems in Italy are estimated to produce 8,700Wh of electricity from renewable sources and avoid 4,000 tCO_2e per year. In addition, new installations and projects are ongoing.

In addition, in 2022, the first photovoltaic system was installed in one of the most significant distribution centers in China; the system estimates to produce 1,180 MWh of electricity from renewable sources per year and avoid 1,000 tCO_2e per year. Some other facilities in Tunisia, Germany and Honduras have also invested in onsite photovoltaic systems since 2021.

Moving forward, new installations and projects are ongoing across different regions worldwide. According to the Company's "New Building Guidelines," the new manufacturing sites under construction shall be equipped with photovoltaic systems.

For renewable energy sourcing, EssilorLuxottica strives to make additional positive environmental impacts whenever possible in the countries where it has manufacturing facilities. For instance, since 2018, one of its export laboratories in India has received 70% of its energy from a neighboring solar farm.

Meanwhile, the Group has continued to switch to renewable energy sources worldwide in 2022. Specifically, the supply of renewable energy covers a significant percentage of the electricity consumption of EssilorLuxottica sites, offices and stores in Europe. Also the Group has started to purchase renewable energies in its major operation sites in Asia-Pacific, such as China, Thailand and Philippines. Thanks to the renewable energy supply program, the Group avoided more than 304,000 tons of GHG emissions in these countries, which is also reflected in the market-based scope 2 emissions disclosed in the below table.

The table below shows EssilorLuxottica's overall scope 1 and scope 2 GHG emissions, with both location-based and market-based accounting methodology.

	2022	2021	2020
TOTAL SCOPE 1+2 EMISSIONS _ LOCATION-BASED *(tCO_2eq)*	**813,257**	**772,593**	**742,854**
TOTAL SCOPE 1+2 EMISSIONS _ MARKET-BASED *(tCO_2eq)*	**745,308**	**N/A**	**N/A**
Scope 1 emissions	**108,453**	**52,807**	**46,011**
Gas	50,082	49,335	42,785
Liquid fuel	2,500	3,472	3,226
Refrigerants	45,213	N/A	N/A
Company Cars	10,658	N/A	N/A
Scope 2 emissions _ location-based	**704,804**	**719,786**	**696,843**
Electricity	704,373	719,483	696,580
Steam	431	303	263
Scope 2 emissions _ market-based	**636,855**	**N/A**	**N/A**
Electricity	636,311	N/A	N/A
Steam	544	N/A	N/A

Note: To continuously increase the scope of GHG reporting and to enhance GHG disclosure, the Group implemented following improvements in 2022:
1) The inclusion of the GHG emissions related to refrigerant leakages occured during the reporting period and to the company cars. Scope 1 emissions have thereby more than doubled compared to last year. Excluding the impact of new emission categories, emissions linked to gas and liquid fuel remained at similar level.
2) The Company started to disclose market-based scope 2 emissions, taking into account renewable energy purchased and the emission factors of residual mix based on different database such as AIB, Ecoinvent, IGES, eGrid, etc. Meanwhile, Scope 2 location-based emissions are calculated using the IEA database and decreased by 2% in 2022 compared with 2021.

In 2022, the distribution of scope 1 emissions per geographical area was as follows: Asia-Pacific (40%), EMEA (34%), North America (23%) and Latin America (3%). The distribution of scope 2 location-based emissions per geographical area was as follows: Asia-Pacific (62%), North America (18%), EMEA (14%) and Latin America (6%); as for scope 2 market-based emissions, the geographical distribution was as follows: Asia-Pacific (56%), North America (24%), Latin America (12%) and EMEA (8%).

3. Supporting carbon reduction projects beyond the value chain

To contribute to the global transition towards a low-carbon economy, EssilorLuxottica also supports carbon reduction or removal projects beyond its value chain.

Following the forestry projects of 2021 that continue to contribute to biodiversity and foster local socio-economic development, in 2022, the Company further supported two certified projects in China and Indonesia, both of which not only contribute to carbon reduction, but also bring positive social impact such as creating local job opportunities.

Thanks to these two projects, EssilorLuxottica further advanced its climate commitment by compensating the equivalent amount of its residual scope 1 and scope 2 emissions in Italy and France, where the Company has the most significant manufacturing footprint in Europe.

Decarbonizing the value chain

1. Assessing EssilorLuxottica's complete carbon footprint

In the first half of 2022, EssilorLuxottica completed its first GHG footprint assessment globally, with the involvement of different functions across the Company such as Procurement, Logistics, EHS, R&D, Engineering, HR and Finance. The analysis, following the guidelines of the GHG Protocol, provided a complete understanding of the Company's direct and indirect CO2 impacts at each stage of the value chain, including a clear overview of all scope 3 emissions relevant to the Group activities. See Section 5.5 for all the emission categories included in the complete GHG footprint assessment.

Based on this assessment, EssilorLuxottica complete GHG emissions arrive at around 3.4 million tons CO2e per year, based on 2021 data (excluding GrandVision). Scope 1 and scope 2 emissions represent 25% of the total and scope 3 emissions account for the remaining 75%, reflecting EssilorLuxottica's vertically integrated business model. Out of the 10 relevant scope 3 emission categories, the top five emission categories are: 1) purchased goods and services (40%), 2) upstream transportation and distribution which include transportation both managed by suppliers and by the Company (20%), 3) capital goods (12%), 4) fuel- and energy-related activities (10%) and 5) business travel (5%); the rest less contributing emission categories account for a total of 13% of the scope 3 emissions. In 2022, to continuously strengthen the Group GHG accounting, GrandVision has been included in all the scope 1 and scope 2 reporting, as well as in the transportation flows managed by the Company. The Group will continue to include GrandVision in the GHG footprint reporting, especially for scope 3 emissions as the integration goes on.

This work is instrumental in building carbon reporting capacity across different teams, and will be the base to further improve carbon accounting, initiate decarbonization actions across the Group and prepare a more comprehensive climate roadmap.

2. Reducing carbon footprint of logistics activities to build a low-carbon supply chain

EssilorLuxottica has focused particularly on the transportation and distribution of products, which accounts for one of the most important indirect carbon emissions sources. The Company has a team dedicated to low-carbon supply chain initiatives with carbon reporting guidelines, engagement with suppliers and action plans to reduce GHG emissions.

The Company committed to continuously monitoring the transportation market to find new and alternative solutions to reduce carbon emissions working closely with its logistics partners. In an effort to add sustainable development to the selection criteria for carriers, a specific chapter was integrated into requests for quotations (RFQ) and contracts from EssilorLuxottica global forwarders and local carriers. This chapter includes a questionnaire and a scorecard dedicated to the carrier's low-carbon supply chain strategy, program and KPIs enabling measurement of different actions to decrease carbon footprint. The main actions to consider are part of the criteria for the final supplier selection process, and include initiatives such as increasing carbon-free solutions for last-mile and inner-city transportation and introducing carbon neutral services.

EssilorLuxottica's low-carbon logistics projects include different areas:

- Modal Shift. This project aims to reduce logistics emissions through shifts in transportation mode, notably from air freight which is the Group's main source of logistics carbon emissions. For example, the ratio of air freight for lens transportation within Asia has decreased by switching from air to ground (*e.g.*, from manufacturing sites in China to sites in Vietnam and Thailand) or from air to ocean (*e.g.*, from manufacturing sites in the Philippines and Thailand to other Asian entities). The switch from air to ocean shipments also increased from Asia to the US in 2022, especially from the two main Asian lens manufacturing plants in Thailand and the Philippines to the key distribution centers in Dallas (TX) and Columbus (OH). Meanwhile, the Company continued to perform tests on sea service solution for international flows of finished frames; partnerships with local providers to use alternative fuel solutions and green vehicles where available, including using LNG (Liquefied Natural Gas) trucks for the middle mile (from distribution center to carrier warehouse or to airport) and electric vehicles for the last mile in city centers.

- Nearshoring/Reshoring. The redesign of the Group supply chain and of certain transportation flows not only reduces transportation distance, but also allows switching from air to ground transportation when possible. For example, serving the US market, lens production originally managed by manufacturing sites in Ireland and Thailand has been transferred to Mexico to reduce the logistics carbon impact; concerning the European and Asian markets, a part of lens production between manufacturing sites in Thailand, the Philippines, France and Ireland have been relocated to reduce the logistics climate impact.
- Carbon Neutral Shipment. Since 2021, EssilorLuxottica has joined the carbon neutral shipment programs of its top logistic providers in North America and Europe for certain activities, such as its e-commerce platforms. These services tend to maximize ground transportation to reduce environmental impact, and moreover the domestic residual emissions are compensated with select carbon reduction projects. In 2022, approximately 1,500 tCO_2eq were compensated.
- Sustainable Aviation Fuel (SAF). In 2022, EssilorLuxottica started a pilot project with SAF for air transportation with a first investment through one of its main Global Forwarding providers. SAF is considered one of the main solutions to reduce carbon emissions in the air transportation industry.

Meanwhile, the Group implemented an internal tool for active monitoring and follow-up of the main projects to reduce carbon emissions. In 2022, the supply chain team continued to improve the mapping of all logistics flows, and further aligned its GHG reporting methodology for transportation, especially to include GrandVision.

The table below shows EssilorLuxottica's scope 3 GHG emissions associated with the transportation of products and materials managed by the Company. To better reflect internal actions, GHG emissions associated with transportation are disclosed under three product categories: 1) Eyewear, 2) Lenses and 3) Other products/materials (*e.g.* spare parts, components, instruments, etc.). Meanwhile, to reflect the Company's effort on reducing the GHG emission associated with transportation, the breakdown between air shipping and other shipping modals (road, ocean and rail) is reported below.

	2022	2021 (restated)	2021 (disclosed)
SCOPE 3 EMISSIONS ASSOCIATED WITH TRANSPORTATION *(tCO_2eq)*	**299,478**	**303,122**	**293,958**
Eyewear	**135,995**	**134,057**	**131,582**
Air shipping	131,196	129,419	127,042
Other shipping modes *(ocean, road, rail)*	4,799	4,638	4,450
Lenses	**105,962**	**124,543**	**124,543**
Air shipping	97,828	113,519	113,519
Other shipping modes *(ocean, road, rail)*	8,134	11,024	11,024
Other products	**57,521**	**44,522**	**37,833**
Air shipping	45,488	33,156	27,525
Other shipping modes *(ocean, road, rail)*	12,033	11,366	10,308

Note: To provide a better comparison base for 2022 emissions, 2021 data were restated to include GrandVision (under "Eyewear" and "Other products/materials") and the Instrument business unit (under "Other products/materials").
2022 emissions related to Group's logistics activities decreased slightly by 1.2% thanks to its continued efforts towards lower carbon emission solutions, especially for the transportation of lenses, whose emissions decreased by 15% thanks to initiatives such as modal shift and reshoring.
Emissions from eyewear and other products/materials have increased mainly due to the change of origin/destination mix and the perimeter extension.
The emission factors for transportation are based on the GLEC database. For more information on reporting scope and reporting methodology please refer to Section 5.5.

Beyond all the actions to reduce logistics emissions, the Group is continuously conducting a comprehensive mapping of logistics packaging, with the main goal to eliminate plastics from shipping packaging worldwide. To advance on this front, the Company keeps investing in machines and technologies that will allow to eliminate plastic tape and void fill, and switch to paper solutions. The Company also works on eliminating plastic from other packaging parts, for example, in February 2022 the Group started shipping GrandVision cases with waved paper instead of plastic bags, counting for around 10 tons of plastic reduction per year.

3. Engaging all stakeholders on the climate journey

EssilorLuxottica's employees are the ultimate contributors to all climate actions. Initiatives aiming to raise awareness and share practices on climate change and environmental sustainability were continued, expanded or initiated in 2022 to embark employees on the climate journey.

Specifically, the Eyes on Carbon training path on Leonardo is under development, with the first content being delivered in the first half of 2023. A quarterly Sustainability Newsletter with dedicated articles regarding climate actions and key projects within the Group has also been developed. A specific dashboard with key environmental performance of the Group's main Operation sites was also created and presented within production sites to raise awareness on environmental topics.

In addition, climate change awareness workshops, designed to increase awareness on climate change consequences and engage employee action, expanded deployment during the year and reached more than 2,800 employees across 47 countries for a total of 680 workshops delivered since their initiation in 2020.

EssilorLuxottica also works to engage customers and consumers on its climate and sustainability journey. In 2022, a "Sustainability Week" was organized on the occasion of Earth Day to explain how eyecare professionals and Direct-to-Consumer channels and platforms can improve their engagement on sustainability, with specific focus on three topics: Sustainable purchasing behaviors, Characteristics of sustainable eyewear and How to go green in store.

Operationally, carbon neutral shipment programs are in place for major e-commerce entities, encouraging consumers to opt for lower carbon shipping options. In addition to opt-in green shipping options, certain websites further engage customers by providing the possibility to contribute to carbon reduction or removal projects. In 2022, more than 1 million orders were fulfilled with either green shipping programs or carbon contribution projects from different websites or brands.

In addition, the Company continues to promote engagement on climate change across all its corporate media channels throughout the year, and in particular on Earth Day.

5.2.2 Eyes on Circularity

From product and design innovation to reimagining the consumer experience and establishing new business models, EssilorLuxottica teams constantly push the boundaries of what is possible and question how the Company can better serve both its customers and consumers. One of the most important drivers of EssilorLuxottica's sustainability efforts is the idea that sustainability and products and services go hand-in-hand, right from the development phase.

EssilorLuxottica has expanded its culture of global innovation through gradual integration of sustainable development criteria to answer related consumer and customer expectations and needs as well as address social and environmental challenges. The Company aims to develop products with an ever-decreasing impact on the environment without compromising excellence and quality, and always guaranteeing the best vision experience. These principles inspire the Group's circular design and development approach, taking into consideration product life cycles, favoring eco-friendly designs that could reduce downstream impact on the environment, working with suppliers (to purchase raw materials with less environmental impact, etc.), optimizing shipping flows and production processes, and enhancing end-of-life management. Specifically, EssilorLuxottica approaches circularity from product design to research of new innovative materials, developing internal recycling processes and upcycling products to give them a second life.

To satisfy customer preferences and demand for more sustainable products, as well as its packaging, EssilorLuxottica is embarking on a journey to make its business model more circular with the aim to shift from fossil-based materials to bio-based and/or recycled materials and embed eco-design in all its developments by 2025.

Operationally, a cross-functional task force including its R&D, Procurement, Risks, EHS, Logistics and CSR departments was formalized to coordinate the deployment of fundamental workstreams outlined below, ease collaborative projects, support key decision-making, ensure program progress and facilitate alignment between functions. The work of the task force is reviewed by the co-Chief Operating Officers on a regular basis.

Designing circular products and increasing sustainable material use

EssilorLuxottica defines its innovation priorities by listening to customers and consumers, and anticipating their needs and lifestyle choices. Thanks to its comprehensive multi-channel go-to-market strategy, including professional solutions, physical Direct-to-Consumer network and e-commerce platforms as well as inclusive last-mile models, the Company is able to identify market signals and trends, and anticipate consumer demands, including product sustainability. In addition, following the acquisition of GrandVision, EssilorLuxottica expanded its Direct-to-Consumer footprint in Europe and consolidated its presence in Direct-to-Consumer eyecare and eyewear on a global scale, presenting an opportunity for the Group to engage more effectively with consumers, and thus raising the visibility and quality of the entire eyecare and eyewear industry, to the benefit of all its stakeholders. The recent acquisition of Fedon builds on the Group's sustainability strategy, adding a fundamental lever to the overall sustainability journey that accompanies core eyewear products along their life cycle. The Company's sustainability commitments to environmental and social dimensions have been inspiring strong innovation, as shown by the fundamental workstreams outlined below.

Adopting an eco-socio design approach

EssilorLuxottica aims to create circular products from the very start of the innovation process using eco-design principles. This approach and Life Cycle Assessments (LCAs) are part of the Company's wider vision on how to integrate sustainability into business and operational practices. Starting with the Group's proprietary Sustainability Assessment Methodology (SAM), EssilorLuxottica is developing a comprehensive eco-social design framework and tool to assess the sustainability level of different types of products. While the eco-design framework is under development, the Group leverages its Sustainability Assessment Methodology to support R&D teams to integrate sustainable criteria into each stage of the development process for prescription lens technologies and products. Circularity capability, resources and process efficiency along with low-impact raw materials and societal benefits form the main pillars of the program. In 2022, 100% of researchers were trained, and 60% of research and development programs were assessed[1].

The next steps are to define the relevant criteria for smart eyewear technologies and products to include them in the comprehensive eco-design approach.

(1) Prescription Lenses R&D activities scope.

To strengthen sustainability and eco-design assessment of new products and R&D activities, EssilorLuxottica is also focusing on bringing transparency and clarity across its entire supply chain. Quantitative impact assessment is the backbone of Group sustainability and eco-design assessment, and for this reason the Company invested in LCAs with its partners, pursuant to ISO 14040 and ISO 14044 international standards, to quantify environmental impact of the most used upstream materials for both frames and lenses:

- The Company has supported suppliers to perform some cradle to gate LCA analysis for different grades of bio-nylon, both for frames and lenses application. These studies aim to collect specific data along the supply chain to gain more transparency on the environmental impact of raw materials sourcing and production. Considering the whole life cycle of raw materials is an important evaluation driver, especially when it comes to bio-based materials; this is why EssilorLuxottica is increasingly asking its suppliers for access to specific data.
- For lens production, the Company expanded LCA analysis to assess its most important materials (including ultra-high indexes in addition to low index), such as polycarbonate, ORMA, MR7 and MR8 lenses, and included calculation modules to assess key production processes, packaging and distribution modes.

The Company is working to integrate LCA analysis to merge frames and lenses components, starting with the already available results, as well as packaging solutions, to reach the final goal of a comprehensive LCA for the complete pair.

Investing in breakthrough technologies

EssilorLuxottica is investing in new technologies and materials to drastically reduce its impact while responding to new business opportunities. The Company has structured a distinct strategic initiative called the "Lab of the Future" to imagine what future product performances, technology platforms and material production systems will look like for prescription lenses. This initiative has already stirred up important new technology research programs in R&D. For example, it helped in moving from current subtractive and batch technologies to additive manufacturing and one-piece flow technologies for its lenses (like Inkjetting, films transfer). Furthermore, the R&D team has been expanding its skills with the integration of experts in digital technologies to reinvent the vision care chain through digitalization. In this perspective, the development of new products continues to address the needs of all population segments and major vision issues, such as the growing global myopia pandemic. The Company launched its innovative myopia control spectacle lenses, Essilor Stellest™, that continued to show strong efficiency in slowing myopia progression and axial elongation in children (see Chapter 1). For the 2.7 billion people without visual correction, living mainly in emerging countries with limited visual health structures and complex logistics chains, the Company has developed an improved version of its Ready-to-Clip™ pair of glasses, enabling low-income consumers to buy an affordable product locally and immediately after their eye test, helping conveniently avoid issues with logistics and order tracking.

EssilorLuxottica is also researching and investing in breakthrough technologies at each step of its industrial processes. For example, the Company has developed and launched an innovative RX process for lens blocking called ART (Alloy Replacement Technology), completely eliminating the use of alloy in its lens manufacturing and replacing it with a UV curable adhesive, an alternative to traditional alloy blocking. There are close to 200 ART lines worldwide, and this new technology has been set as the new standard for all new RX Labs.

Increasing renewable content

Innovative bio-based materials have been introduced into EssilorLuxottica's portfolio of raw materials for all types of products, enabling the launch of specific collections. Thanks to the Company's investments in its supply chain, collaboration among eyewear players has increased to meet common goals on sustainability and improve visibility on environmental impact.

EssilorLuxottica expanded use of bio-based acetate frames for the 2022 collections of various brands, including Ray-Ban and Costa del Mar for the first time, Emporio Armani, Giorgio Armani, Arnette, DbyD, Burberry and Chanel. Bio-acetate is obtained from the mix of cellulose acetate, a synthetic fiber from cotton or wood pulp, and a bio-based plasticizer from renewable sources (cereals, beets or sugar cane). Bio-plasticizer is used in substitution to the traditional fossil-based version. The final material, the M49 produced by Mazzucchelli, has a bio-content of around 67%, calculated using the ASTM D6866 international standard, and it has been positively tested for biodegradability, according to UNI-EN-ISO 14855-2: 2018 standard.

Moreover, the bio-based sources can be combined with recycled sources derived from chemical recycling of plastic waste to obtain a combined bio and recycled acetate that the Group introduced in 2022 for the first time.

The Company also expanded use of bio-based nylon for Plano lenses and frames applications, with the bio-based content coming from castor oil in both cases. Frames bio-based nylon applications reach a bio-based content of minimum 45%, and bio-based nylon used for lenses has around 40% of bio-content, both guaranteeing the same product performances as fossil-based nylon.

EssilorLuxottica started in 2020 to introduce bio-based nylon for frames and sun-lenses applications, and in 2022 enlarged the sourced quantity of bio-based nylon up to around 16% of sourced nylon (for frames and Plano lenses), with an increased growth of more than 60% compared to the previous year.

In 2022, Arnette, Burberry, Starck and Armani Exchange launched specific collections made with bio-nylon; the Emporio Armani 2022 Kids collection used bio-nylon in combination with bio-based rubber; and finally, Costa del Mar continues to increase bio-based material use as part of its Kick Plastic Initiative.

Rethinking Packaging

The recent acquisition of Fedon, a leading company in the production and distribution of eyeglass cases and accessories for eyewear, represents a step forward in EssilorLuxottica's vertical integration strategy, allowing the Group to pursue its sustainability commitment and invest in the circularity of its packaging materials. Fedon represents the Company's excellence center for packaging solutions and development, driven by innovation and sustainability hand-in-hand. Priority collaborative workstreams include design innovations aimed at eliminating unnecessary layers and creating new concepts (such as "easy to disassemble" and "foldable design" to optimize the space needed for shipments) for packaging solutions to allow less impactful production and distribution, and end of life management of packaging components. The Company removed or reduced some packaging components; for example: replacing the case with a pouch and the marketing leaflet with a QR code, and reducing the types of labels on boxes. Secondly, huge focus is placed on alternative recycled and bio-based materials to substitute traditional ones, identifying opportunities to avoid or substitute single-use plastics. As an example, the plastic sleeve that protects temples and cloth is gradually being replaced by a paper solution. The acquisition also led to the creation of a task force on sustainability certifications to strengthen transparency on sustainable materials adoption.

Managing waste and developing recycling

Waste management is a crucial pillar of EssilorLuxottica's commitment to reducing its environmental footprint. It encompasses several initiatives to effectively reduce waste generation from industrial operations and contribute to a more circular economy. These include: the reduction of raw material loss; policies to recover residual parts and scraps during production activities and process; discarded consumables; and wasted chemicals throughout production processes and packaging. In 2022, EssilorLuxottica launched the first waste expertise training session, for employees who contribute to reducing the Group's waste footprint. This pilot was successful, and will be deployed further.

Moreover, the Company completed a waste generation analysis of its main manufacturing plants, distribution centers and laboratories to determine the type and weight of waste generated, and improve the identification of waste management solutions with a focus on potential for material recycling and energy recovery.

The table below shows the Company's waste generation in 2022, and the evolution compared with 2021 and 2020:

	2022	2021	2020
TOTAL WASTE GENERATION *(tons)*	**116,071**	**108,966**	**99,751**
Total non-hazardous waste	**73,459**	**69,073**	**62,941**
Sent to material recycling	34,844	22,916	19,819
Sent to incineration with energy recovery	18,501	11,897	10,051
Sent to incineration without energy recovery	3,641	3,176	2,935
Sent to landfill	16,473	31,084	30,136
Total hazardous waste	**42,612**	**39,893**	**36,810**
Sent to material recycling	8,893	3,599	3,433
Sent to incineration with energy recovery	4,007	3,836	2,630
Sent to incineration without energy recovery	2,277	1,611	1,880
Sent to landfill	27,435	30,847	28,867
WASTE RECOVERY/RECYCLE RATE	**57%**	**39%**	**36%**

Note: 2022 reported waste generation increased by 6.5%, mainly due to the higher production volumes compared to 2021. In 2022, 57% of the Company's total waste has been recycled or recovered, in line with initiatives to continuously increase waste valorization.
2022 waste generation data did not include retail stores and small laboratories due to unavailability of quantitative information. Waste data covers 85% of the Company's headcount excluding Retail network. For more information on the Company's reporting rules, please refer to Section 5.5.

Improving process efficiencies to reduce waste generation

EssilorLuxottica focuses on new industrial solutions to reduce in-house scraps to limit waste and the use of plastic as much as possible. Waste reduction is mainly achieved through a strategy combining improvement of manufacturing yields (quality management, continuous improvement, eco-design, production processes optimization and reusing opportunities) with the promotion of the "4Rs". The 4Rs include researching, reducing the volume of materials used in the various processes (manufacturing, distribution), reusing and recycling raw materials and packaging. To quote a few examples by way of illustration:

- The Slim Fit project for glass sun lenses production aims to decrease input material which, consequently, reduces the waste generation during lenses production process. To achieve this goal, the design for the standard raw blank lenses has been optimized obtaining the same final high-quality crystal lens. This new process avoided more than 2.5 tons of waste in 2022. The roll out of the Slim Fit project in the Group's biggest Rx labs around the world has accelerated in 2022: 356 tons of plastic waste has been avoided by lenses with thinner semi-finished. This is an increase of almost 50% compared to 2021.
- Continuous process optimization has led the Company to scale the compacting of surfacing residues of all substrates. This reduces the weight and volume of waste (less picking rotation, with an impact on CO2), and recycles water. Water is then filtered and reinjected into the prescription laboratory's in-house system, following a circular approach. This technology has been rolled out in five new locations in 2022, making it possible to avoid 600 tons of waste generation.
- For logistic packaging, pilots were implemented in EMEA Retail supply chains for example replacing plastic packaging for cases with paper. In Germany (Apollo), traditional cardboard boxes used in transporting products from logistic centers to stores have been replaced by innovative reusable shipping containers for daily dispatching to over 900 locations. Since the project launch, more than 400 tons of cardboard waste and over 365 tons of CO2-eq have already been saved. This practice has earned the "Blue Angel" award - presented by the German Federal Ministry for the Environment. In 2022, the Company has also started piloting reusing cardboard boxes for customers.

EssilorLuxottica's manufacturing flexibility and improved demand forecasting capabilities are also key in the reduction of waste in its plants. Over the years, it has introduced a retro-planning approach for the creation and launch of each eyewear collection, allowing it to better plan production volumes and thereby to avoid the situation of manufacturing more units than needed. In more recent years, the Company has also invested in the continuous improvement of manufacturing processes in order to further reduce its environmental impact, such as the installation of evaporator systems and wastewater treatment systems.

Increasing recycling opportunities

EssilorLuxottica's circularity goal is to create a circular process that makes it possible to reintroduce waste materials in the production cycle, thereby limiting disposal and reducing plastic waste. The Company is developing projects to initiate new recycling loops for its material waste, such as from frame/lens to frame/lens or packaging. For example, the Company has launched an in-house process in Italy to recycle and compound nylon plastic scraps derived from the injection manufacturing of frames into black raw nylon. Recycled nylon was introduced in 2020 for the Emporio Armani collection "R-EA (Recycled Emporio Armani)", which continued in 2022. The Agordo plant where the internal recycling process takes place received its International Sustainability & Carbon Certification (ISCC) for the Circular Economy covering 2021-2022. The third-party certification ensures, through the mass balance approach, the traceability of the material through all the production phases: from waste collection to the injection molding process. The recycled granule maintains the high standards of quality and performance of the original. Now, Agordo plant is increasing its recycling capacity to scale up volumes. The plant has recycled more than 35 tons of nylon this year. In 2022, the Company worked to extend the ISCC certification scheme to other regions; the Campinas production plant, in Brazil, has obtained the certification in November 2022 and will be able to recycle nylon under the ISCC Plus scheme. Similarly, the next step is to internalize nylon recycling process in Tristar plant in China by 2023.

The Company is also investing in new R&D activities to identify additional recycling opportunities and initiatives to lower input materials. In 2022, EssilorLuxottica was able to reduce waste generated in its Barberini glass production plant, enabling it to recycle over 11 tons of precious glass containing rare-earth elements, thanks to a dedicated line to collect and sort specific waste containing those elements.

EssilorLuxottica's circular economy journey is shared with ecosystem actors to join forces with the goal of limiting plastic waste. EssilorLuxottica signed a partnership agreement with Mazzucchelli to increase processes efficiency and limit environmental footprint. The partnership focuses on opportunities to limit plastic waste, and Mazzucchelli started providing EssilorLuxottica with a low-impact recycled acetate resulting from a recycling technology known as Carbon Renewal Technology (CRT). The high-quality recycled acetate has been used in Chanel, Burberry and Polo Ralph 2022 collections. Recycled content is not the only sustainable feature that acetate can offer, as the Group worked with its supply chain to combine recycled content and renewable sources, obtaining the bio and recycled acetate. EssilorLuxottica and Mazzucchelli have confirmed the ISCC(1) Plus certification for the sustainable acetate. The certification has been recognized thanks to the development of specific internal processes to track recycled materials with end-to-end production processes. The Company is working to extend the certification in other Italian plants and other regions. The end goal is to scale up opportunities to recover generated waste, creating a closed loop toward a circular economy.

(1) The ISCC PLUS is a sustainability certification program for bio-based and circular (recycled) raw materials.

Many other projects are under development to find new possibilities to recover and regenerate obsolete polymeric materials, derived of scraps from manufacturing processes and warehouse stocks.

Advancing wastewater control

The quantity and quality of water discharge are monitored and managed, whenever relevant. EssilorLuxottica has invested in onsite wastewater treatment systems at its facilities, which integrate treatment and recycling of wastewater into a single flow or complete process.

On frames production in Italy, many initiatives have been implemented over the last two years such as a waste water treatment system in Rovereto plant which has been able to reduce the liquid waste generated by barreling and galvanic processes of estimated 2,700 m^3 of waste per year; other important initiatives have been implemented in Agordo plant such as: the installation of an evaporator system with an estimated yearly reduction of 80 tons of waste; a metal tank regeneration project that decreased waste of around 1,000 tanks per year; optimization of the waste water treatment system adding an intermediate tank to improve the saturation of the treatment and consequently decreased the final waste produced.

In addition, suspended material parameters are also monitored within the "Wastewater Model" program, which helps to identify required actions to prevent water discharge incidents outside permitted limits, especially due to reduction of water withdrawal that will consequently increase the concentration of pollutants. It also helps create opportunities for water close-loop water solutions.

To reduce water use and recover the wastewater, onsite closed-circuit water recycling systems are installed for lens generation prescription processes for seven lines in the Company's main lens prescription plant in Italy, reprocessing industrial effluents and extracting high quality water.

Ensuring high product standards

Guaranteeing product safety & quality

For EssilorLuxottica, product safety is an absolute priority and the foundation of any sustainable offering. Its products are the result of continuous investment in research, design and innovation and developed according to high-quality standards with stringent controls on mechanical, chemical and optical characteristics that are equal or superior to industry standards and regulatory requirements in terms of safety, performance and durability.

To guarantee its customers, patients and consumers with maximum product safety and efficiency, EssilorLuxottica performs, with ever increasing effort, all the tests required to ensure compliance with the international regulations concerning chemical substances, medical and consumer products, using both in-house laboratories and third-party certified facilities. Considering the general growing sensibility around animal welfare practices, expressed also in the relative EssilorLuxottica Company Policy, and at the same time the need to test products to ensure skin biocompatibility as required by international medical device regulations, a roadmap has been traced to merge these two needs, that involves the complete elimination of testing on animals for these purposes. In 2022, the Company's central laboratories confirmed their accreditation according to the ISO/IEC 17025 standard for the competence of testing laboratories. During the year, EssilorLuxottica developed and reinforced its internal competence regarding wearable devices regulatory frameworks and compliance aspects, applying shared and common guidelines for the qualification of new products in every region and productive site. In the context of a constantly evolving regulatory world, EssilorLuxottica continues to develop a proactive and synchronized organization that helps anticipate requirements linked to International and European Regulation evolution. As part of the ever-increasing importance of environmental responsibility and sustainability of waste recycling issues, the new European and international guidelines for marking and identifying materials used for packaging are continuously monitored and implemented to indicate to the consumer how to correctly dispose of the packaging waste. Quality systems are in place to meet regulations across the product life cycle. In the medical environment for prescription lenses, the Company is moving toward an adapted quality system. In 2022, EssilorLuxottica extended ISO 13485 certifications for its key lens factories and certified Luxottica group as a legal manufacturer of prescription lenses. It is also developing programs to receive structured feedback from customers and end-consumers to continuously improve their satisfaction.

With 20,930 trademarks, over 12,000 patents and designs owned, intellectual property is one of EssilorLuxottica's most important assets, and ensures the excellence, uniqueness and superiority of its products. It is based on the registration and maintenance of the Company's trademarks and patents across the world. As described in Chapter 1, the protection of intellectual property rights also involves combating counterfeiting. The worldwide proliferation of counterfeiting not only threatens official sales channels and company reputation, but it also poses risks to the health and safety of consumers. Counterfeit products do not ensure the same elevated quality standards as the originals, which are certified for excellence by the most stringent quality tests and the use of highly innovative materials. The Company's authentic products are impossible to process or replicate without the necessary know-how as well as the ongoing innovation used in the production processes. To ensure that consumers are not exposed to counterfeit products, the Company collaborates with local institutions and authorities around the world to intercept counterfeit products and combat the entire illegal production chain as best permitted by law. For greater effectiveness in the battle against counterfeiting and the expansion of parallel markets that divert goods into unauthorized sales channels, EssilorLuxottica has developed GLOW (Guaranteed Luxottica Origin Worldwide). GLOW is a traceability system based on RFID technology that can verify the authenticity of products as well as the suitability of resellers. It is passive and emits no radio waves, making it safe for health. It also does not record personal data, and only delivers information on the products.

Applying responsible marketing practices

EssilorLuxottica is committed to communicating with its customers and consumers in a clear, authentic way about the performance of its products and services in accordance with regulations. This transparency, which reinforces the trust that the Company has built over many years with its customers and consumers, is one of the Company's major intangible assets today.

EssilorLuxottica ensures, from manufacturing to marketing, that its product communication is accurate and complies with applicable regulations in effect, specifically with regards to advertising. This may involve a link with local authorities and/or consumer associations who inquire about specific features and characteristics of the Company's products to confirm that performance and benefits outlined are both genuine and proven.

To maintain the accuracy and consistency of messages, the Company offers training (face-to-face or e-learning) for its salesforce, retailers, licensees and eyecare professionals that focuses on product features, lens and frames design, quality standards and other aspects. It should be noted that due to the diversity of regulations in effect around the world, each of the subsidiaries involved in marketing the Company's products and services may undertake its own monitoring to comply with local laws, standards and voluntary codes in force.

The Company has also implemented a validation process for product marketing statements to ensure that for each of them, appropriate proof exists and performance of the products in the laboratory can be taken into account within its production environment. For example, most prescription products and services are based on wearer tests carried out with representative panels that take real-life and experimental conditions into account. A specific online training for "Responsible Communication" has been offered to the Company's Central Marketing Teams, in order to raise awareness on the communication challenges related to sustainability, diversity and inclusion, and provide tools to empower the marketing community in developing and implementing more responsible communication campaigns.

Working collectively toward a circular economy

With increasing pressure on raw materials, tightening of industry regulations and changing consumer behaviors, EssilorLuxottica is looking to adapt its business models in a radical way. To make the circular economy a priority in its value chains and tackle the most present stakes in the optical industry, EssilorLuxottica is always looking for new and better ways to efficiently use resources and reach its environmental goals. The Company believes collaboration with its stakeholders is key to redesign its products and processes, and develop new business models for more bio-based and recycled content, making it easier to disassemble and reuse materials.

Enabling customers and consumers to extend products life cycle

EssilorLuxottica aims to work on circular services in partnership with its consumers through different phases: firstly, offering a qualitative product, then ensuring proper maintenance, enlarging its life, considering every possible use case and just as final option and managing its end of life.

Regarding proper maintenance, customers can find tips in order to take care of and properly clean eyewear on GrandVision website.

Repair in order to enlarge product life is one of the key focuses for the Company: wholesale and retail and final consumers can order original spare parts to replace damaged ones, and toolkits have been distributed and training sessions have been performed through the Leonardo platform. In 2022, the repair service has been widely activated in different retail banners including Sunglass Hut and LensCrafters in the US and Ray-Ban Stores in Europe.

A good example of the full circular approach is Salmoiraghi & Viganò journey, started back in 2021 with the "Salmoiraghi & Viganò for the planet" manifesto. Thanks to its subscription program, the final consumer can extend frames life with a complete renewal of the frames and brand-new RX lenses.

Another example is Synoptik retail banner, which has launched the "Vision as a Service" spectacle subscription program in Denmark and Sweden. From ownership to usership, the program has attracted a high number of customers. To maximize the product lifetime, returned spectacles are sold as second-hand under the concept PreLoved with discounted pricing, donations to communities, or sent for recycling.

Product transparency throughout the entire value chain, from product creation to end of life management, is the current focus to offer a broader set of reliable information to EssilorLuxottica consumers. The first step was done with the Arnette collection, providing a QR Code on the eyewear packaging that gives direct access to an official brand website page.

Partnering with suppliers to find new materials and solutions

R&D and Engineering teams are always looking to extend their supply sources of secondary or innovative raw materials working with multiple industries, thus reducing the use of virgin or fossil-based materials. Multiple projects are currently developed with suppliers. For example, EssilorLuxottica in partnership with Bureo developed the Costa Del Mar Untangled collection 2.0 with sustainable frames made of 97% to 100% recycled fishing nets. Discarded fishing nets are collected from commercial fishing ports in South America and Bureo is responsible for the recycling of the nets down into a raw material pellet form. The recycled raw material is then used to produce recycled frames by EssilorLuxottica, combining them with mineral glass lenses, avoiding the use of any new plastic materials and providing superior lens clarity and durability.

Joining forces with peers to build circular schemes

EssilorLuxottica internal experts are also engaging with an entire ecosystem (academics, start-ups, etc.) to build innovative solutions that require collaborative actions such as end-of-life management. For example, along with ESSEC Business School, L'Oréal and Bouygues, EssilorLuxottica jointly launched the first international research committee devoted to the circular economy, called the "Global Circular Economy Chair". The aim of the committee is to train future Chief Circular Economy Officers, create global strategies for circular transformation of businesses, and contribute to the emergence of an open and international ecosystem of companies, start-ups, think tanks, academic institutions and government bodies. It also contributes to public debate for the introduction of future regulations in Europe and worldwide as well as focuses on raising awareness on the circular economy and creating concrete case studies while developing fundamental research.

5.2.3 Eyes on World Sight

EssilorLuxottica's Mission is to help people around the world 'see more and be more'. The Mission drives the Group's strategy and is at the heart of its principles and values. It inspires the Group's integrated approach to sustainable development and its ambition to eliminate poor vision in a generation.

The Group outlined a detailed roadmap to achieving this ambition in its 2019 report 'Eliminating Poor Vision in a Generation: What will it take to eliminate uncorrected refractive errors by 2050,' launched alongside the United Nations General Assembly. Despite the ongoing challenges faced by the world due to the Covid-19 pandemic, EssilorLuxottica remains resolute in its commitment to this ambition and the billions of people set to benefit from it.

To help further that commitment, in May 2022 EssilorLuxottica created the OneSight EssilorLuxottica Foundation. This involved consolidating charitable and advocacy organizations supported by EssilorLuxottica, including Essilor Vision Foundation, Vision for Life, the Vision Impact Institute and longstanding partner, OneSight (for which EssilorLuxottica was a founding partner). Headquartered in France with a network of seven regional affiliates, the Foundation aims to eliminate uncorrected poor vision in a generation by creating sustainable access with an innovative approach to impact philanthropy, partnerships and raising awareness.

Today:

- 2 billion people are wearing glasses, and will continue to need eyewear that suits their changing lifestyles and evolving vision needs;
- 2.7 billion people, or one-in-three, suffer from uncorrected poor vision due to lack of awareness and access, 90% of whom live in developing economies at the base of the pyramid[1];
- 6.2 billion people do not protect their eyes from harmful rays (sun, UV, blue light).

By 2050, over 50% of the world's population[2] is expected to suffer from myopia, a figure likely to be reinforced by multiple years of pandemic-related lifestyle changes. For some, myopia can be so progressive and severe it is considered a degenerative condition and can lead to blindness.

The organizations that make up the new OneSight EssilorLuxottica Foundation have created sustainable access[3] to vision care for 585 million people in developing communities at the base of the pyramid by establishing more than 22,800 inclusive businesses or primary vision care entrepreneurs and 222 Sustainable Vision Centers, so far. Training and empowering people to become entrepreneurial primary vision care providers in rural communities creates sustainable access to vision care, and also improves livelihoods and promotes skills development. Through these efforts, more than 58 million people at the base of the pyramid have had their vision corrected and/or protected.

EssilorLuxottica has made good progress in pursuing priorities outlined in its 'Eliminating Poor Vision in a Generation' report, including:

- creating sustainable access points,
- innovating for affordable solutions,
- funding subsidized and free services, and
- raising awareness.

Work in these areas has benefitted not only the Group's efforts, but also that of its partners including like-minded governments, NGOs and other organizations.

These efforts were celebrated around the world with global recognition from Fortune who ranked EssilorLuxottica 6th on the Change the World List, the highest ever ranking received by the Group. Other prestigious awards received by the Group in 2022 include:

- Southeast Asia

Awarded the 'Champion of Good Award' for the third year running, for extraordinary contributions in community impact.

- Africa

Awarded the 'Brandon Hall Group Gold Award' for excellence in social impact innovation for the Eye Rafiki training program.

- China

Awarded '2021 Responsible Brand', by China's Public Welfare Festival, the '2021 Excellent CSR Project' by Century Business Herald, and the '2022 Chief Responsibility Officer' by the Global Responsibility Summit.

(1) Base of the pyramid refers to populations with annual per capita income – based on purchasing power parity in US dollars – of less than US$1,500, the minimum considered necessary to sustain a decent life. Source: Coimbatore Prahalad and Stuart Hart, 'The Fortune at the Bottom of the Pyramid,' Strategy+Business 26 (2002): 54-67, http://dx.doi.org/10.19177/reen.v1e220081-23.
(2) Gretchyn Bailey, Myopia (nearsightedness): causes, treatment, AllAboutVision.com. Page updated July 2020. https://www.allaboutvision.com/conditions/myopia.htm.
(3) Sustainable access is defined as permanent access created for population living within one days travel of a visioncare access point.

Creating sustainable access points

EssilorLuxottica's work to establish sustainable vision care continues to progress, despite Covid-19 presenting ongoing challenges for hosting large-scale interventions in some regions. To date, the Group has created over 22,800 sustainable access points throughout Asia, Africa and Latin America.

The Group continued to expand its network of primary vision care providers across the world to provide vision care where it did not previously exist – training under-and-unemployed youths to become vision care entrepreneurs in India (Eye Mitra Opticians), Bangladesh (Eye Mitro Opticians), Indonesia (Mitro Mata Opticians) and Kenya (Eye Rafiki Opticians); training shop-owners, such as pharmacy operators and grocers, in rural Cambodia to screen for presbyopia and offer reading glasses and sunglasses for sale to their customers; organizing and upskilling informal optical shops in China to offer enhanced screening services and products.

In Bangladesh, the OneSight EssilorLuxottica Foundation, in partnership with the Metlife Foundation, has taken the lead in demonstrating an innovative philanthropic model where two foundations with different development agendas (vision care and financial health) come together to scale and accelerate impact during times of need. The $1 million collaboration adopted a pooled fund approach to fuel the expansion of the Eye Mitra program, which is simultaneously creating sustainable livelihoods and vision care access for rural communities.

The Group also embarked on partnerships in India and Kenya to deploy primary vision care providers in public and private health facilities, enabling these facilities to add vision care to their suite of health services. In India, this program is conducted in collaboration with the government of Odisha and made possible with support from USAID.

After creating access for 100% of the populations in Rwanda, Gambia and nearly all of Zambia, through its network of vision centers in Zambia, the OneSight EssilorLuxottica Foundation opened two permanent vision centers in Malawi, embarking on a similar project to ensure a complete range of vision care services for the full population. Additionally, one new vision center was opened in South Africa at the Dr. Harry Surtie Hospital, providing ongoing access to vision care for over 236,000 people – this is the fourth vision center opened in South Africa to date.

Thanks to a partnership with COFAS Hospitals, a non-profit community hospital network delivering health care in rural and marginalized areas of Mexico, the Group opened its very first vision center in the country this year. Situated in the Alfredo Harp Calderoni Un Kilo de Ayuda Hospital in Temascalcingo, the vision center is equipped with vision screening instruments from EssilorLuxottica and the Group's affordable quality glasses designed especially for underserved communities. It is set to provide access to affordable vision care for 10,000 people living in Temascalcingo and other municipalities nearby per year. The center will focus on nurturing a culture of vision care among the communities it serves through educational campaigns in collaboration with government authorities and other non-profits. It will also collaborate with academic institutions to strengthen the training of optometrists and conduct applied research in the vision space.

After being closed for around three years due to the pandemic, local schools in Himachal Pradesh (India) are being reopened. The OneSight EssilorLuxottica Foundation is partnering with the India Vision Institute to provide eye health services to school children in need. Around 10,000 children studying in government schools will benefit from these vision care services. As myopia is a rising concern, program leaders will also focus on raising awareness and providing solutions for myopia specifically.

Innovating for affordable solutions

EssilorLuxottica's relentless commitment to providing innovation for affordable solutions benefits not only the Group's efforts, but also other public, private and NGO partner programs in their ability to serve communities most in need.

The award-winning ClickCheck™ refraction tool, launched in 2020, has continued to provide a low-cost, portable and easy-to-use solution for determining refractive errors. In September 2022, a peer-reviewed independent clinical study confirmed that EssilorLuxottica's ClickCheck™ enhances the efficiency of primary vision screening services, especially in low and middle income countries where populations do not have easy access to traditional eyecare professionals. Studying 1,100 patients over the course of six months in 2020, the study found that the vision screening tool designed for use in base-of-pyramid (BoP) communities demonstrated high reliability and accuracy in detecting spherical power. This results in the ability to deliver accurate prescriptions on the spot, providing an excellent starting point for subjective refraction.[1]

Work is underway to create a new generation of the ClickCheck™ tool that improves its capabilities by providing a self-contained power source when needed, allowing it to digitize patient results and transmit the data to a companion mobile application.

The Group's Ready2Clip™ range of glasses developed specifically for consumers at the base of the pyramid was put to good use in India's National Truckers Eye Health Program. Run by Sightsavers India, a non-profit vision organization, the program faced a key challenge of truckers of not returning to collect their glasses after being screened. With the Ready2Clip™ range which can be customized, prepared, and collected on the spot, the truckers were able to get their glasses on the same day as being screened, saving them a return trip. The program reported a 55% decrease in the non-collection of glasses. Most of the truckers are satisfied with the quality, design and comfort of the Ready2Clip™ glasses and three-quarters of those who received them use them continuously.

(1) Sanil Joseph, Balagiri Sundar, Vinitha L. Rashme, Soundarya Venkatachalam, Joshua R. (2022), Accuracy of a low-cost, portable, refractive error estimation device: Results of a diagnostic accuracy trial, PLoS Medicine, 03 Aug 2022.

Funding subsidized and free services

EssilorLuxottica and its employees' commitment to providing free and subsidized vision care services to vulnerable populations is stronger than ever. Highlights include:

- In the US, EssilorLuxottica retail brands such as Oakley, LensCrafters, Sunglass Hut, and EyeMed partnered with the OneSight EssilorLuxottica Foundation to support free vision clinics across the country in California, Florida, Georgia, New York and Missouri.
- The Foundation continued its work with the John Fawcett Foundation (JFF) to increase access to eye screenings among underserved populations in villages in Indonesia to correct refractive errors and bring heightened awareness on the importance of vision care in these rural areas.
- In Europe, clinics were held in the UK and France. The UK clinic served asylum seekers in Liverpool and Manchester. In France, a mobile clinic served those in need throughout areas in the vicinity of Paris in partnership with Emmaüs France, Samusocial de Paris and Les Restos du Coeur.
- In partnership with the United Nations Road Safety Fund (UNRSF) in India, the OneSight EssilorLuxottica Foundation is providing free vision screenings and prescription glasses to India's public transit drivers. This program was established in March 2022 and has screened over 50,000 drivers this year since its launch.
- In partnership with The Special Olympics Lions Clubs International Opening Eyes Program, a Foundation affiliate in China supported a vision clinic in Chengdu, providing free eye assessments, prescription eyewear, sunglasses and sports goggles to Special Olympics athletes.

All of these efforts were fueled by the work of thousands of EssilorLuxottica employees volunteering their time and talent.

Raising awareness

EssilorLuxottica continued to support the global day for eye health awareness – World Sight Day. The International Agency for the Prevention of Blindness (IAPB) issues a call to its partners and supporters to help raise awareness for the importance of eye health through vision screenings. Together with its partners and the help of over 900 EssilorLuxottica employee volunteers, the OneSight EssilorLuxottica Foundation touched nearly 400,000 children and adults with vision care services in North America, Europe, Africa, India, Greater China, Southeast Asia and Australia, contributing to IAPB's goal of reaching 5 million people with vision care services around the world. EssilorLuxottica also created an awareness campaign of its own called 'The Right to See' featuring the work of renowned photographer Steve McCurry. The campaign called attention to the importance of vision care for children as they are among the most vulnerable. Lack of access to vision care at a young age can affect the rest of a child's life in terms of reaching their full potential and missing out on crucial learning as they develop. The campaign was supported across EssilorLuxottica's portfolio of brands, business units and global employee network.

The OneSight EssilorLuxottica Foundation is working to forge impactful cross-sector partnerships that enable a more comprehensive approach to making lasting social impact.

Social and economic development

As a global leader, EssilorLuxottica contributes to the social and economic development of the countries where it has a presence. Locally, its manufacturing and distribution activities and retail presence foster local sourcing and business partnerships, create direct and indirect employment, develop local skills and expertise, and generate taxes and duties (see Section 5.2.5).

EssilorLuxottica is driven by a strong sense of responsibility and corporate citizenship, and continues to pursue its commitment toward the local communities and territories where it operates. It supports initiatives that span many areas, such as community outreach programs, cultural heritage preservation and philanthropy. Below are some of its most significant initiatives to promote and protect cultural, social, and environmental heritage:

- Eyes on Art, launched in 2020 during the global pandemic, makes art accessible for people in new and innovative ways by sharing it in all its forms through large urban digital screens in Milan, London and New York. It has key partnerships to showcase innovative digital art projects with the Meet Digital Cultural Center in Milan and the Museum of Contemporary Digital Art (MOCDA) for NFT in London as well as annual partnerships with the art platform CIRCA (London) and Times Square Arts (New York) for the Midnight Moment program.
- Through the Alain Mikli brand, initiatives have been developed to make art accessible to people with visual impairments since 2003 in Paris. In June 2022, Alain Mikli supported the international 'Les Nuits de Fourvières' performing arts festival in Lyon, France, by exhibiting dedicated tactile representations of the ancient Roman theater, part of the UNESCO world heritage.

The Company takes pride in combating social exclusion and helping families and individuals by guaranteeing their livelihoods. This has also increasingly strengthened its bond with the people and territories where it operates. In Italy, for example, a social inclusion project was launched in 2019 for meal delivery service. Over 105,000 meals have been delivered since the start of the project, with an average of over 140 meals per day. This ability to respond to the needs of local communities is a hallmark of EssilorLuxottica's culture of inclusion.

5.2.4 Eyes on Inclusion

EssilorLuxottica's success is deeply intertwined with approximately 190,000 employees worldwide who provide products of high technical and stylistic quality with unparalleled levels of service. This global community embodies a unique expertise and DNA and contributes to the Company's Mission to help people 'see more and be more', providing employees with a unique sense of purpose. This, along with its widespread active employee shareholding and well-being initiatives, are a source of strong employee engagement and sense of belonging.

The Company seeks to develop an environment where everyone can thrive, feel valued and respected and constantly learn. This commitment is embedded alongside a strong culture of health and safety in the workplace and extends to the communities where employees and their families live, eye-care professionals, customers and suppliers. A tangible advancement in this respect is Leonardo, innovative e-learning platform open to the vision care industry that EssilorLuxottica launched in 2021, with the goal of contributing to the growth of the industry through education. As such, the search for excellence in recruitment and the development and well-being of its employees across the world are of strategic importance.

The reason behind all these efforts – described in this Section – is the innate belief that plurality and diversity are sources of enrichment, and a heritage that makes the Company stronger and better able to face global challenges.

The Company's workforce

As of December 31, 2022, EssilorLuxottica Group had 189,788 employees worldwide. Women represented 61% of all Group employees, 41% of the members of the Management Bodies and 33% of Senior Executives.

Total workforce

	2022	2021	2020
TOTAL WORKFORCE	**200,121**	**193,371**	**151,017**
Total number of employees	189,788	182,684	140,429
Total number of agency workers	10,333	10,687	10,588

Note: The figure for EssilorLuxottica workforce refers to December 31, 2022, and includes all newly integrated entities - GrandVision, Walman and Fedon. Overall, in 2022, the total workforce showed a 3.5% increase that reflects the acquisitions of Walman and Fedon, and an increase in manufacturing and retail activities. The total number of temporary/agency workers decreased slightly compared to 2021. For more information on reporting methodology and scope, please refer to Section 5.5.

Workforce breakdown by region

	2022	2021	2020
TOTAL WORKFORCE	**200,121**	**193,371**	**151,017**
EMEA	75,499 (38%)	72,032 (37%)	37,541 (25%)
Asia-Pacific	55,262 (28%)	54,186 (28%)	52,118 (35%)
North America	44,854 (22%)	43,476 (23%)	43,388 (29%)
Latin America	24,506 (12%)	23,677 (12%)	17,970 (12%)

Note: The geographical breakdown of the workforce remained the same as 2021. For more information on reporting methodology, please refer to Section 5.5.

The tables below detail the Company's employees according to gender, contract type, category and age.

Employee breakdown by gender

	2022	2021	2020
TOTAL NUMBER OF EMPLOYEES	**189,788**	**182,684**	**140,429**
Total number of women	115,314 (61%)	110,272 (60%)	80,575 (57%)
Total number of men	74,474 (39%)	72,412 (40%)	59,854 (43%)

Note: At December 31, 2022, women represented 61% of all Group employees, remaining at similar level as 2021. For more information on reporting methodology, please refer to Section 5.5.

Employee breakdown by contract type

	2022	2021	2020
TOTAL NUMBER OF EMPLOYEES	**189,788**	**182,684**	**140,429**
Permanent contract	154,029 (81%)	150,316 (82%)	109,910 (78%)
Fixed term contract	35,759 (19%)	32,368 (18%)	30,519 (22%)

Note: More than 80% of employees held permanent contracts within EssilorLuxottica, remaining at a similar level as 2021.

Employee breakdown by category and by gender

	2022	2021(ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	**189,788**	**143,750**	**140,429**
Executives – Senior management	**2,468 (1.3%)**	**1,813 (1.3%)**	**2,204 (1.6%)**
Women	806 (33%)	512 (28%)	590 (27%)
Men	1,662 (67%)	1,301 (72%)	1,614 (73%)
Managers/Experts – Middle management	**12,547 (6.6%)**	**11,638 (8.1%)**	**10,888 (7.7%)**
Women	5,341 (43%)	4,813 (41%)	4,501 (41%)
Men	7,206 (57%)	6,825 (59%)	6,387 (59%)
Professional – White collars	**39,299 (20.7%)**	**44,776 (31.1%)**	**42,140 (30.0%)**
Women	21,241 (54%)	24,778 (55%)	22,607 (54%)
Men	18,058 (46%)	19,998 (45%)	19,533 (46%)
Production/Shop staff – Blue collars	**135,474 (71.4%)**	**85,523 (59.5%)**	**85,197 (60.7%)**
Women	87,926 (65%)	52,806 (62%)	52,877 (62%)
Men	47,548 (35%)	32,717 (38%)	32,320 (38%)

Note: 2021 employee breakdown by category did not include GrandVision, Walman and Fedon. In 2022, full alignment of definitions and rules of reporting was applied to the whole Group for employee breakdown.

Employee breakdown by age

	2022	2021(ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	**189,788**	**143,750**	**140,429**
Below 18	676 (0.4%)	189 (0.1%)	130 (0.1%)
18-34	86,094 (45.4%)	66,201 (46.0%)	66,212 (47.1%)
35-49	70,305 (37.0%)	53,839 (37.5%)	51,521 (36.7%)
Above 50	32,713 (17.2%)	23,521 (16.4%)	22,566 (16.1%)

Note: As of December 31st, 2022, approximately 45% of the Group employees were below 35, mainly working in the Company's facilities and stores. Overall, 83% of employees were under 50 years old. For more information on reporting methodology and scope, please refer to Section 5.5.

Equal opportunities and people development

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, EssilorLuxottica recruits and engages its employees with long-term perspective in which training, development and equal opportunities for everyone play a core role throughout the employee's career.

Diversity and inclusion

EssilorLuxottica is firmly committed to guaranteeing equal opportunities for every employee at all levels, and paying employees equally for the same work, regardless of race, gender, age, nationality, religion, sexual or political orientation, marital status, union affiliation or disability. The Group does not tolerate any form of discrimination, intimidation or harassment. The Company is firmly committed to building a work culture that is inclusive and nurtures diversity to allow unique perspectives and novel ideas to flourish. Professional roles and promotions are evaluated and assigned based on fairness and meritocracy.

EssilorLuxottica strives to create a community that values all backgrounds, identities and cultures. Operating across more than 150 different countries, the Company's workforce is made up of many different nationalities and languages, with talented people of every race, religion, gender, age and ability. The goal is to make every one of them feel included, appreciated and inspired at work.

In October 2022, as a part of coming together as one organization, the Global DE&I function was created to establish the Company's strategy, commitments and goals for Diversity, Equity and Inclusion. The four pillars of the 2023 Global DE&I strategy will be to Drive Internal & External Awareness by fostering a culture of Inclusivity & belonging, Build & Evolve More Inclusive Processes, Develop Clear Goals by Leveraging Data & Metrics, and Ensuring Diversity of Thought through Ambassadors and Regional Networks. The initiatives will be in partnership with Corporate Social Responsibility, Corporate Communications, Leonardo and all EssilorLuxottica employees. The first initiative from the Global function started in December 2022, with a global Inclusion calendar to activate programming to build awareness and educate employees on the different dimensions of diversity. The first event took place in December for the International Day for Persons with Disabilities. This global event included a conversation with para-athletes Martha Chavez (North America) and Daniele Cassioli (Italy) as they discussed the barriers those with disabilities face, and how they have broken the stigma and created an inclusive community around them. The Company has worked to create an inclusive environment for people with disabilities for a long time in collaboration with local organizations. In France, thanks to the deployment of the Disability policy & program led by 22 'handicap' correspondents, employees with disabilities represent approximately 5% of the employee population.

To cultivate a culture of diversity and inclusion, many initiatives exist in different regions to promote open dialogue among employees and provide an inclusive work environment. For example:

- In North America, EssilorLuxottica continued its journey of building a more diverse and inclusive culture for all employees with the internal Executive DE&I (Diversity, Equity and Inclusion) Council employee-led Think Tank to help drive DE&I strategy and initiatives forward. In 2022, EssilorLuxottica also created six Business Resource Groups (BRGs): EssilorLuxottica Women's Network, Kaleidoscope, Abilities, PRIDE, Generation NEXT, and MIL VETS are available for employees to join and get involved. The BRGs were created to foster allyship and intersectionality. As a part of the North American Inclusion Calendar celebration and commemoration months, EssilorLuxottica led five virtual and in-person events and employee spotlights across 2022 with the partnership and support of the BRGs. In September 2022, a Courageous Conversation event led by EssilorLuxottica BRGs and the DE&I Think Tank, and attended by nearly 400 employees, allowed employees to engage in honest conversations within a safe space. Individual business units also activated initiatives to build upon regional strategy. Sunglass Hut, Oakley, EyeMed, LensCrafters, FGX and Target Optical have created their own D&I councils to further build a more inclusive culture in their brands. EyeMed has created its own employee resource groups to the broader North American BRGs.
- In Europe, a DE&I taskforce was created at GrandVision to promote a more diverse and inclusive culture within the organization, launching several important initiatives like the D&I blueprint, policy and toolkit, Unconscious bias & inclusive leadership training for GVMT and all Managing Directors in Operations, a GrandVision for All Summit, the launch of D&I dedicated intranet page, and inclusivity training for all recruitment community. Additionally, advancements on inclusive customer experience included sensory-friendly shopping hours, pronoun badge, diverse visuals and inclusive store layout. Vision Express in the UK & Ireland established two employee resource groups to support LGBTQIA+ and Women in Leadership, including the option to add pronouns to email signatures and name badges. Pearle participated in the Medical Care Scheme for Asylum Seekers (In Dutch: Regeling Medische zorg asielzoekers - RMA), where asylum seekers and refugees from Ukraine could choose a pair of glasses at Pearle without additional payment. In Germany, Apollo deployed diversity training for recruiters, and certification and collaboration with 'Beyond Gender Agenda', including a rainbow flag in all stores, and signing the Charta der Vielfalt (Chart of Diversity).
- In Greater China, the 'Women Talk' program engaged women professionals from Essilor and Luxottica in various interactive activities to boost cultural blending and enhance mutual understanding of EssilorLuxottica as one Company.

Also in 2022, EssilorLuxottica earned a spot on the Financial Times 'Diversity Leaders list 2023', a nod to the Company's various efforts around diversity and inclusion in recent years. During the year, several employees were recognized for their leadership and contributions. In North America, three female leaders – Sherianne James, Sydney Stinson, and Dr. Millicent Knight – were recognized by Savoy Magazine for being the Most Influential Black Executives. Several women professional s at EssilorLuxottica were also honored among Vision Monday's list of the 'Most Influential Women in Optical.'

Beyond gender equality, EssilorLuxottica's inclusion efforts include equal opportunities for all employees regardless of gender, age, religion, marital status, disability and sexual or political orientation. The Company has a firm commitment to compensating employees equally for the same work, as professional roles and promotions are evaluated and assigned to guarantee a workplace based on fairness and meritocracy. These efforts are complemented by strong support for employee well-being.

Accessible education through Leonardo, the Group's learning platform

Launched in May 2021, Leonardo is EssilorLuxottica's e-learning platform with a community of experts and learners that meet in a digital school environment. It offers easy access to over 7,000 hours of quality education on eyewear collections, lens design and technologies, vision care, practice and people management and sales excellence as well as clinical and scientific evidence-based knowledge.

Leonardo uses a blended approach to education, combining on-demand content with live sessions, to optimize the level of interactivity between learners and experts and help maximize effectiveness and time adapting to everyone's needs.

The platform is designed to support EssilorLuxottica employees and partners, as well as eyecare professionals at every level and every role. Having skilled professionals with always-on access to continuing education and professional development, curated by subject matter experts, aims to help personal development and advance the industry, providing the best in eyecare and eyewear. With a rapidly changing environment and growing macro challenges, a platform where stakeholders can learn how to better respond to those challenges and be ready to seize opportunities is critical for future growth.

Thanks to Leonardo's launch most educational activities have been digitalized, enabling people to learn through their preferred format: interactive lessons, videos, podcasts, readings, and virtual classes. In 2022 Leonardo delivered 2,080,391 hours of education, including 18,019 live sessions with 697,724 participants.

By creating a global and omni-comprehensive community environment, Leonardo wants to boost a sense of belonging setting a foundation for the Group's learning culture where EssilorLuxottica employees and customers can continuously expand their skills, knowledge and mindset.

During 2022 the Leonardo community was enriched to include nearly 43,000 GrandVision employees and 34,000 Essilor only wholesale clients, reaching over 188,000 EssilorLuxottica employees and nearly 302,000 opticians and sales associates from EssilorLuxottica's professional solutions clients worldwide. The process of conveying local learning platforms into Leonardo will be completed by beginning of 2023.

This past year Leonardo had a key role in the deployment of the 'New Ways of Working' project, a cycle of live learning and empowerment sessions, aimed at supporting over 11,000 EssilorLuxottica managers in 65 countries by sharing the most effective approaches to manage their teams in a hybrid work model within an integrated Company. Over 254 hours of learning were delivered on Leonardo through workshops, virtual classes and educational videos. The project will continue in 2023, when Leonardo will also support the Group for its 'weare' initiative deployment, which aims to foster a sense of belonging and allow everyone to feel part of the Group. Leonardo will host the Culture Summit event, followed by a series of courses, open to all EssilorLuxottica employees world-wide.

An additional move made to set the basis of the Group's learning culture and guarantee a common on onboarding experience for each EssilorLuxottica employee was to develop tailored onboarding programs that combine global framework with local needs so that new employees are trained on content right for their roles, locations and retail banners. Since its launch in June, 5,865 people were onboarded.

Based on EssilorLuxottica retail expertise, Leonardo also launched 'The New Hire Programs' in North America and the UK. These specific educational programs support three different staff roles in practices: front desk professionals, eyecare dispensers and practice managers, available both for EssilorLuxottica and wholesale clients store employees. Through these programs Leonardo aims to facilitate new hire onboarding by ensuring they gain basic skills and knowledge to carry out responsibilities that come with the role. In the great resignation era, Leonardo has been valued as a key tool to attract and retain resources. Starting the optician journey with an investment in their education creates immediate engagement and value for the practice and its new hires and helps give the practice a competitive edge.

One of the great added values of Leonardo is its educational offer for products and brands. To keep improving and fulfil learner needs, it introduced 'Latest collections', an interactive online catalogue that provides a comprehensive overview of each single style of EssilorLuxottica eyewear collection, with access to storytelling and inspiration and support for advertising campaigns while learning about the technical details. The 'Latest collections' initiative has been added to the Leonardo digital services offer for both wholesale clients and EssilorLuxottica employees. It also includes 'New to your store', a customized service that provides learning bites on every model shipped to any door, redefining how people learn about single styles and making education more accessible and intuitive.

To strengthen connection with learners and foster a sense of community globally, Leonardo organized global live events open to all EssilorLuxottica employees and partners to celebrate industry renowned international days throughout 2022, marking an exclusive and differentiating service available only on Leonardo. As an example, on the occasion of National Sunglasses Day held June 27, a 'Where fashion meets function' two-day event took place with a deep dive on how EssilorLuxottica works to consistently provide solutions and use this knowledge to improve customer awareness. A second two-day event was organized for World Sight Day on October 13, focusing attention on the global issue of eye health. All Leonardo events are recorded and available on the platform for anyone who missed the live sessions.

Hours of education and number of employees educated

	2022	2021	2020
TOTAL HOURS OF EDUCATION DELIVERED	**3,207,158**	**2,165,534**	**1,444,546**
Centrally managed hours of education	**1,695,558**	**1,309,670**	**655,437**
Locally managed hours of education	**1,511,600**	**855,864**	**789,109**
Executives – Senior management	12,511		
Managers/Experts – Middle management	135,458	293,406	309,435
Professional – White collars	264,638		
Production/Shop staff – Blue Collars	1,098,993	562,458	479,674
NUMBER OF EMPLOYEES EDUCATED THROUGH CENTRALLY MANAGED PROGRAMS	**109,306**	**81,244**	**81,688**
NUMBER OF EMPLOYEES EDUCATED THROUGH LOCALLY MANAGED PROGRAMS	**97,113**	**60,851**	**56,381**
Executives – Senior management	1,257		
Managers/Experts – Middle management	9,178	22,924	22,858
Professional – White collars	19,968		
Production/Shop staff – Blue Collars	66,710	37,927	33,523

Note: In 2022, approximately 3.2 million hours of education were provided to Group's employees, representing an increase of almost 50% compared to 2021, mainly due to the inclusion of GrandVision employees.
Specifically, centrally managed hours of education increased by 29%, primarily due to the progressive integration of GrandVision entities into Leonardo's scope. Excluding GrandVision's impact, centrally managed hours of education increased by 18% thanks to the continuous leverage of Leonardo as the Group's learning platform. In 2022, over 109,000 employees were educated through Leonardo, registering an increase of 35% compared to 2021.
As for locally managed education, a detailed breakdown by job category has been applied in 2022, aligning with employee roles. This breakdown is not available for 2021 and 2020, for which the sum of the three categories is reported and corresponds to the "Other categories" item in the Chapter 5 of the 2021 URD. Even though Covid-19 still affected some markets such as Greater China, 1.5 million hours of education were delivered to more than 97,000 employees including GrandVision ones. The y-o-y 76% increases of locally managed hours of education and 60% increase on employees educated, have been largely affected by the integration of GrandVision entities and by the hours of education dedicated to shop staff members.
For more information on reporting methodology and scope, please refer to Section 5.5.

Talent management

Talent development

For EssilorLuxottica, talent development is a top priority. In 2022, the Company introduced different activities that support growth and career development, such as global and regional mentorship, international job rotation programs, leadership coaching and development, leadership capability assessment tools, and leadership visibility opportunities for high-potential talent.

- Performance reviews: The annual talent process is aimed at supporting employees in seeing the connection between their individual contributions and Company business objectives. By fostering a culture of continuous feedback and effectively mapping organizational strengths and gaps, EssilorLuxottica can synergize talent strategy with business strategy. In 2022, the Company assessed performance for over 65,000 employees worldwide, while working across countries to design an integrated process to assess talent in a consistent way throughout the world.
- Talent reviews: Assessing potential is a key component in viewing talent comprehensively. In 2022, over 15,000 employees were included in the talent review process, an increase of more than 60% from 2021.
- Facilitation and promotion of internal mobility opportunities through global and regional talent programs enables the Company's top talent to unleash their full potential by increasing self-awareness, working on strategic projects within multicultural teams, gaining exposure to senior leaders, and being supported by internal mentors and coaches with targeted and personalized development plans. For instance, FinHance is a global development program aimed at promoting international career opportunities addressed to the most talented people within the Company's global finance community. This three-year program provides the opportunity to rotate across three different functions and be supported by a local buddy, a senior mentor, a community of practice and a dedicated training plan.
- A 'development toolkit' is in place to support the growth of the Company's talent. It includes initiatives such as mentoring, virtual coffee chats with EssilorLuxottica business and operations leaders, peer coaching, and job shadowing. In addition, several regions deployed development activities that target specific market and talent needs. Initiatives such as leadership capability assessments, development programs with top universities, and individual and small group coaching engaged over 5,500 employees in 2022.
- To support team members through the integration in a post-pandemic world, the People Development team, in partnership with Leonardo and multiple prestigious external partners, deployed a dedicated learning path to support the Company's 'New Ways of Working.' This multi-phase rollout included customized paths for various levels of leaders, with over 11,000 employees in-scope worldwide.

Talent attraction

EssilorLuxottica is committed to offering an engaging and motivating workplace where everyone can unleash their full potential and express their unique individuality. The Company achieves this by providing an environment based on trust and respect, and a cooperative leadership style deeply anchored in its Mission. With operations across more than 150 different countries and the ongoing transformation of the Company around the world, attracting diverse talent is strategic for the Company and taps into EssilorLuxottica's employer value proposition.

For this reason, the Company accelerated integration of its talent attraction strategy aimed at communicating the benefit of the combination and creating a cohesive identity for the Group. Several initiatives have been developed at EssilorLuxottica to attract, retain and engage talent.

- While the new career page on the EssilorLuxottica website offers an overview of the main opportunities for each function, the EssilorLuxottica LinkedIn page is aimed at communicating the latest news and career opportunities as one Company.
- The Company is present at international campuses of top-ranking universities and management schools (*e.g.* MIT, Harvard, NYU, Columbia University, HEC, ESSEC, ESADE, Bocconi University, Politecnico di Milano, Fudan, PolyU Hong Kong, etc.) by participating in career events, hosting information sessions and launching real case studies with students. The Company also contributes to emerging talent education by leveraging partnerships, such as CEMS, an alliance of more than 30 business schools worldwide, and student associations, such as AEBG (Alliance of European Business Game) and BEST (Board of European Students of Technology). Finally, 2022 saw the first graduated class from the 'Global Circular Economy Chair' that EssilorLuxottica launched in partnership with ESSEC Business School, L'Oréal and Bouygues to train 120 future circular economy experts by 2025.
- Innovative talent acquisition programs include the Operations Talent Program, which saw the launch of another class of international trainees from STEM fields. This two-year path started from two different locations, Agordo in Italy and Creteil in France.

Employee engagement and culture

Employee well-being and active involvement

Employee well-being is a key value for EssilorLuxottica. As recalled above, the Company continued to introduce new ways of working. As part of this effort, a dedicated learning path provided managers with the tools and support they need to lead their teams effectively into the future, set goals driven by results, simplify their day-to-day work organization and enhance their work-life balance.

In addition, the Company further advanced the unification and harmonization of its already existing welfare initiatives into the OneWelfare program to continuously support employee work-life balance. From mapping all welfare initiatives deployed in 61 countries to the definition of a common standard, in line with the Company's culture of well-being, an example was the launch of the first EssilorLuxottica Summer Camp in Bibione (Venice), a dedicated international summer program for children of the Group's employees aged 9 to 17, who enjoyed a week of outdoor activities together.

Also, the global 'Heroes Together' community was extended to Italian employees to join a new international challenge aimed at supporting OneSight EssilorLuxottica Foundation clinics, backing colleagues who took part in EssilorLuxottica volunteer programs. Designed for all fitness levels, Heroes Together is a digital sports and wellness app that helps employees stay in shape and build team spirit by connecting colleagues across the world in a fun and motivational way.

Overall, in 2022 more than 5,000 employees registered for physical activities, personal well-being tips, team building initiatives and challenges through the program.

As explained in Section 5.2.3., the Company encourages employees to get involved with the OneSight EssilorLuxottica Foundation's activities around the globe. From taking part in a vision clinic to participating in activities to support the advancement of eye health in honor of World Sight Day, employees can actively contribute to the Company's ambition to help eliminate uncorrected poor vision in a generation.

Throughout 2022, more than 1,400 employees volunteered at OneSight EssilorLuxottica Foundation free clinics; in 12 countries eligible due to Covid, hundreds of people benefited from this employee engagement. An additional 900 employee volunteers supported Foundation activities for World Sight Day, providing nearly 400,000 children and adults with vision care services in North America, Europe, Africa, India, Greater China, Southeast Asia and Australia.

Finally, in the last part of the year, EssilorLuxottica launched the 'weare:' project to identify and consolidate one company culture to enhance people engagement and elevate the Company's mission and business strategy. The Group is doing this through a co-creation and bottom-up based approach at both local and global levels, leveraging its heritage and strengths, identifying a framework of values that will define the Company's culture.

Employee shareholding

A pillar of EssilorLuxottica's culture and a key milestone in building a common identity as a truly united Group, employee shareholding reinforces employee sense of commitment and engagement to the Company's Mission and strategy, fostering responsible and ethical business behaviors. It also aligns their long-term interests with those of the Group and of other shareholders and provides them with an opportunity to participate in the value creation and success of the Company.

Following another successful Boost 2022 international shareholding campaign, the total number of active employee shareholders in the Group has reached new heights with a total of 72,000 people in 85 countries now holding a financial stake in EssilorLuxottica. This figure has steadily increased from approximately 67,000 in 2021 and 63,000 in 2020. In addition, around 14,000 employee retirees are also shareholders, showing their engagement and confidence in the Company. Also on the rise, approximately 30,000 employees, former employees and retirees are members of Valoptec, the independent employee shareholder association that supports EssilorLuxottica's values as well as contributes to its governance.

Health and safety

For EssilorLuxottica, guaranteeing and protecting employee health and safety is a top priority, and a common principle that will continue guiding daily operations. EssilorLuxottica has adopted all necessary measures, consistent with international standards and the target for reducing work-related accidents to a minimum.

As such, over the course of the past few years, several production and logistics sites and prescription labs have obtained the ISO 45001:2018 Occupational Health and Safety Management certification, which provides a framework to identify and improve employee safety while preventing workplace risks. For 2022, 28 mass production plants, 12 lens laboratories, two logistic centers and one corporate office were certified ISO 45001:2018.

The EHS policies of the Company are also shared and implemented to minimize health and safety risks for employees, customers and local communities.

During 2022, Benchmark ESG™ | Gensuite® software, already in use in Essilor offices, was extended to Luxottica sites. This allows the Group to have a single database for the collection and management of key EHS data and KPIs related to safety and sustainability.

The Company's journey toward zero work-related accidents

EssilorLuxottica is committed to achieving zero work-related accidents through the implementation of strong health and safety programs that focus on identifying and preventing employee risks in the workplace. To achieve this, the Group has designed policies, action plans, procedures and on-site audits aimed at reducing the frequency and severity of accidents.

Meanwhile, the Group continues to expand and deploy safety guidelines and programs, such as road safety, automation at the workplace and Behavior Based Safety (BBS) across the Group. In addition, health and safety requirements, such as safe machines and processes, ergonomic workstations and chemicals management, are part of the innovation process to prevent accident risks at an early stage.

Additionally, dedicated training programs have been essential in achieving the zero-work related accidents target to develop a culture of accident prevention at its production and logistics sites. This includes Safety Corners, which are designated locations for posting information on health and safety matters and reporting unsafe or risky situations for workers.

The Company takes all work-related injuries seriously. Information on work-related injuries are shown in the table below:

	2022	2021	2020
TOTAL NUMBER OF WORK-RELATED INJURIES	**527**	**557**	**603**
Total number of work-related injuries with absence	**320**	**322**	**300**
Employees	284	298	282
Agency workers	36	24	18
Total number of work-related injuries without absence	**207**	**235**	**303**
Employees	202	231	279
Agency workers	5	4	24
NUMBER OF LOST DAYS DUE TO WORK-RELATED INJURIES WITH ABSENCE	**8,403**	**10,560**	**9,689**
Employees	7,778	10,171	9,241
Agency workers	625	389	448
TOTAL NUMBER OF CASES OF OCCUPATIONAL ILLNESSES WITH ABSENCE	**20**	**33**	**-**
Employees	19	33	-
Agency workers	1	0	-
NUMBER OF LOST DAYS DUE TO OCCUPATIONAL ILLNESS	**1,308**	**979**	**-**
Employees	1,307	979	-
Agency workers	1	0	-
FREQUENCY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	**1.6**	**1.7**	**1.5**
Employees	1.5	1.7	1.5
Agency workers	2.1	1.6	1.3
SEVERITY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	**0.04**	**0.06**	**0.05**
Employees	0.04	0.06	0.05
Agency workers	0.04	0.03	0.03
TOTAL RECORDABLE INCIDENT RATE	**2.6**	**2.9**	**3.1**
Employees	2.7	3.0	3.1
Agency workers	2.4	1.8	3.1

Note: To better illustrate the Company's performance of work-related injuries for its workforce, all work-related injury information is disclosed for employees and agency workers separately.
Work-related injuries information covers 53% of the Company's total headcount and focuses on the manufacturing, lens laboratories and distribution sites, as a result of the health & safety policy and management systems that have been implemented over the years across the Operations. Starting from 2022, GrandVision is included in the health & safety reporting.
527 work-related injuries were reported in 2022, with a slight decrease of 5% compared to 2021. As a consequence, the total recordable incident rate continues to decrease for the third year in a row. And both the frequency rate and severity rate for work-related injuries with absence have decreased compared to 2021. The number of lost days due to occupational illness has increased compared to 2021, mainly related to certain cases with relative high number of lost days (above 90 days).
For more information on the calculation method of frequency rate, severity rate and recordable incident rate of work-related injuries and occupational illnesses, as well as the reporting scope, please refer to Section 5.5.

5.2.5 Eyes on Ethics

Having a direct relationship with customers and consumers around the world, EssilorLuxottica has a responsibility to lead by example. The Group bases its success on the proper consideration of local impacts, dialogue with stakeholders and the creation of shared value with partners, suppliers, governments and local communities. The establishment of EssilorLuxottica sites provides access to meaningful jobs in a buoyant sector and generates significant direct and indirect income. The Company's Code of Ethics is the foundation of all business relations and applies to all its stakeholders everywhere and in every circumstance, making it a solid base for fair and honest collaboration. More specifically, EssilorLuxottica maintains a very high level of vigilance and proactivity, with action plans, in three main areas, described below: responsible sourcing, human rights, and business ethics, including programs on anti-bribery and corruption, privacy compliance and trade compliance.

Responsible Sourcing

For EssilorLuxottica, supply chain efficiency is fundamental to guarantee high quality of its products and services, and contributes to maintaining and enhancing the Company's reputation. EssilorLuxottica's responsible sourcing approach is rooted in the principles stated in the Company's Code of Ethics and respect of international regulations and local laws, including the International Labor Organization (ILO) Conventions, United Nations Global Compact Principles and specific selected criteria, such as SA8000 certification.

In 2022 the Group continued to extend leverage for responsible sourcing standards and initiatives, and has unified into one unique EssilorLuxottica responsible sourcing program, including the following key dimensions:

- ensuring suppliers acknowledge and respect the Code of Ethics, specific supplier charter and legal compliance on topics such as human rights and labor standards, environment, health and safety;
- evaluating supplier's environmental and social performance;
- engaging suppliers on initiatives that will have a positive impact on people and the environment;
- training buyers and suppliers on sustainability principles and practices.

The implementation of various parts of the responsible sourcing initiatives is guaranteed by a dedicated team within the Company's procurement department.

Given its inter-departmental nature, the program brings together representatives of the Procurement, Internal Audit, Manufacturing, Quality, CSR, Risk Management, Asset Protection and Compliance departments, which jointly review the status of the program and discusses further steps to take.

Performance assessment

Supplier risk assessment and on-site audits are at the core of EssilorLuxottica's responsible sourcing program. To ensure this, qualified third parties (*e.g.* Intertek, BSI, Ecovadis) support supplier compliance with the Company's ethical working principles as well as environmental and social responsibilities. This approach aims to prevent the risk of serious cases of non-compliance with sensitive topics, including child labor and use of forced labor and corruption, when selecting and monitoring suppliers.

For supplier risk assessment, EssilorLuxottica is partnering with well-recognized sustainability ratings provider Ecovadis that assesses the social responsibilities of suppliers in four axes: Environmental, Ethics, Labor & Human Rights, and Sustainable Procurement. For suppliers with low and unsatisfactory performance ratings, a third-party on-site audit can be conducted, followed by a possible request to implement a corrective action plan.

For the top 500 suppliers covering over 70% of total spend, 105 assessments have been carried out since 2019.

For supplier onsite audits, EssilorLuxottica is supported by third-party auditors (*e.g.* Intertek, BSI) in charge of monitoring supplier compliance with the Company's standards and principles as well as to implement corrective actions in the event of non-compliance with the company's Code of Ethics and/or local regulations, specifically targeting suppliers of Apparel Footwear and Accessories (AFA), direct materials, and third party finished products.

The Company requests suppliers to close all issues raised during the audit by an agreed deadline after the audit to make sure that necessary remediations are put in place, giving priority to zero tolerance and non-compliances with local laws, international frameworks (e.g. ILO Conventions), and minimum recognized management practices (e.g. ISO standards). Suppliers who do not meet the Company's requirements after a social and environmental audit, who refuse to implement the necessary corrective actions, or show no improvement and repeated issues across multiple audits could be evaluated for business interruption or reduction. This mechanism is in place to guarantee appropriate monitoring of high-risk suppliers, ending with the definition of rules for re-auditing or re-qualification, as well as follow-up in short terms in case of audit failure and a two to three-year time frame in case of audit pass.

As detailed below, 70 current and potential suppliers were subject to audits in 2022, and major instances of non-compliance related to critical non-conformities were identified for nine suppliers. The split of audits was the following:

- 15 follow-up audits due to unsatisfactory results of an audit from the previous year; and
- 55 maintenance audits, to continue to be qualified as the Company's suppliers.

The audit process with a dedicated focus on AFA suppliers continued in 2022, with 50 audits on production plants of suppliers located in Asia-Pacific, Latin America and Europe. Eight instances of non-compliance of critical non-conformities were identified.

Engagement and training

To support and strengthen the responsible sourcing program and ensure alignment with the Company's standards, EssilorLuxottica has in place training and awareness initiatives targeting suppliers and the procurement community.

In 2022, a new training initiative was launched with the focus on AFA vendors located in Bangladesh.

Moving forward, EssilorLuxottica will continue building its global program to further align and strengthen the organization and management of responsible sourcing.

EssilorLuxottica Human Rights Vigilance Plan

This Section aims to present EssilorLuxottica's approach to meeting the requirements of French Law No. 2017-399 on the duty of care for parent companies and subcontracting companies. This Vigilance Plan covers the scope of EssilorLuxottica represented by its subsidiaries, within the scope of financial consolidation.

EssilorLuxottica attaches particular importance to identifying risks and preventing serious breaches of human rights and fundamental freedoms, health and safety at work (these are referred to below as "human rights"), as well as the environment. These risks can arise as a result of its activities, those of its subsidiaries or those of its suppliers and subcontractors, regardless of their position in the value chain. Identifying those risks entails a commitment to make every reasonable effort and undertake the necessary measures to guarantee compliance. Actual or potential violations to the duty of vigilance can be reported through the Group alert system.

As EssilorLuxottica has a long history of responsibility toward its stakeholders, the requirements of the duty of care legislation have been undertaken to progressively clarify and strengthen existing frameworks and will also be used to mainstream human rights into the Company's corporate policies, procedures and training modules as they are issued. The Group also harmonizes and updates its policies when it is necessary to take into account new regulations.

EssilorLuxottica hereby reports on the progress of the operational implementation of its commitment and vigilance approach for each of the corresponding key themes, and according to any changes in its activities and structure. For the sole purposes of clarity and readability of this Vigilance Plan, if necessary, readers will be referred back to Sections of this Non-Financial Performance Disclosure for further details.

Company commitment to promote human rights and protect the environment across the whole value chain

EssilorLuxottica is built upon two centuries of innovation and human endeavor. The Company places particular importance on respect for human rights and the environment, along with the applicable laws and regulations (*e.g.* the United Kingdom "Modern Slavery Act" and the French "Duty of Care" law) and international standards such as the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. EssilorLuxottica is committed to respecting and promoting human rights across its entire value chain. The Company abides by the International Labor Organization (ILO) Conventions and the ten principles of the United Nations Global Compact relating to human rights, labor law, the environment and the fight against corruption. This commitment is deeply intertwined with the Company's Mission, and was strengthened in recent years in the context of growth and expansion in new countries.

Generally speaking, EssilorLuxottica aims to ensure that its activities comply with the International Bill of Human Rights and the principles of fundamental rights set out in the Declaration on Fundamental Principles and Rights at Work of the ILO. In all its businesses and across its supply chain, the Company has a duty to ensure that international standards and local employment laws are always adhered to and that undeclared work, child labor, forced work and any other inappropriate employment conditions are prevented.

In addition, EssilorLuxottica is committed to ensuring healthy and safe working conditions, protecting both its people and the environment in all of its locations. The Company is committed to complying with all applicable legislation and regulations and aims to continuously improve health and safety policies and procedures across countries through information and training and by fostering responsible behaviors of all workers through the application of Company-wide safety procedures and vigilant preventive actions.

Furthermore, to reduce its environmental risks and impacts and to have a process framework that guarantees regulatory compliance and to meet stakeholder expectations, EssilorLuxottica applies environmental best practices that conform to ISO 14001 certification and facilitates management of the related impacts.

However, the Company operates in geographic regions where the application of legislation in relation to human rights and the environment may be limited or fall below international standards. In such situations, EssilorLuxottica strives to perform its activities in accordance with international standards for the protection of human rights and the environment, and to implement actions designed to prevent any negative consequences in these areas, and remedy them should they occur.

Consequently, suppliers support the Company's commitment to ensure respect for human rights. EssilorLuxottica seeks to work with suppliers whose operational practices comply with applicable laws and regulations and, more generally, that protect the dignity of human beings, the health and safety of workers and the environment at large.

This approach led to the publication of the first EssilorLuxottica Code of Ethics. In addition, EssilorLuxottica has implemented an Anti-Bribery & Corruption compliance program that provides more details regarding ethical business conduct and compliance.

EssilorLuxottica is committed to making continuous progress, and is aware that its human rights and environmental approach requires monitoring, review and regular improvement to ensure continued identification of associated risks, update of policies and internal procedures, making of commitments and implementations of actions "on the ground" to mitigate risks all along its value chain as described in the Responsible Sourcing Section. This allows the Company to further prevent serious breaches and take corrective action where applicable, then remain vigilant about the consequences of its activities.

Organization and steering

EssilorLuxottica's commitment to human rights and fundamental freedoms, health, safety and the environment is supported at the highest levels of the Company by the Board of Directors.

In particular, the CSR Committee has been updated on specific topics including the CSR risk assessment and the management of sustainability issues. The CSR Committee also coordinates its works with the Audit and Risk Committee for all matters related to the CSR Committee's areas of intervention. For more details on EssilorLuxottica's CSR Committee, see Section 5.1.3 and Chapter 3 of this Universal Registration Document.

Operationally, the CSR department of EssilorLuxottica coordinates the deployment of the Eyes on The Planet program and oversees cross-functional issues including human rights. This is intended to support operational functions (mainly HR, EHS, Risk Management, Compliance and Procurement) at a regional or local level in applying the Company's policies and implementing reasonable vigilance measures.

In addition, the global Environment, Health and Safety department of EssilorLuxottica is responsible for the deployment of the environmental management systems aimed at reducing each company's environmental impact and ensuring the health and safety of all employees. This department relies on a network of correspondents present locally on production and distribution sites to oversee the operation of environment, health and safety management.

For EssilorLuxottica, supply chain efficiency is key to be able to guarantee the highest quality of its products and services, which contribute to maintaining and enhancing its reputation. The Company has defined standards of ethics, labor, health, safety and the environment and requests all of its suppliers to adhere to these (see "Responsible Sourcing" Section).

Lastly, EssilorLuxottica aims to further involve its stakeholders and go beyond the actions already undertaken. This is evident from its regular discussions with representatives from civil society, its support of NGOs and its participation in roundtable discussions. For example, the Company is a member of the French association *Entreprises pour les Droits de l'Homme – EDH* (Companies for Human Rights), which aims to help international companies promote and improve the integration of human rights into business practices.

Risk mapping

EssilorLuxottica carries out its activities in more than 150 countries in varied economic and sociocultural contexts, which may present risks relating to human rights and the environment. Identifying, assessing and managing these risks is an integral part of EssilorLuxottica's corporate culture and is strengthened over time.

EssilorLuxottica assesses its risk exposure through the Group risk assessment process (see Section 1.6 of this Universal Registration Document), which incorporates the identification and evaluation of CSR risks such as health, safety and working conditions (see Section 5.1.4), and through specific programs that apply to both manufacturing sites and suppliers globally (see above under "Responsible Sourcing").

Risk prevention and mitigation measures

Risk mapping has helped to raise awareness among operational teams and prioritize action plans at both the corporate and regional levels. For each main risk family, the functions involved coordinate the most appropriate approach in a continuous improvement process. Regarding Tier 1 suppliers and subcontractors, EssilorLuxottica relies on the standards and programs described in the Responsible Sourcing Section.

For more details on the measures of prevention, mitigation and/or remediation implemented, as well as on progress made in 2022, please refer, for clarity and readability purposes only, to the following sections:

Risk family	Sections
Challenges relating to human rights and fundamental freedoms	Equal opportunities and people development Employee shareholding Responsible Sourcing
Challenges relating to the health and safety of individuals	Health and safety Responsible Sourcing
Environmental challenges	Water management Waste management Responsible Sourcing

Furthermore, regular awareness-raising and training initiatives delivered to employees on human rights and compliance-related topics ("Business and Human Rights", Code of Ethics, GDPR, health and safety policies etc.) are organized *via* dedicated e-learning modules and face-to-face training. For example, more than 2,400 employees at EssilorLuxottica have followed e-learning modules on "Business and Human Rights". Many training courses were also delivered on key aspects of environmental management.

In 2022, 17 audits were performed either by an external specialized company or by the Internal Audit Department covering around 11% of EssilorLuxottica's global headcount. Results and key findings of these audits are shared with function leaders and contribute to adapting Group and local roadmaps. In 2023, EssilorLuxottica will continue to carry out audits on human rights topics (including health, safety and working conditions) across its entities having been identified as most at risk and so as to include the largest number of Company employees.

Regular assessment of subsidiaries, suppliers and subcontractors

The risk assessments as presented above are regularly updated following monitoring work carried out by third-party organizations specialized in human rights, internal audit reports, and/or audits conducted with Tier 1 suppliers and subcontractors. The development of new activities, the establishment of plants in new countries, or the referencing of suppliers and subcontractors are also factors that contribute to the update of the risk mapping. Furthermore, all subsidiaries directly or indirectly controlled by the Company are required to report annually on key indicators related to human rights and the environment, and associated risks are monitored (see Section 5.1.5).

Alert system & reporting

EssilorLuxottica encourages employees and other stakeholders to internally report suspected wrongdoings as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that confidentiality will be respected.

EssilorLuxottica has broadly defined the suspected violations that can be reported, which include violation of anti-bribery and corruption, human rights, labor laws (including discrimination and harassment), health and safety, fraud violation of the duty of vigilance as well as several other matters as required by applicable laws.

Various channels are made available to employees and other stakeholders so they can report breaches or attempts to conceal breaches relating to these matters, whether they occurred or alleged.

EssilorLuxottica strives to create a safe environment for employees and other stakeholders who should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.

EssilorLuxottica protects the confidentiality of the reporters and applies a strict non-retaliation policy. In 2023, EssilorLuxottica will deploy a new and integrated internal alert system within the whole Group. Employees and other stakeholders will be able to use various report channels; the main channel being the online alert system and associated phone lines in jurisdictions where they are made available. A new reporting policy is also being implemented throughout the Group. Related communication campaigns and training actions will take place in 2023 to accompany the rollout.

Monitoring system

In addition to the assessment and monitoring mechanisms (audits, reports, participation in regional and local committees, etc.) outlined above, EssilorLuxottica has developed an initial set of performance indicators related to human rights and the environment, inspired by those of the Global Reporting Initiative (GRI), which are published each year in the Universal Registration Document.

By monitoring these indicators, EssilorLuxottica evaluates the effectiveness of the initiatives implemented to prevent related risks. Below is a summary of key indicators:

Theme	KPI	2022	2021	2020
Challenges relating to human rights and fundamental freedoms	Number of employees and agency workers below age 16	0	0	5
	Number of active employees having completed "Code of Ethics" trainings at EssilorLuxottica	17,554	8,879[1]	-
	Number of active EssilorLuxottica employees having completed "Business and Human Rights" training	2,480	895[1]	-
	Percentage of AFA spending covered by on-site audits	66%	-	-
	Number of Top 500 Suppliers covered by a CSR assessment since 2019 and/or an onsite audit in 2022	143	-	-
Environmental challenges	Number of chemical spills	0	2	1
Challenges relating to the health and safety of individuals	Number of work-related fatalities - employees and agency workers	0	0	0
	Frequency rate of work-related injuries with absence - employees and agency workers	1.6	1.7	1.5
	Severity rate of work-related injuries with absence - employees and agency workers	0.04	0.06	0.05
	Total recordable incident rate - employees and agency workers	2.6	2.9	3.1

(1) The 2021 data has been restated to reflect only active employees as of December 31st of the reporting year who were trained on the "Code of Ethics" / "Business and Human Rights".

Business ethics

EssilorLuxottica's commitment to acting in a responsible and ethical manner goes hand-in-hand with a strong duty to combat all forms of corruption and fraud in all the countries where the Company operates. Employees are called upon to act with integrity and professionalism inside and outside of work, following not only the laws and regulations of the regions where they operate, but also the high standards of conduct that the Company has developed over the years and that comprise the EssilorLuxottica Code of Ethics.

Risks, such as tax evasion and money laundering, as well as associated fraudulent activities, are the subject of special attention for the Company (see Chapter 1 of this Universal Registration Document). As an industry leader, EssilorLuxottica is highly vigilant about its compliance with competition rules; it pays particular attention to the prevention of conflicts of interest. EssilorLuxottica strongly condemns the practices mentioned above and has consequently put in place procedures to prevent the risk of occurrence.

As part of this approach, the EssilorLuxottica Code of Ethics defines the principles that apply to all EssilorLuxottica employees, contractors, vendors and suppliers, and represents a minimum set of standards that cannot be compromised. Consequently, the Company's business practices are based on transparency, integrity and respect of the standards defined within the Code of Ethics, and in accordance with international frameworks, such as the United Nations Global Compact. In line with its Code of Ethics, EssilorLuxottica promotes its Anti-Bribery & Corruption Program, and supports all actions aimed at reinforcing standards and principles that guide the behavior of all its employees and third-parties.

EssilorLuxottica's global dimension requires the constant alignment of the Company's processes, procedures, conduct and activities with regulatory frameworks and the Code of Ethics. Operationally, the Compliance department of EssilorLuxottica has the responsibility to prevent, identify and manage risks connected with business ethics, in accordance with the law as well as applicable local and international regulations (see Chapter 1 of this Universal Registration Document).

Prevention of corruption

The Group has established a global anti-bribery and corruption program, which applies globally and provides specific rules for preventing, detecting and managing corruption risks related directly or indirectly to the Group.

The Compliance department of EssilorLuxottica is responsible for overseeing the definition of guidelines and rules of conduct to prevent, identify and manage risks connected with bribery and corruption in the Company's businesses, in accordance with the law as well as applicable local and international regulations. These include the United Nations Convention against corruption (UNAC) of 2005, the US Foreign Corrupt Practices Act of 1977, the Italian legislative decree 231 of 2001 on corporate criminal liability and the French "Sapin 2" law of 2016.

This commitment is outlined in both the Code of Ethics and the Group's internal Anti-Bribery & Corruption Principles and Guidelines Policy (internal code of conduct), and is further strengthened by the adoption of policies and procedures at local level that regulate the areas that could possibly be exposed to corruption crimes.

In 2022, EssilorLuxottica conducted an update of its global corruption risk assessment and issued an integrated corruption risk cartography, in accordance with the French law on transparency, fight against corruption and modernization of the economy (Sapin II). This risk map assesses and rates inherent and net corruption risks, based on relevant risk scenarios for the integrated Group.

For EssilorLuxottica, risk assessment is an essential tool that helps determine priority actions in this area. This risk assessment has permitted to harmonize EssilorLuxottica's internal prevention procedures and was used as a basis to draft a new anti-bribery and corruption policy and implement related trainings.

Data protection

With the impact of digital technology on EssilorLuxottica's business (*e.g.* connected objects, machine learning, artificial intelligence), as well as intragroup flows of personal data, a growing presence in e-commerce and in more than 13,300 corporate stores around the world, data protection remains a key topic for the Company.

For the personal data of its employees or its customers, EssilorLuxottica is committed to complying with the increasing number of applicable regulations across the world, including the General Data Protection Regulation (GDPR and other local legislations) in Europe, the California Consumer Privacy Act (CCPA) in the United States and its updates, and the *Lei Geral de Proteção de Dados Pessoais* (General Data Privacy Law - LGPD) in Brazil, as well as specific regulations such as The Health Insurance Portability and Accountability Act (HIPAA – privacy aspects) in the United States.

EssilorLuxottica is taking appropriate steps to comply with new regulations coming up in 2023, notably in the United States and Canada.

This helps ensure that stakeholder data that EssilorLuxottica is entrusted with will be securely processed at every stage of their relationship with the Company.

EssilorLuxottica monitors the development and continuous evolution of privacy regulations all over the world to comply with existing and upcoming regulations (*i.e.* United States new state regulations, People's Republic of China, Australia, Singapore, South Africa, Malaysia, Canada, etc.).

EssilorLuxottica's Compliance department has created a Privacy Office and appointed Data Protection Officers who inter alia oversee the relationship with data protection authorities. It has developed a privacy compliance program aimed at the protection of personal data processed by the Group or its suppliers and subcontractors in accordance with applicable regulations. This includes the definition of privacy policies and procedures (*e.g.* privacy statement, privacy notices, data protection policy data breach policy, cookies banners, data protection impact assessments, etc.), deployment of training and awareness programs to enhance the privacy culture of Group employees and support to business teams across the world to ensure they include privacy by design and default when implementing new projects. The Compliance department also supports business to establish response systems to information requests from data subjects, and in preventing and reacting to possible data breaches. Finally, with the support of the Internal Audit department, the Compliance department also regularly controls that data protection is accordingly considered and properly addressed and participates in the development of the remediation actions plans based on data protection laws and policies.

Competition law

As a major player in its market, EssilorLuxottica is committed to complying with the rules of competition law within its business practices. The Company has a formal Competition Law Compliance Program and has implemented a Competition program that defines principles of conduct in the management of business practices and includes specific training activities (see Chapter 1 of this Universal Registration Document).

Proscribing tax evasion

Under the responsibility of EssilorLuxottica's Chief Financial Officer, the Group's tax department is in charge of monitoring and ensuring compliance with applicable tax laws and regulations, consistent with the values of honesty and fairness in EssilorLuxottica's Code of Ethics. It commits local subsidiaries to endorse a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which it operates. It also guides subsidiaries on tax matters, provides guidance on the correct transfer pricing approach, defines Group tax policies and suggests adequate tax solutions for the Group's business requirements (see Chapter 1 of this Universal Registration Document).

Trade compliance

The information related to trade compliance is mentioned in Chapter 1.

5.3 EU Taxonomy Disclosure

Context of EU Taxonomy

The EU Taxonomy Regulation is part of the European Commission's overall efforts to reach objectives for the European Green Deal and make Europe climate-neutral by 2050.

Published on June 22, 2020 in the Official Journal of the European Union and entered into force on July 12, 2020, Regulation (EU) no. 2020/852 – EU Taxonomy Regulation (hereinafter also referred to as the 'Taxonomy' or 'Regulation') provides a classification system for defining economic activities that can be considered environmentally sustainable, with the objective of supporting investment flows into a more sustainable economy.

According to the Regulation, to be eligible or qualify as a sustainable activity, an economic activity needs to be listed in the Delegated Act of the Regulation, contributing to at least one of the below six environmental objectives defined by the Art. 9 of the Regulation itself:

- climate change mitigation;
- climate change adaptation;
- use and protection of water and marine resources;
- transition to a circular economy;
- prevention and reduction of pollution;
- protection and restoration of biodiversity and ecosystems.

To ascertain if an eligible activity is Taxonomy-aligned, the following Technical Screening Criteria have to be met:

- Compliance with the substantial contribution criteria to one environmental objective with reference to each economic activity identified;
- Do No Significant Harm (DNSH), i.e. avoiding negative effects on the other environmental objectives;
- Respect minimum safeguards (MS), recognizing the importance of human rights and labor standards.

The Regulation defines turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated to the Taxonomy-eligible and aligned activities as the Taxonomy KPIs that must be reported on.

Following the formal adoption of the Article 3 of the Regulation for the 2022 reporting year shall be considered Taxonomy eligibility and in alignment with reference to the first two environmental objectives that have been formally adopted so far (ref. Climate Delegated Act - Annex I and Annex II): climate change mitigation and climate change adaptation.

It is worth remembering that for the first two objectives (climate change mitigation and adaptation), the European Commission has prioritized sectors that make a major contribution to greenhouse gas emissions across the European Union.

EssilorLuxottica's analysis

With its vertically integrated business model covering the design, manufacture and distribution of ophtalmic lenses, frames and sunglasses (see Section 5.1), EssilorLuxottica, considers its core economic activities as not 'eligible' and consequently as not 'aligned', as they are not included in the Climate Delegated Act. Consequently, for 2022, the Group did not generate any turnover aligned with the EU Taxonomy Regulation.

Nevertheless as an industry leader committed to sustainability, in 2021 EssilorLuxottica launched an integrated and far-sighted sustainability program called 'Eyes on the Planet' that includes the Company's commitments on climate change (see Section 5.2.1) and circular economy (see Section 5.2.2). Thus, to deploy and achieve its sustainability commitments, the Company has launched several initiatives and projects that can be considered individually as Taxonomy-eligible investments (CapEx) following a detailed analysis of the activities listed in the Climate Delegated Act – Annex I of the Regulation.

Disclosure of Taxonomy KPIs

TURNOVER KPI

EssilorLuxottica did not generate turnover for 2022 that could be considered as Taxonomy-eligible nor Taxonomy aligned. The Group turnover equals in total to €24,494 million, as presented in the consolidated financial statements (Chapter 4 of this Universal Registration Document).

OPEX KPI

With regards to the OpEx KPI the Group calculated a value for the denominator equal to €673 million following the methodology described in the 'Methodology for EU Taxonomy KPIs' in Section 5.5. From the evaluation of the numerator, results showed that the business model of the Group did not generate significant OpEx for the categories mentioned by the Regulation. Operating expenses under EU Taxonomy definition (denominator) represent less than 10% of the total Group consolidated operating expenses, which include *Cost of Sales* and *Total Operating Expenses* as presented in the 2022 consolidated financial statements, and due to that, the Group considered the indicator as not material.

CAPEX KPI

Since the list of eligible economic activities provided by the Regulation does not cover the core business of the Group, the Group's CapEx cannot be associated with eligible economic activities generating turnover. However, based on the Delegated Act – Annex I Art. 8, § 1.1.2.2, point c, related to the purchase of output from Taxonomy-aligned economic activities with the aim to reduce greenhouse emissions, the Group identified the following eligible activities that can be considered individually as Taxonomy-eligible investments:

- transport by motorbikes, passenger cars and light commercial vehicles (Activity 6.5);
- construction of new buildings (Activity 7.1);
- renovation of existing buildings (Activity 7.2);
- installation, maintenance and repair of energy efficiency equipment (Activity 7.3);
- installation, maintenance and repair of renewable energy technologies (Activity 7.6);
- acquisition and ownership of buildings (Activity 7.7).

The CapEx related to the above activities are reported under the lines *Additions* and *Business combinations* of the items Properties, plant & equipment (activity 7.1, 7.2, 7.3, 7.6 and owned buildings of 7.7) and Right-of-use assets (activity 6.5 and rented buildings of 7.7).

These activities represent part of the sustainable initiatives related to production sites, laboratories and stores. Analysis of costs associated with Group properties was based on the accounting records used for the preparation of EssilorLuxottica consolidated financial statements/information. Data of directly managed stores have been considered as full scope, while for production sites and laboratories the analysis was performed on significant construction projects in 2022.

The CapEx KPI resulted from analysis equal to 42.66%, a value reflecting the nature of the EssilorLuxottica Group, I.e. a company operating in a sector whose economic activities are not covered by the Regulation; and most of the eligible CapEx derives from the inclusion of costs related to the Right of Use of stores and others building.

Here below are described the steps that were carried out to assess the alignment to the EU Taxonomy, starting from compliance with Minimum Safeguards.

Compliance with the Minimum Safeguards

Compliance with the Minimum Safeguards of the EU Taxonomy is based on Article 18 of the Regulation, as well as the recommendations set out in the Final Report on Minimum Safeguards published by the EU Platform on Sustainable Finance (October 2022), which identifies four core topics for which compliance with minimum safeguards should be assessed: human rights, corruption, taxation and fair competition.

To assess the alignment of its eligible CapEx, the Group must evaluate if the minimum safeguards are respected for the CapEx-related activity, and therefore that the supplier engaged by the Group complies with the minimum safeguards described in Article 18 of the Regulation. For consistency, EssilorLuxottica is also required to comply with minimum safeguards within its operations.

In fact, ethical behaviour is one of the main pillars that guide EssilorLuxottica in the way it conducts business. The Code of Ethics defines the principles that apply to all EssilorLuxottica employees, contractors, vendors and suppliers, and represents a minimum set of standards that cannot be compromised, including the respect of Human Rights, labor conditions and fair competition.

In line with its Code of Ethics and in accordance with international and local regulations, such as the *Duty of Care* and *Sapin II* laws in France, the Group has established a global Anti-Bribery and Corruption program (see Section 5.2.5) and processes to ensure the respect of Human Rights.

Moreover, the tax department is in charge of monitoring and ensuring that the Group meets all minimum requirements related to the tax laws and regulations, in consistency with the values of honesty and fairness in EssilorLuxottica's Code of Ethics.

EssilorLuxottica is committed to complying with the rules of competition law within its business practices. The Company has a formal Competition Law Compliance Program and has implemented a Competition program that defines principles of conduct in the management of business practices and includes specific training activities. However, as described in Sections 1.6 and 2.1 of this Universal Registration Document, due to its relevant size, the Group may be exposed to increased antitrust concerns, such as the investigation closed in 2022 by the French Competition Authority (FCA) for which EssilorLuxottica has decided to appeal and remains confident that it will successfully demonstrate that the decision is ungrounded.

EssilorLuxottica Group's suppliers are asked to comply with the Group's Code of Ethics. The Group maintains a very high level of vigilance on its suppliers with reference to the respect of Human Rights. In fact, EssilorLuxottica has a proactive approach in compliance to the French Law no. 2017-399 (devoir de Vigilance) that requires due diligence on the supply chain with the goal to identify risks related to human rights.

For this reason, EssilorLuxottica considers that it ensures compliance with the minimum safeguards in the activities covered by CapEx point (c).

Alignment assessment

Below is a summary of the alignment assessment for each activity identified as eligible.

Activity	Alignment analysis
Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	EssilorLuxottica's company fleet considered as Taxonomy-eligible meets the substantial contribution criteria considering that each vehicle included has a CO_2 emission rate lower than 50gCO_2/km and is compliant with requirements related to air pollution meeting the Do Not Significant Harm (DNSH) criteria.
Construction of new buildings (7.1)	The construction of new buildings in production sites located in relevant regions have been considered as an eligible activity. The construction of buildings by EssilorLuxottica Group always follows the highest standards of sustainability with the aim of reducing the Group's emission profile. However, due to limited documentation, the activity was considered as non-aligned following a conservative approach.
Renovation of existing buildings (7.2)	The renovation of buildings in Italy has been considered among the eligible activities. However, due to limited documentation, the activity was considered as non-aligned following a conservative approach.
Installation, maintenance and repair of energy efficiency equipment (7.3)	In 2022, EssilorLuxottica carried out energy efficiency initiatives in 886 directly managed stores located all around the world, using the latest technologies available on the market. The activities included the replacement of existing windows with new energy efficient windows as well as existing external doors with new energy efficient doors plus the installation and replacement of energy efficient light sources, and the installation and maintenance of heating, ventilation and air-conditioning (HVAC). The DNSH criteria for this activity required a Climate Risk Assessment related to the asset in which the activity was performed. As the Climate Risk Assessment tool used by the Company covers only a selection of representative stores within the Group, a conservative approach led to considering the activity as not aligned.
Installation, maintenance and repair of renewable energy technologies (7.6)	The activity is related to the installation of solar photovoltaic panels in production plants located in Italy. The DNSH criteria for this activity required a Climate Risk Assessment related to the asset in which the activity was performed. As the Climate Risk Assessment tool used by the Company covers all the production sites, the activity has been considered as aligned.
Acquisition and ownership of buildings (7.7)	The activity refers to the acquisition and leasing of new stores. However, as per activity 7.3, the Do Not Significant Harm (DNSH) criteria required a Climate Risk Assessment related to the asset in which the activity was performed. As the Climate Risk Assessment tool used by EssilorLuxottica covers only a selection of representative stores within the Group, a conservative approach led to considering the activity as not aligned.

Based on above assessment, below is the disclosure table for CapEx KPIs, with a proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation - disclosure covering FY 2022.

				Substantial Contribution						DNSH criteria										
ECONOMIC ACTIVITIES	Codes	Absolute CapEx (€millions)	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water and Marine resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Climate Change Mitigation	Climate Change Adaptation	Water and Marine resources	Circular Economy	Pollution	Biodiversity and Ecosystem	Minimum Safeguards	Taxonomy-aligned proportion of CapEx, FY22	Taxonomy-aligned proportion of CapEx, FY21	Category (enabling activity or)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1 Environmentally Sustainable activities (Taxonomy Aligned)	**N/A**	**0**	**0%**														**0%**			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1.61	0.06%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	Y	N/A	Y	Y	0.06%			T
Installation, maintenance and repair of renewable energy technologies	7.6	3.77	0.14%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	0.14%		E	
CapEx of environmentally Sustainable activities (A.1)		5.38	0.19%														0.19%			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Construction of new buildings	7.1	132.04	4.74%																	
Renovation of existing buildings	7.2	11.93	0.43%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	27.45	0.99%																	
Acquisition and Ownership of buildings	7.7	1,011.01	36.31 %																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,182.43**	**42.46%**																	
Total (A.1 + A.2)		1,187.81	42.66%																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy non-eligible activities (B)		1,596.73	57.34%																	
Total (A + B)		2,784.53	100%																	

Conclusions

It should be noted that the Taxonomy is being updated given the absence of certain key sectors for mitigation and adaptation goals. It is reasonable to expect that in the future, when the Delegated Acts on sustainable activities for the other environmental objectives will also be available, EssilorLuxottica's turnover may be eligible for EU Taxonomy.

5.4 Next steps for EssilorLuxottica's sustainability program

As presented in this non-financial statement, in 2022 the Company laid groundwork to ensure sustainability is fully embraced by its value chain. By doing so, the Eyes on the Planet program has become part of the Company's culture, making it a year of significant progress in the five key areas of carbon, circularity, world sight, inclusion and ethics.

Major activities have been further improved, including:

- enhancement of non-financial reporting and disclosure (e.g. full integration of GrandVision into the reporting scope, full incorporation of CSR risks into the Group enterprise risk management, extension of EU Green Taxonomy KPIs);
- advancement in key operational activity streams (e.g. the completion of the first Group-wide carbon footprint assessment, development of a comprehensive eco-design approach, launch of the EssilorLuxottica responsible sourcing program);
- engagement of all employees around the 'Eyes on The Planet' program (e.g. leveraging the Leonardo platform and all Group internal and external communication channels, the inclusion of a CSR criterion linked to the progress of the Eyes on the Planet program into the annual variable compensation).

At this stage in the Company's sustainability journey, further engagement of employees, clients, customers, suppliers, partners and other stakeholders is key to ensure that everyone everywhere understands what sustainability stands for at EssilorLuxottica and how they can contribute to achieving the Company's sustainability ambitions. Clear priorities have been defined for 2023 that can be summarized by execution, awareness and evolution, including the:

- continuous deployment of global and local initiatives on each pillar of the program;
- launch of specific taskforces to prepare the organization for incoming sustainability related regulations, including the update or completion of specific policies and guidelines (e.g. Corporate Sustainability Reporting Directive-CSRD, Corporate Sustainability Due Diligence Directive);
- preparation of a more comprehensive and long-term carbon reduction roadmap;
- deployment of the Eyes on Inclusion sustainability pillar following the establishment of the Global DE&I function;
- formalization of policies for the different pillars of the Eyes on the Planet program;
- development of the 'Eyes on the Planet' learning path for all employees and customers on the Leonardo platform;
- engagement of the Company's partners and suppliers in its sustainability journey.

These and more initiatives will help reduce the Group's environmental impact, promote employee well-being and contribute to socio-economic development in territories where it operates.

EssilorLuxottica will report progress and achievements related to the 'Eyes on the Planet' program on a regular basis through its website, corporate communication channels and annual Universal Registration Document.

5.5 Methodology note and correspondence tables

Main principles for sustainability data reporting

EssilorLuxottica's Sustainability Reporting Protocol defines the reporting principles below:

Reporting scope

All entities within the Company's financial consolidation scope are required to report on sustainability data. The list of entities requested for sustainability reporting is updated annually according to the finance consolidation scope. For entities with more than one site, all sites are included in the reporting.

The exceptions are specified below:

- New entities acquired for less than one year are granted one year to be integrated into the Group reporting scope unless stated otherwise. In this regard, Fedon and Walman were included in the Group's workforce disclosure for the year 2022 as an effort to present a more complete picture.
- Given the specificity of the Group retail network, franchise operations are not covered. Data is therefore not reported for around 4,000 franchise locations (equal to approximately 24% of EssilorLuxottica's retail network) due to the limited operational control and access to information.
- Due to geo-political reasons, stores in Ukraine (representing 0.1% of Group headcount) were excluded from the reporting and extrapolation of education and energy consumption.

Reporting period

The reporting period is from January 1, 2022 to December 31, 2022.

Workforce-related indicators

The workforce reported corresponds to the total number of Company employees and agency workers at the end of the reporting period. Workforce-related indicators cover 100% of the total Group workforce.

As defined in the EssilorLuxottica Reporting Protocol, 'employee' refers to a person having an employment contract directly with any entity of EssilorLuxottica; and 'agency worker' refers to a person having a contract with an outside company to work for EssilorLuxottica in one of its locations or elsewhere for a temporary period. Contractors and interns are excluded from the workforce indicators.

The breakdowns (by gender, category, contract type and age) are presented only for employees, whereas the breakdown by geography is presented for the workforce. Geographical areas designated for presenting the workforce by region are aligned with the areas identified for 2022 revenue disclosure.

Regarding employee distribution by gender, information was not available for approximately 0.7% of EssilorLuxottica employees as per gender voluntary disclosure required by federal regulations in North America. For them, the Company estimated gender split to be in line with the rest of the organization and with previous years (60% women – 40% men). Meanwhile, a few small-sized entities were not fully integrated in the Group HRIS system (accounting for around 0.4% of Group total employees), and their workforce-related breakdowns were estimated based on previous year data and regional average split.

Health and safety indicators

Health and safety indicators relate to the Company's main manufacturing plants, lens laboratories and distribution centers, excluding entities acquired by EssilorLuxottica during 2022, and for which investments are needed to integrate health and safety reporting systems. Retail activities are excluded. Health and safety indicators cover both employees and agency workers.

The indicators applied reflect results of the Company's Environment, Health and Safety (EHS) policies.

As defined in the Company's Reporting Protocol:

- the frequency rate is calculated as the number of work-related injuries with lost days x 1,000,000 / total number of worked hours during the reporting period;
- the severity rate is calculated as the total number of lost days (calendar days) x 1,000 / total number of worked hours during the reporting period;
- the total recordable incident rate is calculated as the total number of recordable work-related injuries x 1,000,000 / total number of worked hours during the reporting period;
- the total number of worked hours is calculated as the actual worked hours from the clock-in system where applicable and theoretical worked hours based on calculation of scheduled working days and average number of hours worked per day.

Environmental indicators

Environmental indicators are collected to measure and monitor the environmental performance of the Company.

Water withdrawal refers to all water drawn into the boundaries of the Company from all sources, for any use, over the course of the reporting year. The related breakdowns are reported in m^3. Retail activities are excluded from water withdrawals reporting due to its limited impact.

Energy consumption refers to all primary energy consumed during the reporting period. Related breakdowns are reported in kWh and disclosed in GWh. All directly managed retail stores (more than 13,000 stores) are covered in the energy reporting.

When energy consumption data was not available for the full reporting period, the data was extrapolated and estimated based on: i) the energy consumption during the corresponding months of the previous year (for manufacturing plants, lens laboratories, distribution centers); or ii) the average energy consumption of other months, or iii) the average energy consumption of other sites (for Retail).

Waste generation refers to the total weight of waste evacuated or shipped out of the Company. The associated breakdowns are reported in metric tons. Retail activities are excluded.

Methodology for calculating greenhouse gases (GHG) emissions

In accordance with the GHG Protocol, the accounting and reporting standards for greenhouse gas emissions (http://www.ghgprotocol.org), GHG emissions are calculated and reported according to three scopes: scopes 1, 2 and 3.

Regarding conversion factors, the Company used the database of the ADEME (*Agence française de l'Environnement et de la Maîtrise de l'Énergie,* www.ademe.fr/), which was updated in December 2022 (v. 22.0) for scope 1 emissions calculation, the International Energy Agency (IEA) which was updated in September 2022 for scope 2 emissions calculation and the database of the GLEC framework for scope 3 emissions associated with transportation.

Scope 1

This involves three direct emission categories:

1. Emissions from direct on-site stationary combustion of fossil fuels, such as gas or liquid fuel: Associated upstream emissions are considered scope 3 emissions and thus excluded from scope 1 emissions.
2. Emissions related to company cars consuming fossil fuels: Emissions are calculated based on contractual data provided by the fleet management suppliers.
3. Fugitive emissions from refrigerants leakages that may occur during the charging, recharging or disposal of refrigerant or air conditioning equipment on-site: The emissions are calculated considering the GWP of each F-gas from the IPCC Sixth Assessment Report (AR6).

GHG emission factors were applied in accordance with the ADEME database (v. 22.0):

- Gas: 205 gCO_2e/kWh LCV;
- Liquid fuel: 269 gCO_2e/kWh LCV.

Scope 2

This relates to indirect emissions associated with the electricity consumption of the Company's activities, including electric vehicles owned or controlled by the Company. Scope 2 emissions were calculated according to both the location-based method and the market-based method of the GHG Protocol. A location-based method reflects average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that the Company has purposefully chosen.

Location-based emission factors for electricity were updated in 2022 based on figures provided by the IEA database (v. 2022).

Scope 3

Emissions associated with upstream transportation managed by EssilorLuxottica

Scope 3 emissions associated with transportation managed by the Company correspond to indirect emissions related to the transportation of products. These emissions are calculated on a Well-to-Wheel basis (WTW) to analyze the impact of using different energy vectors. The term Well-to-Wheel includes the underlying Tank-to-Wheel and Well-to-Tank analysis, defined as follows: i) Tank-to-Wheel (TTW) describes the use of fuel in the vehicle and emissions during driving; and ii) Well-to-Tank (WTT) describes the subrange of fuel supply, from production of the energy source (petrol, diesel, electricity, natural gas) to fuel supply (transport to the charging point or fuel pump).

The Company follows the GLEC Framework and is compliant with EN16258.

Reporting of EssilorLuxottica transportation and freight is categorized by product type:

- Eyewear: finished frames, including both international and local flows;
- Lenses: finished and semi-finished lenses, including both international and local flows; and
- Other products/materials: including international and local flows for AFA (Apparel, Footwear and Accessories), POP (Point of Purchase), Spare Parts, Production Components, Goggles, Contact Lenses, Sun & Readers, Equipment, Instruments, Cases and Accessories.

Emissions related to the transportation and freight of each product types are also split per shipping mode:

- Air shipping mode
- Other shipping modes, including ocean, road and rail

For certain entities that did not report physical transportation data for the last quarter of the year (October, November and December), GHG emissions were estimated based on sales performance projection. Emissions based on estimation accounted for around 3% of the total reported emissions associated with transportation.

GHG emissions related to Sustainable Aviation Fuel (SAF) are deducted from emissions of air shipping for related products.

Other Scope 3 emission categories included in the Group carbon footprint assessment

Below are all other scope 3 emission categories identified as relevant to Group activities and included in the Group complete carbon footprint assessment. Related calculation methods are also listed. The remaining categories listed in the GHG protocol (upstream and downstream leased assets, downstream transportation and distribution, franchises and investments) are considered not relevant or not significant to the Group business:

- Purchased goods and services: average data method
- Capital goods: spend-based method
- Fuel- and energy-related activities: average data method
- Upstream transportation and distribution (managed by suppliers): distance-based method
- Waste generated in operations: waste-type-specific method
- Business travel: spend-based method, distance-based method
- Employee commuting/Teleworking: average data method
- Processing of sold products: average data method
- Use of sold products: calculation method for direct use-phase emissions from products that directly consume energy
- End-of-life treatment of sold products: waste-type-specific method

Calculation of other Scope 3 emissions followed the guidelines of the GHG Protocol and used the emission factors provided by different databases depending on the Scope 3 category, such as ADEME v22.0, Ecoinvent v3.8, BEIS 2021 (UK Department for Business, Energy and Industrial Strategy).

Methodology for EU Taxonomy Denominators

Annexes of the Delegated Act require calculating the proportion of Turnover, CapEx and OpEx associated with eligible and aligned activities. To accomplish this task, as stated in Section 5.3, the Group identified its eligible activities and, once assessed which were in line with alignment criteria, calculated the three KPIs.

The next paragraphs present in detail what has been foreseen by provision of Annexes to the Commission Delegated Regulation (EU) 2178/2021 in terms of accounting items related to the KPIs that must be reported by non-financial undertakings in the sustainability report – as the approach retained by EssilorLuxottica.

TURNOVER

Turnover KPI as described by the regulation was calculated as the part of the net turnover derived from products or services, including intangibles (numerator) divided by the net turnover (denominator). Net turnover is defined as the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added taxes directly linked to the turnover. Following the description, KPI denominator corresponds to the line-item *Revenue* presented in the consolidated statement of profit or loss.

CAPEX

For the calculation of the CapEx KPI denominator[1], the Group considered the increases of the period related to Property Plant and Equipment (PP&E), Intangible Assets (excluding goodwill) and Right of Use Assets (RoU), as presented in notes 10 and 11 of the 2022 Group consolidated financial statements. As required by the Regulation, the values considered correspond to the line items *Additions* and *Business combinations* of the tables disclosed in notes 10 and 11, thus excluding the effects resulting from amortization, depreciation, impairment losses, divestment, assets classified as held for sale, translation differences and other.

OPEX

For the calculation of the OpEx KPI denominator[2] the Group relied on accounting records used for the preparation of EssilorLuxottica consolidated financial statements/information, considering the share of costs falling into the categories mentioned by the Regulation: non-capitalized R&D, day to day servicing of assets, building renovation measures, short term lease, maintenance and repairs. For the calculation of the denominator, the following categories have been excluded[3]: i) overheads, ii) raw materials, iii) cost employee operating the machine, iv) cost of managing R&D projects and v) electricity, fluids or reagents needed to operate property plant and equipment.

For all categories of the OpEx KPI, the working group considered both external (outsourced activities) and internal costs (labor, materials and tools costs). Costs related to G&A (*General & Administrative*) have been excluded[3], including only expenses directly attributable to a specific asset. Allocation drivers were used to include/exclude specific categories of costs.

(1) The proportion of CapEx shall cover: the additions to tangible and intangible assets during the financial year and the additions to tangible and intangible assets resulting from business combinations.
(2) The proportion of OpEx shall be calculated as the numerator divided by the denominator associated with assets/ processes associated with taxonomy aligned activities. The denominator shall cover direct non-capitalized costs that relate to: Research and development, building renovation measures, short-term lease, maintenance and repair, the day-to-day servicing of assets.
(3) FAQ Published by the EU Commission on EU Taxonomy on February 2, 2022.

Correspondence table for priority CSR risks

CSR Topics	Group Risk Factors with CSR Dimension	Reference
Climate change	Climate Transition	5.2.1
	Business Interruption	
Talent management and well-being	People Management	5.2.4
	Health & Safety & working conditions	
Sustainable offering and production	Product Innovation and Circularity	5.2.2
Responsible business practices	Supply Chain	5.2.5
	Ethics	
Non-Financial communication	Reporting and communication	5.1.5

Correspondence table with Task Force on Climate-related Financial Disclosures (TCFD)

Governance	Reference
a. Oversight by the Board of Directors of climate-related risks and opportunities	• Report on Corporate governance (Chapter 3) • Eyes on Carbon (Section 5.2.1)
b. Management's role in assessing and managing climate-related risks and opportunities	
Strategy	
a. Climate-related risks and opportunities identified over the short, medium and long term	• Business model, environmental and social challenges (Section 5.1.1) • Eyes on Carbon (Section 5.2.1)
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	
c. Resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk management	
a. Processes for identifying and assessing climate-related risks	• Risk factors (Section 1.6) • CSR risk management (Section 5.1.4) • Eyes on Carbon (Section 5.2.1)
b. Processes for managing climate-related risks	
c. Integration of processes for identifying, assessing and managing climate-related risks in the Company's overall risk management	
Metrics and targets	
a. Metrics used to assess climate-related risks and opportunities, in line with the Company's risk management strategy and process	• Protocol and organization of non-financial reporting (Section 5.1.5) • Eyes on Carbon (Section 5.2.1)
b. Greenhouse gas emissions for scope 1, scope 2 and scope 3 and the related risks	
c. Targets used to manage climate-related risks and opportunities and Company's performance against these targets	

Disclosure tables for EU Taxonomy

REVENUES TABLE

The table below shows the proportion of turnover from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation.

EssilorLuxottica did not generate turnover for 2022 that could be considered as Taxonomy-eligible nor Taxonomy-aligned.

				Substantial Contribution						DNSH criteria									
ECONOMIC ACTIVITIES	*Codes*	*Absolute TurnOver (€ millions)*	*Proportion of Turnover*	*Climate Change Mitigation*	*Climate Change Adaptation*	*Water and Marine resources*	*Circular Economy*	*Pollution*	*Biodiversity and Ecosystem*	*Climate Change Mitigation*	*Climate Change Adaptation*	*Water and Marine resources*	*Circular Economy*	*Pollution*	*Biodiversity and Ecosystem*	*Minimum Safeguards*	*Taxonomy-aligned proportion of Turnover, FY22*	*Taxonomy-aligned proportion of Turnover, FY21*	*Category (enabling activity or)*	*Category (transitional activity)*
A. ELIGIBLE ACTIVITIES																				
A.1 Taxonomy eligible activities	N/A	0	0%																	
Turnover of eligible Taxonomy-aligned activities (A.1)																				
A.2 Eligible not Taxonomy-aligned activities		0	0%																	
Turnover of eligible not Taxonomy-aligned activities (A.2)																				
Total (A.1 + A.2)		0	0%																	
B. NON ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		24,494	100%																	
Total (A + B)		24,494	100%																	

Opex Table

The table below shows the proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation.

Operating expenses under EU Taxonomy definition (denominator) represent less than 10% of Group total consolidated operating expenses, which include Cost of Sales and Total Operating Expenses as presented on the consolidated statement of profit or loss (see Chapter 4 of the 2022 Universal Registration Document), and due to that, the Group considered the indicator as not material.

				Substantial Contribution						DNSH criteria									
ECONOMIC ACTIVITIES	*Codes*	*Absolute OpEx (€ millions)*	*Proportion of OpEx*	*Climate Change Mitigation*	*Climate Change Adaptation*	*Water and Marine resources*	*Circular Economy*	*Pollution*	*Biodiversity and Ecosystem*	*Climate Change Mitigation*	*Climate Change Adaptation*	*Water and Marine resources*	*Circular Economy*	*Pollution*	*Biodiversity and Ecosystem*	*Minimum Safeguards*	*Taxonomy-aligned proportion of OpEx, FY22*	*Taxonomy-aligned proportion of OpEx, FY21*	*Category (enabling activity or)*	*Category (transitional activity)*
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1 Environmentally Sustainable activities (Taxonomy Aligned)	N/A	0	0%																	
OpEx of environmentally Sustainable activities (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		0	0%																	
B. NON ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy non-eligible activities (B)		673	100%																	
Total (A + B)		673	100%																	

Correspondence table with GRI Standards

(Version 2016 and 2021 for GRI Universal Standards 2 and 3)

GRI Standard	Disclosure Title		Reference
GRI 2 - General disclosures (2021)	2-1	Organizational details	1.1
	2-2	Entities included in the organization's sustainability reporting	5.5
	2-3	Reporting period, frequency and contact point	5.1.5, 5.5
	2-4	Restatements of information	5.2.1
	2-5	External assurance	5.6
	2-6	Activities, value chain and other business relationships	1.1, 1.4, 5.1.1
	2-7	Employees	5.2.4
	2-9	Governance structure and composition	3.1
	2-10	Nomination and selection of the highest governance body	3.1
	2-11	Chair of the highest governance body	3.1
	2-12	Role of the highest governance body in overseeing the management of impacts	3.1, 5.1.3
	2-13	Delegation of responsibility for managing impacts	5.1.3
	2-14	Role of the highest governance body in sustainability reporting	5.1.3
	2-19	Remuneration policies	3.3
	2-20	Process to determine remuneration	3.3
	2-21	Annual total compensation ratio	3.3
	2-22	Statement on sustainable development strategy	1.1.2, 5.2
	2-25	Processes to remediate negative impacts	5.2.5
	2-26	Mechanisms for seeking advice and raising concerns	5.2.5
	2-27	Compliance with laws and regulations	5.2.5
	2-29	Approach to stakeholder engagement	5.6
GRI 3 - Material topics (2021)	3-1	Process to determine material topics	5.1.4
	3-2	List of material topics	5.1.4
	3-3	Management of material topics	5.1.4
GRI 205 – Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	5.2.5
GRI 302 – Energy (2016)	302-1	Energy consumption within the organization	5.2.1
GRI 303 - Water and effluents (2018)	303-3	Water withdrawal	5.2.1
GRI 305 - Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	5.2.1
	305-2	Energy indirect (Scope 2) GHG emissions	5.2.1
	305-3	Other indirect (Scope 3) GHG emissions	5.2.1
GRI 306 - Waste (2020)	306-3	Waste generated	5.2.2
	306-4	Waste diverted from disposal	5.2.2
	306-5	Waste directed to disposal	5.2.2
GRI 403 - Occupational Health and Safety (2018)	403-9	Work-related injuries	5.2.4
GRI 404 - Training and Education (2016)	404-1	Average hours of training per year per employee	5.2.4
	402-2	Programs for upgrading employee skills and transition assistance programs	5.2.4
GRI 405 - Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	5.2.4

5.6 Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial information statement

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2022

To the Shareholders,

In our capacity as Statutory Auditor of EssilorLuxottica SA (hereinafter the "entity"), appointed as an independent third party and certified by COFRAC under number 3-1862 (whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) in the consolidated non-financial information statement for the year ended December 31, 2022 (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as described in the "Nature and scope of our work" section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Comments

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comments:

- the policies on climate change, sustainable offering, talent management and reporting and communication are being formalised at the EssilorLuxottica level;
- the results presented relating to business ethics, sustainable offering, supplier sustainability, talent management and reporting & communication do not relate to identified key performance indicators for the relevant applicable policies.

Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the Information needs to be read and understood with reference to the Guidelines, significant elements of which are available upon request from the entity's headquarters.

Inherent limitations in preparing the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Certain Information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

The Entity's responsibility

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Statement in accordance with the entity's Guidelines as mentioned above;
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter "the Information").

As we have been engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the consistency of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*, "CNCC") applicable to such engagements, with the CNCC's technical opinion determining the conditions in which the independent third party performs its engagement – *Non financial information statement*, as well as with ISAE 3000 (Revised) – *Assurance engagements other than audits or reviews of historical Financial Information*.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of 14 persons between October 2022 and February 2023 and took a total of 20 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 40 interviews with people responsible for preparing the Statement, representing among others the CSR, Human Resources, Procurement, Logistics, Communication and Investor Relations departments.

Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed based on our professional judgment allowed us to express a limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the information set out in Article R. 225-105 II where relevant to the principal risks and includes an explanation for the absence of the information required under Article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks and the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the appendix. For the Business Interruption, Product Innovation and Circularity, Supply Chain, Ethics, and Reporting and Communication risks, our work was performed at the consolidation Entity level; for the other risks, our work was performed at the consolidation Entity level and on a selection of entities: Tristar (China), TOPI - Transitions Optical Philippines (Philippines), Polycore Malaysia (Malaysia), Luxottica Retail North America Sun and EOA Operations - Gentex (USA), ELOA ECO I and ELOA ECO II (Mexico), Luxottica Oakley Do Brasil/ Campinas and Essilor Da Amazônia Indústria E Comércio Ltda (Brazil), Luxottica S.R.L. - Pederobba - Rovereto - Barberini (Italy), EOLP (Poland), Essilor Ltd (UK);
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we gained an understanding of the internal control and risk management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important presented in the appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of detail, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities: Tristar (China), TOPI - Transitions Optical Philippines (Philippines), Polycore Malaysia (Malaysia), Luxottica Retail North America Sun and EOA Operations - Gentex (United States), ELOA ECO I and ELOA ECO II (Mexico), Luxottica Oakley Do Brasil/ Campinas and Essilor Da Amazônia Indústria E Comércio Ltda (Brazil), Luxottica S.R.L. - Pederobba - Rovereto - Barberini (Italy), EOLP (Poland), Essilor Ltd (UK), and covers between 20% and 31% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the CNCC; a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 1, 2023

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Stéphane Basset
Partner

Sylvain Lambert
Partner, Sustainable Development Department

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

HR

- Total headcount and breakdowns *(per age, work category, contract and gender)* for employees and temporary/ agency workers;
- Number of training hours *(per work category);* Live training sessions; participants;
- Number of onboarding programs delivered during the year;
- Number of employees included in the talent review process;
- Engagement rate over initiatives such as leadership capability assessments, development programs with top Universities, individual and small group coaching;
- Number of participants to EL "New Ways of Working";
- Number of employees that registered to get physical activity, personal well-being tips, team building and challenges through the program "Heroes Together";
- Number of employees who participated in the OneSight EssilorLuxottica Foundation's clinics;
- Number of employees who volunteered to support the OneSight EssilorLuxottica Foundation activities for World Sight Day;
- Number and geographical repartition of the employees that hold a financial stake of EssilorLuxottica & number of shareholders;
- Number of independent employees shareholders within the association (Valoptec) that supports EssilorLuxottica's values as well as contributes to its governance;
- Number of mass production plants, lens laboratories, logistic centers and corporate office certified ISO 45001:2018;
- Work-related injury (including occupational illness) frequency rate and severity rate, number of injuries, number of lost days for employees and temporary/agency workers;
- Number of HR related audits performed either by an external specialized company or by the Internal Audit Department;
- Number of employees that have followed e-learning modules on "Business and Human Rights";
- Number and percentage of employees that have completed "Code of Ethics trainings";
- Number of children studying in government schools that have access to vision care services.

Environment

- Reduction of energy intensity and linked consumptions;
- Energy for Retail (Electricity & Gas);
- Waste volume;
- Water (intensity, Fresh surface water, Groundwater, Third party water);
- Refrigerant leakage;
- Reportable chemical spills;
- Environmental monetary fines;
- Number of manufacturing facilities, distribution centers and corporate offices that are ISO 14001 certified;
- Amount of self-generated clean energy in Italy;
- Production of electricity from renewable sources (photovoltaic system) in Italy, Tunisia, China, Germany and Honduras;
- Identification and repartition of the Group GHG emissions (scope 1, 2, 3);
- Residual emissions and their compensation;
- Weight of plastic reduction during shipping (GrandVision);
- Number of shipments involved in green shipping programs;
- Quantitative repartition of scope 3 emissions;
- Percentages of bio-content used for frames;
- Percentage of reduction of wastes due to the non-collection of custom-made spectacles.

Suppliers

- Percentage of strategic suppliers subject to external CSR audits;
- Percentage of preferred suppliers who have signed the EL Responsible Sourcing & Manufacturing Charter;
- Number of suppliers covered by the Best-in-Class Sustainable Procurement Program;
- Number of suppliers audited on CSR matters (Breakdown of supplier categories within the Critical Supplier base - Top 500 spend suppliers and other business critical suppliers categories and non-substitutable suppliers);
- Number of maintenance audits on suppliers;
- Percentage of AFA spending covered by on-site audits.

Qualitative information (actions and outcomes):

Identification of main CSR risks: Climate Change, Talent Management and well-being, Sustainable Offering and production, Non-Financial communication, Responsible business practices.

Main World Sight initiatives

- OneSight EssilorLuxottica Foundation, ranking on Change the World List (6th);
- Eye Rafiki program in Kenya;
- Independent clinical study on EssilorLuxottica's ClickCheck™;
- Creation of access for 100% of the populations of Rwanda, The Gambia and nearly all of Zambia & opening of two permanent vision centers in Malawi;
- Establishment of a mobile clinic in France, partnering with local NGOs;
- Creation of a partnership with United Nations Road Safety Fund (UNRSF);
- Impact of OneSight EssilorLuxottica Foundation and its contribution to IAPB's goal;
- Support of the international 'Les Nuits de Fourvières' performing arts festival.

Sustainable Offering initiatives

- Installation of evaporator system;
- "Blue Angel Award";
- Programs to receive structured feedback from customers and end consumers.

Main HR initiatives

- Virtual events and digital conferences;
- Unconscious Bias training;
- "New to your store" training;
- Talent reviews;
- FinHance Program;
- Mentoring Program;
- Development of EL Value Proposition;
- Training on "Responsible Communication" has been offered to Central Marketing Teams;
- Creation of Global DE&I function;
- D&I blueprint, policy and toolkit;
- Financial Times "Diversity Leaders list 2023;
- Operations Talent Program.

Main H&S initiatives

- Behavior Based Safety Program.

Main environmental initiatives

- Roadmap;
- Carbon footprint assessment;
- Update of the climate risk model;
- Mapping of critical motors to change;
- First LEED certification of a retail store;
- Release of "New Building Guidelines";
- Newsletter containing climate actions and key projects within the Group;
- Dashboard with key environmental performance of the main Operation sites;
- Organization of a Sustainability Week.

Circularity initiatives

- Eco-social design framework (Sustainability Assessment Methodology) and tool;
- Development of waste expertise training;
- Alternative recycled and bio-based materials used;
- Introduction of combined bio and recycled acetate as well as bio-based nylon for Plano lenses;
- Waste expertise training;
- Activation of repair service in different retail banners.

Business Ethics related initiatives

- Updated of the global corruption risk assessment and production of an integrated corruption risk cartography;
- Development of training and awareness programs to enhance the privacy culture of the Group.

Supplier sustainability

- One unique EssilorLuxottica responsible sourcing program;
- Training initiative with the focus on AFA vendor located in Bangladesh;
- Group's commitment and vigilant approach of human rights marked by the deployment and integration of the new internal alert system.

6

Chapter 6

Information about the Company, its share capital and stock ownership

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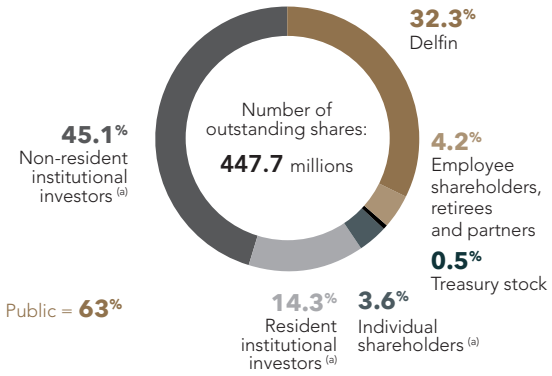
IN BRIEF

Breakdown of share capital as at December 31, 2022



86,000

INTERNAL SHAREHOLDERS (b)

In **85** countries

Representing:

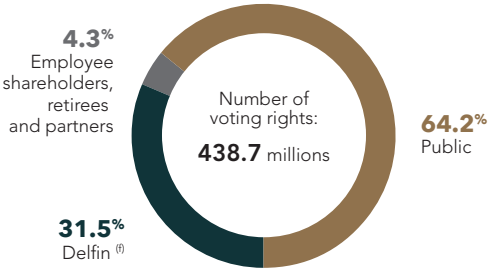
4.2%

OF THE SHARE CAPITAL

4.3%

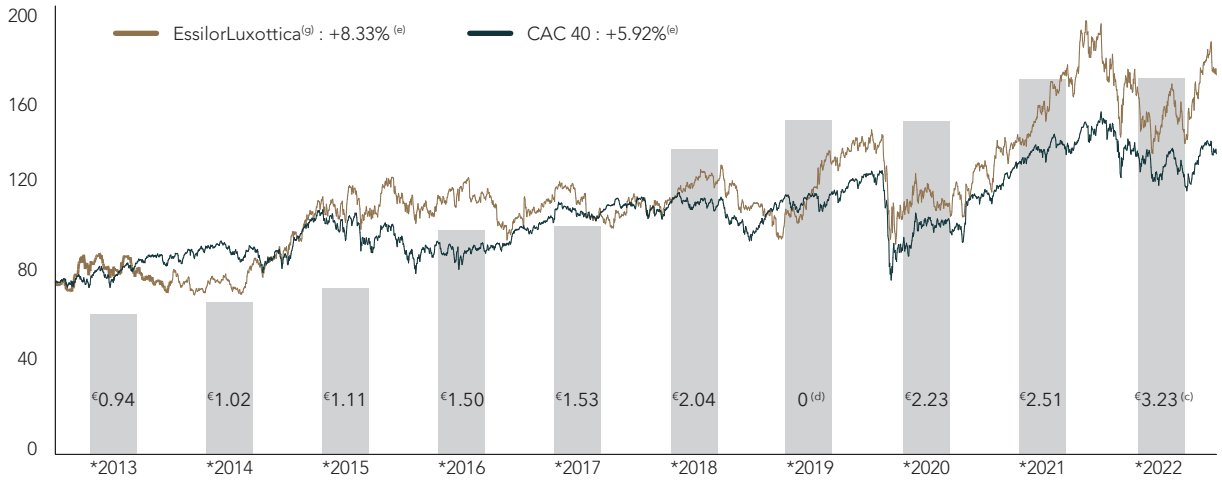
OF THE VOTING RIGHTS

Distribution of voting rights as at December 31, 2022



Share price and dividend

In € – The CAC 40 graph has been rebased at the EssilorLuxottica share price as at January 1, 2012



(a) Estimates as at December 31, 2022.
(b) Current, former and retired employees.
(c) Subject to the decision of the Annual Shareholders' Meeting of May 17, 2023.
(d) On April 18, 2020, in light of the Covid-19 outbreak, the Board of Directors decided not to submit a dividend for 2019 to the Annual Shareholders' Meeting of June 25, 2020.
(e) Average annualized growth rate.
(f) Please refer to Section 6.1.8, paragraph *Voting rights* for information on restrictions applying to Delfin.
(g) Essilor until October 1, 2018.

6.1 The Company

6.1.1 Company name and registered office

The name of the Company is EssilorLuxottica, hereinafter the "Company" or, together with its subsidiaries, the "Group".

The registered office of the Company is located at 147, rue de Paris – 94220 Charenton-le-Pont – France.

The phone number of the Company is +33 (0)1 49 77 42 24 and its website is www.essilorluxottica.com (the information included in this website are not part of this Universal Registration Document).

The General Management of the Company is domiciled at 1-5, rue Paul-Cézanne – 75008 Paris – France.

6.1.2 Date of formation and term of the Company

The Company was formed on October 6, 1971 for a 99-year term, expiring on October 6, 2070.

6.1.3 Registration of the Company

The Company is registered in the Créteil Trade and Companies Register under No. 712 049 618. The trade sector codes are 3250B (EssilorLuxottica) and 7010Z (registered office). The Legal Entity Identifier (LEI) of the Company is: 549300M3VH1A3ER1TB49.

6.1.4 Legal form

EssilorLuxottica is a joint stock company (*société anonyme*) with a Board of Directors. It is subject to French law and is governed by the provisions of Book II of the French Commercial Code.

6.1.5 Corporate purpose

The Company's purpose in all countries is:

- the design, manufacture, purchase, sale and trade, in general, in everything concerning spectacles and optical instruments, without exception, and, in particular, the manufacture, purchase and sale of eyeglass frames, sunglasses and eyeglasses and other protective equipment, lenses and contact lenses;
- the design and/or manufacture, purchase, sale and/or marketing of all instruments or equipment relating to ophthalmic optics, as well as all equipment or devices for monitoring, screening, diagnosing, measuring or correcting physiological handicaps, whether or not it be used by professionals;
- the design and/or development, purchase and/or marketing of related computer software packages, software applications, programs and services;
- research, clinical experiments, wearing tests, training, technical assistance and engineering corresponding to the above activities;
- all services or assistance associated with the aforementioned activities, and, in particular, advisory services, bookkeeping, auditing, logistics and treasury services;
- the acquisition, holding and management of all shares or securities of French or foreign companies;
- and more generally all financial, commercial, industrial, civil, personal property or real property transactions directly or indirectly related to the foregoing corporate purpose, or to any similar or related corporate purposes, or likely to facilitate the application and development thereof or to make the same more profitable.

All, directly or indirectly, on its own account or on the account of third parties, either alone or with third parties, in any form, in particular by means of creation of companies, subscriptions, acquisition of equity interests or holdings, limited partnerships, mergers or absorptions, advances, purchases, contribution, exchange, lease of property or sale of securities or equity interests, sale or lease of all or part of its real or personal properties, and rights, and alliances or joint ventures or by any other means.

6.1.6 Conditions governing changes in capital

Pursuant to Article 7 of the bylaws, share capital may be increased or reduced by decision of the Extraordinary Shareholders' Meeting under the conditions set by law and regulations. However, the Extraordinary Shareholders' Meeting may delegate to the Board of Directors, under terms and conditions authorized by law and regulations, the necessary powers to decide on or carry out a capital increase or any other issue of securities or any capital reduction.

6.1.7 Fiscal year

The Company's fiscal year runs from January 1 to December 31 of each year.

6.1.8 Shareholders' Meetings

Notice of meeting

Shareholders' Meetings are convened in accordance with the conditions laid down by law. They are held either at the registered office or in a department in the Paris region.

All holders of ordinary shares are entitled to participate in Shareholders' Meetings, regardless of the number of shares they own, provided all payments due for such shares have been met.

"Pure" or "administered" registered shareholders have the option of receiving their invitation and/or the preparatory documents for the Shareholders' Meeting by email.

Right to attend meetings

Shareholders have the right to attend or be represented at Shareholders' Meetings by registering their shares in an account under the conditions and on the date provided for by the regulations in force (the "**Shareholding Listing Date"**).

To attend a Shareholders' Meeting in person or by proxy:

- holders of "pure registered" or "administered registered" shares must be listed as the shareholder of record at midnight, Paris time, on the second business day before the meeting date;
- holders of bearer shares must be listed as the shareholder of record at midnight, Paris time, on the second business day before the meeting date. Ownership of the shares will be evidenced by a certificate of ownership ("attestation de participation") issued by the custodian institution that keeps the shareholder's securities account, to be submitted with the postal voting form/proxy or the request for an attendance card issued in the shareholder's name. A certificate of ownership can also be issued to shareholders wishing to attend the meeting who have not received their attendance card by midnight, Paris time, on the second business day before the meeting date;
- shareholders may be represented by their spouse, another shareholder or an individual or legal entity of their choosing in accordance with the applicable laws and regulations, particularly those stipulated in Article L. 22-10-39 of the French Commercial Code. Each shareholder present or represented at the meeting has a number of votes equal to the number of shares held and represented, directly or by proxy, without limitation.

Shareholders who have sent a postal or proxy voting form or requested an attendance card *via* their custodian institution can nevertheless sell some or all of their shares before the meeting. However, if the sale occurs before midnight, Paris time, on the second business day before the meeting, the Company shall accordingly invalidate or amend, as appropriate, the postal voting form, proxy or attendance card or certificate of ownership. In this case, the custodian institution will be required to notify the Company or the Company's registrar of the transaction, including all necessary information.

However, the authorized custodian institution will not be required to notify the Company of any transactions carried out after midnight, Paris time, on the second business day before the meeting, and no such transactions will be taken into account by the Company, notwithstanding any agreement to the contrary.

Voting rights

A 31% cap has been established on voting rights, applicable to all shareholders based on a formula described in Article 23 of the Company's bylaws. Consequently, no shareholder may express, whether personally or through a proxy holder, with respect to the voting rights attached to the shares he or she directly or indirectly holds, more than 31% of the total number of voting rights of the Company, computed as indicated below.

Given the share capital structure, this cap is applicable to Delfin (see Section 6.2.1).

REMINDER OF THE STATUTORY CALCULATION FORMULA (ARTICLE 23 OF THE PREVAILING BYLAWS)

"When no more than one natural person or legal entity, acting alone or in concert with one or more natural persons or corporate entities, directly or indirectly holds more than ten percent (10%) of the share capital or voting rights of the Company as of the Shareholding Listing Date for the relevant General Shareholders' Meeting or exercises more than ten percent (10%) of the voting rights of the Company for itself or as a proxy holder, the number of voting rights that any shareholder may express, personally or through a proxy holder, with respect to the voting rights attached to the shares or to the divisions of share ownership (for the rights he or she is authorized to exercise, as the case may be) that he or she holds, directly or indirectly, alone or in concert, cannot exceed the number resulting from the following formula:

$$31^* (N-P-D)/100$$

where

- (N) the total number of voting rights of the Company existing on the Shareholding Listing Date for the relevant General Shareholders' Meeting and reported to the shareholders on the date of the General Shareholders' Meeting;
- (P) the total number of voting rights attached to the treasury shares within the limits of a maximum amount of treasury shares corresponding to 1% of the Company's share capital;
- (D) the total number of voting rights of the concerned shareholders which are neutralized by this statutory clause limiting voting rights for the fraction of voting rights attached to the shares that he or she holds exceeding 34% of the Company's share capital.

If at least two natural persons or corporate entities, each acting alone or in concert with one or more natural persons or corporate entities, each hold more than ten percent (10%) of the share capital or voting rights of the Company on the Shareholding Listing Date for the relevant General Shareholders' Meeting or each exercise more than ten percent (10%) of the voting rights of the Company for themselves or as proxy holder on the Shareholding Listing Date for the relevant General Shareholders' Meeting, the above-mentionned voting rights limitation shall apply with the exception of elements (P) and (D), which will not be deducted."

Pre-meeting disclosure of temporary holdings

Pursuant to their legal obligations, any individual or legal entity (with the exception of those referred to in Article L. 233-7, Section IV, paragraph 3 of the French Commercial Code) who, as a result of one or more temporary sales or similar transactions as defined in Article L. 22-10-48 of the French Commercial Code, individually or jointly owns shares representing more than 0.5% of the voting rights of the Company, must inform the Company and the *Autorité des marchés financiers* (French Financial Markets Authority – AMF) of the number of shares owned temporarily, no later than midnight, Paris time, on the second business day before the Shareholders' Meeting.

Disclosures and statements can be sent to the Company at the following address: ir@essilorluxottica.com.

Any undisclosed shares held in the context of one of the temporary transactions detailed above will be stripped of voting rights for that Shareholders' Meeting and at all other Shareholders' Meetings until the shares held temporarily are sold or returned.

The email must contain the following information:

- name or company name and a contact person (name, position, telephone number, email address);
- identity of the seller (name or company name);
- type of transaction;
- number of shares acquired in the transaction;
- ISIN code of the shares listed on Euronext Paris;
- transaction expiration date;
- voting agreement (if any).

This information will be published on the Company's website.

The next Shareholders' Meeting will be held on May 17, 2023.

6.1.9 Disclosure of threshold provisions

In addition to the statutory disclosures, the Company's bylaws state that any individual or legal entity who, acting alone or in concert with others, directly or indirectly acquires 1% of the voting rights must inform the Company thereof within five days, by registered letter with return receipt requested, sent to the Company's registered office. The crossing of any subsequent 2% increment must be brought to the attention of the Company under the same conditions.

This information must also be provided to the Company under the same conditions if the percentage of voting rights held falls below the above-mentioned thresholds.

If notifications are not made in accordance with the above-mentioned conditions, shares exceeding the percentage that should have been notified will be deprived of voting rights in accordance with the conditions set forth by law, provided that one or more shareholders holding at least 5% of the share capital so request during a General Shareholders' Meeting. Such request shall be recorded in the minutes of the General Shareholders' Meeting.

6.2 Share capital

6.2.1 Change in the share capital

Breakdown of share capital in 2022

As at December 31, 2022	Number of shares	%	Number of voting rights	%
Delfin	**144,685,679**	**32.3%**	**138,051,551**	**31.5%** [c]
• Shareholding EssilorLuxottica FCPE	4,137,210	0.9 %	4,137,210	0.9 %
• Valoptec International FCPE	3,146,104	0.7 %	3,146,104	0.7 %
• Funds outside France (Trust US, SIP, …)	1,017,366	0.2 %	1,017,366	0.2 %
• EssilorLuxottica FCPE	1,137,287	0.3 %	1,137,287	0.3 %
• Pure registered shares or administered shares held by employees	9,117,227	2.0 %	9,117,227	2.1 %
• Pure registered shares or administered shares held by partners	343,240	0.1 %	343,240	0.1 %
Internal shareholding (current, former and retired employees) and partner shareholding [a] [b]	**18,898,434**	**4.2 %**	**18,898,434**	**4.3 %**
Treasury shares	**2,360,650**	**0.5%**		
Free-float	**281,743,470**	**63.0%**	**281,743,470**	**64.2%**
TOTAL	**447,688,233** [d]	**100%**	**438,693,455**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 1.92%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form resulting of performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1.8 and 6.4.
(d) Corresponding to 447,647,330 shares delivered and registered in 2022 and 40,903 shares delivered but not registered.

Share capital as at December 31, 2022: share capital amounted to € 80,576,519.40 as at December 31, 2022, divided into 447,647,330[1] fully paid-up ordinary shares, each with a par value of €0.18.

Moreover, from May 16 to December 31, 2022, 40,903 new shares were issued, each with a par value of €0.18 resulting from the exercise of stock options (shares delivered but not registered as at December 31, 2022).

On February 22, 2023, the Board of Directors acknowledged the increase in share capital resulting from the issuance of these 40,903 shares, i.e. an amount of 7,362.54 euros, thereby increasing the share capital from 80,576,519.40 euros to 80,583,881.94 euros.

Exercisable voting right:

Notwithstanding the provisions of the last paragraph of Article L. 22-10-46 of the French Commercial Code, as of October 1, 2018, the Company's shares no longer carry double voting rights. Ahead of the combination between Essilor and Luxottica (the "Combination"), changes to Essilor's bylaws were adopted on May 11, 2017 by (i) a special meeting of Essilor shareholders with double voting rights; and (ii) the Essilor's Shareholders' Meeting. Those changes affect the voting rights attached to EssilorLuxottica shares. EssilorLuxottica's bylaws, effective as from the Combination Date (October 1, 2018), do not grant shareholders a benefit such as this, even if those shareholders have held registered shares for at least two years or for any other length of time.

Furthermore, the bylaws provide for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws (see Section 6.1.8, paragraph *Voting rights*). Consequently, no shareholder may exercise voting rights of shares that they hold, either personally or through a proxy holder, directly or indirectly, representing more than 31% of the total number of voting rights of EssilorLuxottica, calculated as indicated in Section 6.1.8 above.

Taking into account these restrictions in the bylaws and the absence of voting rights attached to treasury shares, the total number of exercisable voting rights attached to the Company's share capital as at December 31, 2022 was 438,693,455.

Changes in share capital in 2022:

Share capital underwent a series of changes during the fiscal year to take into account the successive issuances of new shares mainly related to continued roll-out of the employee shareholding program.

- Issue of 14,401[1] new shares with a par value of €0.18 resulting from the share subscription options exercised, *i.e.* an increase in the share capital of €2,592.18 excluding issue premium.
- Issue of 167,947 new shares with a par value of €0.18 resulting from the delivery of performance shares, *i.e.* an increase in the share capital of €30,230.46 excluding issue premium.

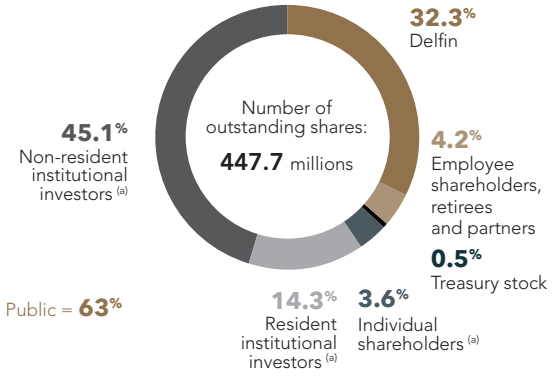
(1) Does not include 40,903 shares delivered but not registered at December 31, 2022.

- Issue of 232,868 new shares with a par value of €0.18 subscribed by the Shareholding EssilorLuxottica mutual funds (FCP), *i.e.* an increase in the share capital of €41,916.24 excluding issue premium.

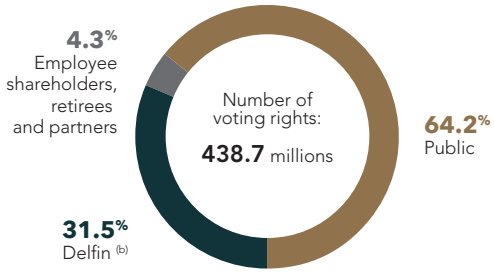
Total new shares issued: 5,204,410 new shares.

- Issue of 4,789,194 new shares with a par value of €0.18 resulting from the dividend in shares, i.e. an increase in the share capital of €862,054.92 excluding issue premium.

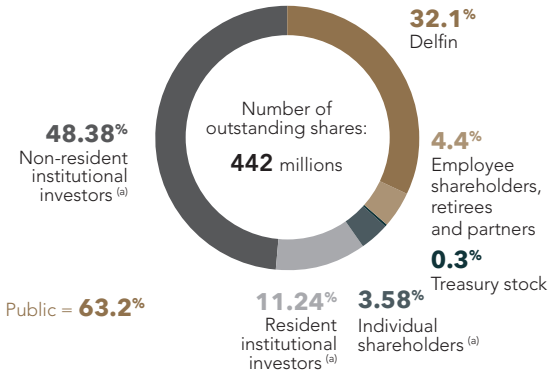
Breakdown of share capital as at December 31, 2022



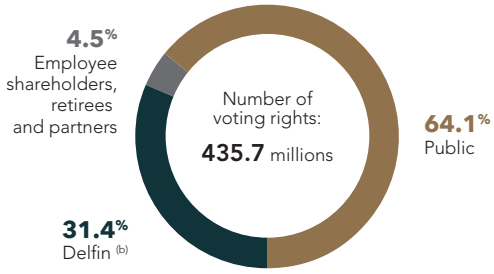
Distribution of voting rights as at December 31, 2022



Breakdown of share capital as at December 31, 2021



Distribution of voting rights as at December 31, 2021



(a) Estimates as at December 31 of the year.
(b) Please refer to Section 6.1.8, paragraph *Voting rights* for information on restrictions applying to Delfin.

Maximum dilution at year-end

Taking into account all the shares that will potentially give access to capital after December 31, 2022 regardless of the exercise price of the underlying option, the maximum dilution of the share capital would be as follows:

As at December 31, 2022	In number of shares	%	In number of voting rights	%
Share capital position at the end of the year	447,688,233		438,693,455	
Options for subscription of existing shares	69,166	0.02%	69,166	0.02%
Outstanding rights to performance shares	0	0.00%	0	0.00%
TOTAL POTENTIAL DILUTION	**69,166**	**0.02%**	**69,166**	**0.02%**
Total diluted share capital at the end of the year	447,757,399		438,762,621	

The breakdown of changes in share capital in 2022 is presented in Note 10 to the Financial statements of EssilorLuxottica (Section 4.5 of this Universal Registration Document).

The 2021 and 2020 breakdown of share capital and changes in share capital over the last five years are described in Section 6.8.

6.2.2 Financial authorizations giving access to the share capital

The purposes of the financial authorizations in force granted to the Board of Directors which are detailed in the table of the currently valid delegations (see Section 3.2.3 of this Universal Registration Document) are the following:

Associate employees with the performance of the Company

The Shareholder's Meeting of May 21, 2021 approved the delegation of authorities granted to the Board of Directors by the Company Shareholders' Meeting for a period of 38 months, to award existing performance shares to Group employees and Executive Corporate Officers to increase the latter's engagement in the Company's performance.

The engagement of employees through multiple mechanisms, especially the capital increase reserved for members of a company savings plan, along with the allocation, transfer or sale of treasury shares acquired by EssilorLuxottica under the share buyback program authorized by the Shareholders' Meeting of May 25, 2022 to deliver bonus shares and, to a lesser extent, stock options is a key component of EssilorLuxottica's governance structure.

The Company Shareholders' Meeting of May 21, 2021 renewed its delegation of authority to the Board of Directors for the purpose of deciding capital increases reserved for members of a Company Savings Plan (French *plans d'épargne d'entreprise or* PEE) without preferential rights in the limit of 0.5% of the share capital, for a period of 26 months. (*i.e.*, until July 20, 2023).

It is proposed to the Shareholders' Meeting of May 17, 2023 to renew this authorization for a new period of 26 months, i.e. until July 16, 2025.

Allow the Board of Directors to decide upon certain capital increases

The Company's Shareholders' Meeting of May 21, 2021 renewed the delegation granted to the Board of Directors to:

- issue shares and securities entailing a capital increase with preferential subscription rights of the shareholders, within the limit of 5% of the Company's share capital, for a period of 26 months *i.e.* until July 20, 2023;
- increase share capital by capitalization of reserves, profits or premiums within a limit of €500 million, for a period of 26 months *i.e.* until 20 July 2023.

It is proposed to the Shareholders' Meeting of May 17, 2023 to renew these authorizations for a new period of 26 months, i.e. until July 16, 2025.

6.2.3 Share cancellations and capital reductions

The Company's Combined Shareholders' Meeting of May 25, 2022 authorized the Board of Directors to reduce the share capital by cancelling some or all of the treasury shares held by the Company, provided that the number of shares cancelled during any 24-month period does not exceed 10% of the total share capital at the date of cancellation. The Company did not cancel any shares under this authorization in 2022. This authorization is valid for a period of 26 months, *i.e.* until July 24, 2024.

It is proposed to the Shareholders' Meeting of May 17, 2023 to renew this authorization for a new period of 26 months, *i.e.* until July 16, 2025.

6.3 Share buyback

6.3.1 Board of Directors' Report on share buybacks

On May 25, 2022, the Shareholders' Meeting renewed the Board of Directors' authorization to buy back its own treasury shares representing up to 10% of the Company's share capital on the date of purchase, in accordance with Articles L.22-10-62 et seq. of the French Commercial Code, for a term of 18 months expiring on November 24, 2023.

The Shareholders' Meeting of May 17, 2023 will be asked to renew this authorization.

In application of the provisions of Article L.225-211 of the French Commercial Code, the Board of Directors indicates that, during the 2022 fiscal year, it used the authorization granted by the Shareholders' Meeting of May 21, 2021 and May 25, 2022, the main objectives of which were to cover the employee share ownership programs.

In keeping with the previous authorization (granted by the Shareholders' Meeting of May 21, 2021) , the main objectives of the program as approved by the Shareholders' Meeting of May 25, 2022 are as follows:

- to award or transfer shares to employees and Corporate Directors of the Company and affiliated companies, under the terms and conditions stipulated by French or foreign law, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and any employee share ownership plan (employee stock ownership plan or any similar plan governed by foreign regulations);
- to cancel shares by reducing share capital (particularly to offset the dilution created by the free awarding of performance shares, by the exercise of stock options by the Group's employees and senior managers, and by capital increases reserved for employees);
- to potentially hedge debt securities that can be converted into or exchanged for Company shares, by buying shares for delivery (when existing shares are delivered when the conversion right is exercised) or by buying shares for cancellation (when new shares are issued when the conversion right is exercised);
- to ensure the liquidity of the Company's shares under a liquidity contract in accordance with Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buyback programs and stabilization measures;
- the subsequent use of the shares in exchange or presentation as consideration for future external growth operations up to a maximum of 5% of the share capital;
- to implement any permitted market practice that may be acknowledged by regulations or the AMF or any other objective allowed by the Law.

The Shareholders' Meeting decided to set the maximum purchase price per common share at €200 (excluding transaction costs), and specified that the price and number of shares will be adjusted as necessary in the event of capital transactions.

Share buybacks in 2022

On February 1, 2022, with a view to implementing the share buyback program authorized by the Shareholders' Meeting of May 21, 2021, EssilorLuxottica has granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from February 1, 2022 until March 31, 2022.

The 1.5 million shares have been repurchased for an average price of €174.14.

On June 17, 2022, EssilorLuxottica has granted a mandate to an investment services provider for the purchase of up to 2,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from June 17, 2022 until August 31, 2022, in accordance with the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

938,409 shares have been repurchased for an average price of €139.14.

On September 23, 2022, EssilorLuxottica has granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from September 23, 2022 until March 31, 2023, in accordance with the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

548,714 shares have been repurchased for an average price of €139.30.

All information relating to the shares repurchased is available on EssilorLuxottica's website.

Liquidity contract

The Company was not a party to any liquidity contracts in 2022.

Cancellation of shares in 2022

There were no cancellation of shares during 2022.

Transfer of shares in 2022

1,589,413 shares have been transferred in 2022, pursuant to the definitive acquisition of shares in the context of the acquisition of performance shares or Stock options decided by the Board of Directors.

419,821 shares have been transfered in 2022, pursuant to the acquisition of shares in the context of the international employee shareholding plan (Boost 2022).

Shares held by the Company and its subsidiaries as of December 31, 2022

The shares held under the buyback programs may not represent more than 10% of the Company's share capital at any given time. As at December 31, 2022, EssilorLuxottica held 2,360,650 treasury shares, representing 0.5% of share capital. The par value of these shares was € 424,917 and their book value was €360 million (*i.e.*, an average net cost of € 152.38 per share).

Pursuant to applicable law, these shares do not have any voting rights, nor any right to dividend.

Reallocation to other purposes decided in 2022

In 2022, the shares held by the Company have not been reallocated to purposes other than the purpose initially decided at the time of their purchase.

Modalities of the share buyback and use of derivatives

No use has been made of derivatives in the framework of the share buyback programs decided by the Shareholders meetings of May 21, 2021 and May 25, 2022.

Share buyback transactions

In accordance with the provisions of Article L. 225-211 of the French Commercial Code, no shares were reallocated in 2023.

	2022 Treasury shares
NUMBER OF SHARES AT START OF PERIOD – JANUARY 1	**1,382,761**
Purchase options exercised	(44,312)
Delivery of performance shares	(1,545,101)
Sale of shares to employees (Boost plan)	(419,821)
Conversions of convertible bonds with delivery	
Cancellation of treasury shares	
Purchase of treasury shares	2,987,123
NUMBER OF SHARES AT END OF PERIOD – DECEMBER 31	**2,360,650**
Position as at January 31, 2023	
Percentage of capital held directly or indirectly	0,5 %
Number of shares canceled in the preceding 24 months	0
Number of shares held in the portfolio	2,349,775
Book value of the portfolio *(in €)*	€357,828,896.24
Market value of the portfolio[(a)] *(in €)*	€394,527,222.50

(a) Based on the closing price at January, 31, 2023 (€167.9)

6.3.2 Description of the share buyback program in application of articles 241-1 et seq. of the AMF general regulation

Legal framework

On May 25, 2022, the Shareholders' Meeting renewed the Board of Directors' authorization to buy back its own treasury shares representing up to 10% of the Company's share capital on the date of purchase, in accordance with Articles L.22-10-62 et seq. of the French Commercial Code, for a term of 18 months expiring on November 24, 2023. A note describing this program was published on the Company's website.

The Shareholders' Meeting of May 17, 2023 will be asked to renew the authorization given to the Board of Directors, in accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, to purchase the Company's own shares for a further period of 18 months, *i.e.* until November 16, 2024, up to a limit of 10% of the share capital.

Implementation of this share buyback program, which is covered by Articles L. 22-10-62 et seq., L. 225-213 of the French Commercial Code, Articles 241-1 et seq. of the General Regulation of the AMF, and the provisions of Regulation (EU) No 596/2014 on market abuse, is subject to approval by the Shareholders' Meeting on May 17, 2023, under the proposed resolution, which reads as follows:

Thirteenth resolution

(Authorization to be granted to the Board of Directors to proceed with the purchase of the Company's own ordinary shares)

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings and having reviewed the report of the Board of Directors, authorises the Board of Directors, in accordance with the provisions of Articles L.22-10-62 and subsequent of the French Commercial Code, to proceed with the purchase of ordinary shares of the Company representing up to 10% of the number of shares in the Company's capital on the purchase date, with the understanding that the Company may under no circumstances hold more than 10% of its own capital.

The Shareholders' Meeting resolves that these purchases may be carried out for the following purposes:

- awarding, transferring or selling them to employees and corporate officers of the Company and its associated companies, including in the context of participation in the fruit of the Company's expansion, awards of free shares and performance shares, award of stock-options giving right to purchase shares, and any employee shareholding plans (Group savings plan and any similar plan, as the case may be, governed by foreign laws);
- cancellation to reduce the Company's capital (in particular, to compensate for the dilutive effect resulting from the vesting of free performance shares, the exercise of share subscription options by employees and Corporate Officers of the Group, and from increases of capital reserved for employees);
- cover for debt securities that can be converted into or exchanged for Company shares by purchasing shares for delivery (in the event of delivery of existing securities when conversion rights are exercised) or by purchasing shares for cancellation (in the event of the creation of new securities when conversion rights are exercised);
- supporting the share price within a liquidity contract in accordance with the delegated European regulation 2016/1052 of March 8, 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures;
- ultimately swapping or using them as payment in the context of external growth transactions, up to 5% of the capital;
- implementing any accepted market practice recognised by the regulations or the AMF or for any objective permitted in compliance with applicable law.

The Shareholders' Meeting resolves to fix the maximum purchase price per ordinary share at €230 (excluding any purchase fees).

The previously stated share price and number are subject to adjustments as a result of any possible transactions in connection with the Company's capital.

The Shareholders' Meeting resolves that the purchase, disposal or transfer of shares may be paid for and effected by any means and, in particular, on any regulated, free, or OTC market and on any multilateral trading system (including by simple repurchase, by financial instruments or derivatives, or by putting in place option strategies). These transactions may also take the form of blocks of securities which achieve the entire share repurchase program.

This delegation cancels the unused portion of the prior delegation given to the Board of Directors by the Shareholders' Meeting dated May 25, 2022 in its 14th resolution.

This authorisation is granted for a maximum period of eighteen (18) months from this day, specifying, for the record that it cannot be used fully or partially during periods of public offerings relating to the Company's shares.

All necessary powers are therefore granted to the Board of Directors, with powers to sub-delegate, as permitted by Law and the Articles of Association, to effect this resolution including to finalise any programs, send orders to the Stock Exchange, conclude agreements, make any statements and complete any formalities with the AMF and any organs indicated by the authorities, or generally, do whatever is necessary.

Conditions

Subject to approval of the 13th resolution to be submitted to the Shareholders meeting of May 17, 2023, the conditions of the share buyback program would be as follows:

Maximum share capital to be purchased and theoritical maximum cost allocated

The maximum number of shares that may be purchased under the authorization submitted to the Shareholders' Meeting on May 17, 2023, may not exceed 10% of the total number of shares composing the capital, with this limit applying to an amount of share capital that will be adjusted, if necessary, to include transactions affecting the share capital subsequent to this Shareholders' Meeting. Purchases made by the Company may under no circumstances result in the Company holding more than 10% of the share capital, either directly or indirectly through subsidiaries.

The maximum purchase price per common share is set at €230 (excluding transaction costs), it being specified that the price and number of shares will be adjusted as necessary in the event of capital transactions.

Based on the maximum purchase price, in theory, the maximum cost of buying 10% of the current share capital would amount to €10,296.8 million (44,768,823 shares x €230).

Modalities

The purchase, sale or transfer of the shares may be paid for and carried out by any appropriate method, and in particular on any regulated, free or OTC market, or on any multilateral trading facility (including through straight purchases, or the use of financial instruments or derivatives or the implementation of options strategies). The entire share buyback program may be carried out through a block purchase.

The authorization may not be used, in whole or in part, during public offers periods for the Company's stock.

Full authority is granted to the Board of Directors, with the option to sub-delegate such powers within the limits set by law and the bylaws, to carry out this transaction and/or to approve all programs, place all stock market orders, enter into any agreement, carry out all declarations and formalities with the AMF and all bodies of their choice and, more generally, take any measures considered necessary.

Duration of the share buyback program

The authorization is valid for a maximum period of eighteen (18) months from May 17, 2023 up to November 16, 2024.

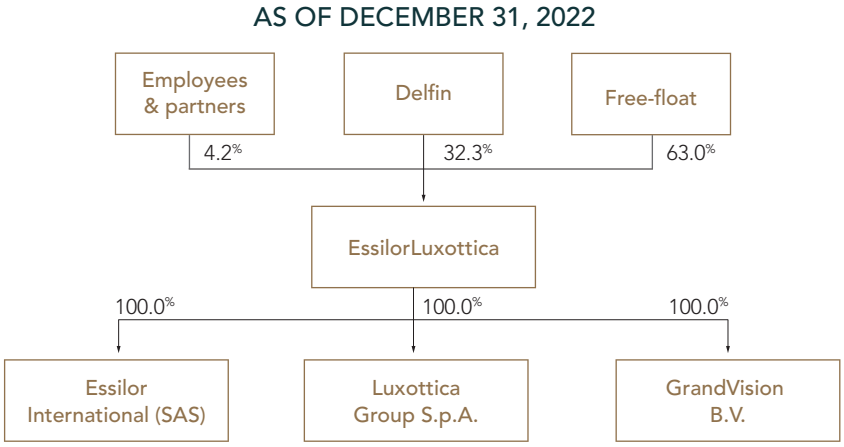
Transactions carried out under the previous program

Transactions carried out under the previous program are listed in the special report of the Board of Directors on share buybacks (refer to paragraph 6.3.1 of this Chapter).

6.4 Shareholding

As a result of the completion of the Combination effective October 1, 2018, Delfin, the holding company of the family of Leonardo Del Vecchio, has become the main shareholder with more than 30% of the share capital and voting rights. Following the death of Mr. Leonardo Del Vecchio on June 27, 2022, Delfin remains the holding company of the Del Vecchio family and its share capital is held in equal parts by the widow and the descendants ("*ayants droit*") of Mr. Del Vecchio (based on publicly available information in the Luxembourg business registers).

Group structure as at December 31, 2022



Treasury stock accounted for 0.50% of capital.

- **Standstill Undertaking:** pursuant to the terms of the Combination Agreement, Delfin has agreed not to file a public offer for EssilorLuxottica shares for a period of ten (10) years from the date of the signature of the Combination Agreement, provided that no third party – acting alone or in concert – comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a public offer for EssilorLuxottica shares (the "Standstill Undertaking").

Notwithstanding the provisions of the last paragraph of Article L. 22-10-46 of the French Commercial Code, as of October 1, 2018, EssilorLuxottica bylaws provide for the exclusion of double voting rights to protect the rights of minority shareholders. The bylaws also exclude the casting vote of the Chairman of the Board of Directors, and place a 31% limit on voting rights for any shareholder, based on a formula described in the EssilorLuxottica bylaws and reproduced in Section 6.1.8, paragraph *Voting rights* as well as in the following paragraph.

Summary of the key provisions of EssilorLuxottica's bylaws

The bylaws of EssilorLuxottica include the following key provisions:

1. the exclusion of double voting rights.

   As an exemption to the provisions of the last paragraph of Article L. 22-10-46 of the French commercial code, no double voting rights are conferred on the shares of the EssilorLuxottica;
2. a 31% limit on voting rights for any shareholder, based on a formula described in the EssilorLuxottica bylaws and reproduced below:

The EssilorLuxottica bylaws provide for a 31% limit on voting rights for any shareholder, based on a formula contained in the bylaws (see Section 6.1.8, paragraph *Voting rights*). Consequently, no shareholder may express, whether personally or through a proxy holder, with respect to the voting rights attached to the shares he or she directly or indirectly holds, more than 31% of the total number of EssilorLuxottica voting rights, computed as indicated in the aforementioned Section 6.1.8.

Theoretical calculation of Delfin voting rights as at December 31, 2022

a	Total number of shares	[N]	447,688,233
b	Treasury shares	[P]	2,360,650
c	Shares exceeding 34% of the share capital	[D]	-
d	Shares held by Delfin		144,685,679
e = 31% (a-b-c)	Cap on voting rights	31% (N-P-D)	138,051,551
f = d-e	Non-exercisable voting rights		6,634,128
g = a-b-f	Total number of voting rights		438,693,455

Shares held by Delfin: 144,685,679 / 447,688,233 = 32.3 %

Delfin voting rights: 138,051,551 / 438,693,455 = 31.5 %

For the purposes of this statutory clause limiting voting rights, it is specified that all current or former employees of EssilorLuxottica or of its subsidiaries or interests and/or the assigns of these persons and/or the asset management companies whose entire capital is exclusively held by the latter (the "Employees and Employee Entities"), acting alone or in concert with other Employees and Employee Entities or with an entity (including any mutual funds) the entire capital or units of which are held by Employees and Employee Entities (an "Authorized Entity") will not be taken into account for the calculation of the number of natural persons or corporate entities holding more than 10% of the capital or voting rights of EssilorLuxottica provided that (i) these Employees and Employee Entities and/or Authorized Entities do not act in concert with any third party other than the Employees and Employee Entities and/or Authorized Entities, (ii) the Employees and Employee Entities and/or Authorized Entities are not represented by a third party not appointed from among the Employees and Employee Entities; it being however specified that this exclusion will only apply insofar as the Employees and Employee Entities and/or any Authorized Entity hold less than 15% of the share capital or voting rights of EssilorLuxottica.

The limit provided for in the above paragraphs has no effect on the calculation of the total number of voting rights that are attached to EssilorLuxottica's shares that must be taken into account for the application of legal, regulatory or statutory provisions that impose particular obligations by reference to the number of existing voting rights in EssilorLuxottica or the number of shares bearing voting rights.

The limit provided for in the above paragraphs automatically lapses, without the necessity for a new decision of the Extraordinary Shareholders' Meeting, whenever a natural person or corporate entity, acting alone or in concert with one or more natural persons or corporate entities, holds at least two thirds of the total number of shares and voting rights of EssilorLuxottica following a takeover bid targeting all the shares of EssilorLuxottica. The Board of Directors notes that the lapse has occurred and carries out the corresponding statutory amendment formalities.

For more information, please refer to Section 6.1.

Crossing of legal and statutory thresholds in 2022

In 2022, EssilorLuxottica received the following notifications:

- from T. Rowe Price Associates, Inc. (notification dated January 26, 2022):

On January 26, T. Rowe Price Associates, Inc. notified the Company that *"Advisory Clients of T. Rowe Price purchased voting rights of your company to rise above the 1% threshold as set out in your Articles of Association.*

As of January 24, 2022, Advisory Clients owned 4,495,497 shares, representing 1.01% of the outstanding share capital. As of January 24, 2022, T. Rowe Price, on behalf of its Advisory Clients had the power to vote 4,433,105 shares, representing 1.00% of the voting rights in your company".

- from Bank of Montreal (notifications dated May 25, May 26, June 2, 2022):

On May 25 and 26, Bank of Montreal (BMO) notified the Company that *"pursuant to an increase in our shareholding, BMO crossed above the 1% threshold in relation to the number of voting rights of the Company.*

As at May 24, 2022 BMO held 5,257,825 voting shares in the Company. The exposure to 5,257,825 shares in the Company represents 1.18% of the Company's voting rights.".

On May 26, Bank of Montreal (BMO) notified the Company that *"pursuant to an increase in our shareholding, BMO Managing Entities (as defined below) crossed above the 1% threshold in relation to both the number of outstanding shares and the number of voting rights of the Company.*

As at May 25, 2022 BMO Capital Markets Corp., and BMO Financial Corp., all being branches or subsidiaries of the Bank of Montreal (together, the "BMO Managing Entities"), held 8,266,326.50 voting shares in the Company. The exposure to 8,266,326.50 shares in the Company represents 1.868% of the Company's voting rights.".

On June 2, Bank of Montreal (BMO) notified the Company that *"pursuant to a decrease in our shareholding, BMO Managing Entities (as defined below) crossed below the 1% threshold in relation to both the number of outstanding shares and the number of voting rights of the Company.*

As at June 1, 2022 BMO Capital Markets Corp. and BMO Financial Corp., all being branches or subsidiaries of the Bank of Montreal (together, the "BMO Managing Entities"), held 4,367,856.50 voting shares in the Company. The exposure to 4,367,856.50 shares in the Company represents 0.987% of the Company's voting rights."

- from BlackRock (notification dated October 3, 2022):

On October 3, BlackRock notified the Company that *"As at September 30, 2022 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.97% (17,757,571 votes) and a capital basis is 3.97% (17,757,571 shares)".*

6.5 Employee shareholding

Throughout its history, the Company has been committed to making all employees partners in its development by allowing them to become Group shareholders. This policy is fundamental to the Company's culture and has been a key factor in its performance since the very beginning. This employee shareholding culture continues to be a key feature of the newly combined Group. Employee shareholding is regarded as a key inviolable principle and was deployed throughout the EssilorLuxottica group from 2019 onwards through the first international plan, and continues in 2020, 2021 and in 2022 with an increasing number of participant.

The significant level of employee shareholding boosts the Company's competitiveness and is a source of pride among all EssilorLuxottica employees. It means that Group employees have the opportunity to be fully engaged in creating value and achieving success for the Group as a result of their substantial stake in its share capital.

In keeping with EssilorLuxottica's employee shareholding culture and governance model, Valoptec Association, a French non-profit association representing current and former EssilorLuxottica employees, is the single body that represents all of the new Group's employee shareholders on EssilorLuxottica's Board of Directors.

This atypical form of governance, built on trusted dialog with the Company's management team, aims to encourage the involvement of almost 190,000 employees in defining the Company's strategy.

In addition to aligning the interests of employee shareholders with those of other shareholders, the Company's governance structure strengthens employees' sense of belonging to the Group as well as their commitment to its strategy.

Following the success of the international employee shareholding plan in 2017 and 2018, offered to Essilor International employees, EssilorLuxottica launched the new Group's first employee shareholding initiative in 2019. This international plan has gradually enabled Luxottica employees to co-invest in the Company by buying Group shares on advantageous terms. In 2022, close to 58,000 EssilorLuxottica employees participated in 80 countries.

Despite the challenging context of the past year, the subscription rate in Boost 2022 reached over 65% of eligible employees, which is considerably above the market average and well in line with the previous "Boost" initiatives. Specific plans rolled-out at local level complemented the global initiative and contributed to its overall success.

As a result of these mechanisms, 86,000 employees, former and retired employees of the Group are EssilorLuxottica internal shareholders as at the end of 2022. They represent 4.2 % of the share capital and 4.3% of the voting rights.

6.5.1 Performance shares

Rights to performance shares are presented below:

	Before the Combination[(a)]		
	As at December 31, 2022	Of which in 2022	In January 2023
Rights granted	316,638		
Rights canceled	117,197	23,631	
Rights exercised	199,441		
• Shares issued through a capital increase		167,947	
• Treasury share account			
Rights outstanding	0		

(a) Plan of May 23, 2018 R/NR: prior to Combination.

	After Combination[a]		
	As at December 31, 2022	Of which in 2022	In January 2023
Rights granted[a]	9,628,941		
Rights canceled[a]	1,287,384	908,697	16,143
Rights exercised[a]:	1,555,991		
• Shares issued through a capital increase			
• Treasury share account		1,545,101	
Rights outstanding[a][b]	6,785,566		6,769,423

(a) Plans from October 3, 2019 R and NR to October 6, 2022 R and NR : after Combination.
(b) *i.e.* 1.52% of the share capital as at December 31, 2022.

If the rights to performance shares are exercised, grantees will be granted existing ordinary EssilorLuxottica shares.

The decision was preceded by an assessment of the benefits of this type of plan. The conclusions from this assessment were as follows:

- the potential dilutive impact of performance shares granted is less than half that of stock subscription options offering an equivalent potential gain;
- the grant system makes it easier for grantees to keep their shares, unlike stock subscription options (or purchase) options, the financing of which by the holders results in almost all cases to a partial or total transfer;
- the terms of the performance share awards are designed to ensure that the potential gain for grantees is as close as possible to that for holders of stock options. Lastly, the performance shares are subject to vesting conditions based on growth in the Company's share price to ensure that the interests of grantees converge with those of shareholders.

6.5.1.1 Vesting conditions and lock-up period

EssilorLuxottica's long-term compensation plans were designed to encourage the alignment of the interests of employee shareholders and external shareholders.

Performance shares granted between 2006 and 2022 inclusive are governed by performance share plan regulations, the conditions of which have changed since 2006.

The vesting of performance shares is dependent on:

- a performance condition based on the progress of the trading price of the share, in accordance with the seventh resolution approved by the Shareholders' Meeting of November 29, 2018 and the fifteen resolution approved by the Shareholders' Meeting of May 21, 2021;
- an employment condition in order to guarantee the long-term commitment of the grantees and their loyalty to the Company;
- a lock-up period for vested shares, subject to a decision by the Board of Directors, to strengthen the convergence between the interests of employee shareholders and those of external shareholders;
- stricter conditions for corporate officers.

Shares from 2018 non resident plan and 2019 (French resident and non resident) have been fully delivered.

Performance condition

Starting from the 2017 plan: the vesting of shares and the number of shares vested are subject to a performance condition based on the annualized growth of the Essilor share price over a period of between three and six years (from Y+3 to Y+6) from their award date.

The Initial Reference Share Price (corresponding to the average of the 20 opening prices preceding the award date) is determined at the time they are granted.

Three years after the award (Y + 3), an Average Share Price is calculated, corresponding to the average opening share price for the three months preceding the date of the third anniversary of the award.

If the increase between the Average Share Price and the Initial Reference Share Price is:

- **22.5% or more** (*i.e.* annualized growth of 7%), all shares initially granted will vest provided that the employment condition is met (see details in paragraph *Employment condition*).

  Starting from the 2015 plans: Calculation formula: (Average Price/Initial Price) (1/Y) - 1 where Y is the number of years between the award and the performance measurement date. Y = 3 then, if the performance condition is not achieved, 3.25 and so on up to a maximum of six;

- **6.1% or more, but less than 22.5%** (corresponding to annualized growth[1] of 2% or more but less than 7%), some of the shares initially granted will vest provided that the employment condition is also met (see details in paragraph *Employment condition*);
- **less than 6.1%** (*i.e.* annualized growth of less than 2%), no shares will vest. In this case, a further performance assessment will be carried out three months later with annualized share price benchmarks of between 2% and 7%. This measurement of performance may be repeated until the sixth anniversary of the award date (Y+6).

The first time that the annualized increase between the Average Share Price and the Initial Reference Share Price crosses the 2% threshold (as annualized growth) is when the number of shares vested is determined, even if the annualized increase subsequently rises. The more time that passes, the greater the minimum threshold (increase in the trading price) that must be achieved to receive a minimum number of EssilorLuxottica shares: 6.1% in Y+3, +8.2% in Y+4 etc. and +12.6% in Y+6.

If, at the end of Y+6, the minimum threshold of a 12.6% increase in the trading price has not been achieved, the plan becomes null and void and the employees will not receive any EssilorLuxottica shares.

From 2020 plan, the vesting of shares and the number of shares vested are subject to a performance condition based on the annualized growth of the Essilor share price over a period of three years from their award date.

Three years after the award (Y + 3), an Average Share Price is calculated, corresponding to the average opening share price for the three months preceding the date of the third anniversary of the award.

If the increase between the Average Share Price and the Initial Reference Share Price is:

- **22.5% or more** (*i.e.* annualized growth of 7%), all shares initially granted will vest provided that the employment condition is met (see details in paragraph *Employment condition*).
- **6.1% or more, but less than 22.5%** (corresponding to annualized growth[2] of 2% or more but less than 7%), some of the shares initially granted will vest provided that the employment condition is also met (see details in paragraph *Employment condition*);
- **less than 6.1%** (*i.e.* annualized growth of less than 2%), no shares will vest, employees won't receive any EssilorLuxottica shares.

Employment condition

For the plans from 2017 to May 2018, for French tax residents, the vesting of shares is contingent on the grantee still being employed in the Group on the date that the performance condition is met, which may occur between the third and the sixth anniversary of the award.

For the plans from 2017 to May 2018, for non-French tax residents, the employment condition is set:

- on the fourth anniversary of the award if the achievement of the performance condition occurs between the third and fourth anniversary;
- on the date that the performance condition is met, if that day occurs after the fourth anniversary of the award.

Starting from the November 2018 plan, the vesting of shares is contingent on the grantee still being employed in the Group on the date that the performance condition is met, which may occur between the third and the sixth anniversary of the award.

From October 2020 plan, Performance Shares will be delivered to each beneficiary subject to the satisfaction of the Performance Condition of the Plan (3 years after grant), provided that the Beneficiary holds, throughout the entire duration of the Vesting Period, an employment contract or corporate office within the Group.

The employment condition is waived in the event of the grantee's death, disability, retirement or dismissal economic grounds for some plans and under certain conditions.

Lock-up period

For the previous plans in effect as at the Combination Date, the Board of Directors established a lock-up period once the performance condition is met. French tax residents may sell the shares acquired no earlier than the fifth anniversary of the initial award. All shares acquired are only available to non-French tax residents after the fourth anniversary of their initial award.

For the plans introduced after the Combination Date, in accordance with the seventh resolution approved by the Shareholders' Meeting of November 29, 2018 and the fifteen resolution approved by the Shareholders' Meeting of May 21, 2021, the Board of Directors may impose a share lock-up period on grantees, it being specified that Executive Corporate Officers are required to hold a certain number of shares for the duration of their term of office.

From the November 2018 plans, the Board of Directors decided not to impose a lock-up period.

(1) Starting from the 2017 plan: Calculation formula: (Average Price/Initial Price)^(1/N)-1 where N is the number of years between the award and the performance measurement date. N = 3 then, if the performance condition is not achieved, 3.25 and so on up to a maximum of six.
(2) From 2020 plan: Calculation formula: (Average Price/Initial Price)^(1/N)-1 where N is the number of years between the award and the performance measurement date. N = 3. If the performance condition is not achieved, no shares will be delivered.

6.5.1.2 Rights to performance shares outstanding

Grant date	Number of rights granted	Of which corporate officers	Initial reference share price (useful for evaluating performance) *(in €)*	Number of rights outstanding as at December 31, 2022	Number of rights outstanding as at January 31, 2023
October 1, 2020	2,138,851	110,045	110,79	1,859,484	1,850,650
November 26, 2020 Collective	92,800		113,85	81,640	81,600
October 28, 2021	2,817,295	85,000	165,8	2,608,979	2,605,069
October 28, 2021 Collective	83,016		165,8	75,834	75,798
October 6, 2022	2,092,725	85,000	145,84	2,078,341	2,075,018
October 6, 2022 Collective	81,288		145,84	81,288	81,288
TOTAL	**7,305,975**	**280,045**		**6,785,566**	**6,769,423**

6.5.1.3 Board of Directors members' rights to shares

Position as at December 31, 2022

	Employee members and corporate officers of the Board of Directors							
	Leonardo Del Vecchio	Paul du Saillant	Francesco Milleri	Leonel Pereira Ascencao	Juliette Favre	Delphine Zablocki	Virginie Mercier Pitre	Margot Bard	Sébastien Brown
Shares									
Rights to performance shares									
• October 1, 2020		35,045	35,000	45	1,025		1,505	515	4
• November 26, 2020				20	20		20	20	20
• October 28, 2021		35,000	50,000	41	3,041		3,541	441	71
• October 28, 2021				18	18		18	18	18
• October 6, 2022		35,000	50,000	38	1,039		1,500	441	124
• October 6, 2022				18	18		18	18	18

6.5.2 Stock options

The position regarding stock options is presented below.
Information is provided only for those award plans for which options are currently outstanding.

	Before the Combination[a]		
	As at December 31, 2022	Of which in 2022	In January 2023
Options granted[a]	351,431		
Options canceled	123,178	1,610	
Options exercised[a]	159,087	55,304	1,769
Options outstanding[a] [b]	69,166		67,397

(a) Plans from December 2, 2015 to October 3, 2017: before Combination.
(b) *i.e.* 0.02% of the share capital as at December 31, 2022.

	After Combination[a]		
	As at December 31, 2022	Of which in 2022	In January 2023
Options granted[a]	495,724	0	
Options canceled[a]	49,989	4,719	0
Options exercised[a]	50,828	44,312	10,891
Options outstanding[a] [b]	394,907		384,016

(a) Plans from November 29, 2018 to October 28, 2021: after Combination.
(b) *i.e.* 0.09% of the share capital as at December 31, 2022.

Stock options exercisable on the Combination Date, if exercised, trigger the issue of new ordinary Company shares.

As at December 31, 2022, the total number of shares likely to be issued by exercising stock options was 69,166.

Stock options granted after the Combination Date will be delivered through treasury shares.

The subscription/purchase price is equal to the average of the opening prices quoted for the Company's shares over the 20 trading days preceding the Board of Directors' decision to grant the options.

Under capped plans, the maximum profit that can be made by each grantee is capped at 100% of the value of the options granted.

Capped performance plans are, in addition, subject to the share price reaching a certain level (in the same way as the performance shares described in Section 6.5.1) and can be canceled if the target is not met.

Grant date[(a)(b)]	Number of options granted	Subscription/ purchase price *(in €)*	Number of options outstanding as at December 31, 2022	Number of options outstanding as at January 31, 2023
December 2, 2015	100,023	121.32	0	0
September 22, 2016	119,392	114.88	32,898	31,465
October 3, 2017	132,016	105.80	36,268	35,932
November 29, 2018	133,203	116.74	76,845	72,524
October 3, 2019	127,117	131.52	96,599	90,029
October 1, 2020	113,536	110.79	102,493	102,493
October 28, 2021	121,868	165.80	118,970	118,970
TOTAL	**847,155**		**464,073**	**451,413**

(a) Plans prior to December 2, 2015 no longer have share subscription options outstanding.
(b) Starting from the November 29, 2018 plan, delivery of treasury shares.

6.5.3 Stock option awards and exercises during the year

Award and exercise:

- stock subscription options;
- share purchase options;
- rights to performance shares;
- granted to Non-Corporate Directors and Officers.

	Total number	Average weighted price *(in €)*	Maturity date	Related plans
No options granted during the 2022 fiscal year	0	-	-	-
Rights to performance shares granted during the 2022 fiscal year by the issuer and by any company included within the scope options granted, to the ten employees of the issuer and of any company included in this scope, of which the number of rights thus granted is the highest (general information)	150,158	145.84	10/06/2025	10/06/2022
Options held on the issuer and the companies referred to above, **exercised during the 2022 fiscal year** by the ten employees of the issuer and of these companies, of which the number of purchase or subscription options thus exercised is the highest (general information)	24,800	121.42		12/02/2015 09/22/2016 10/03/2017 11/29/2018 10/03/2019

6.6 Dividend distribution

The Company pursues a balanced dividend policy aimed at ensuring the remuneration of its shareholders and the reinvestment of its earnings to further its development.

2023 dividend in respect of fiscal year 2022

The Board of Directors of February 22, 2023 decided to submit to the Shareholders' Meeting to be held on May 17, 2023 a dividend of €3.23 per ordinary share for the year 2022.

Subject to the approval by the Shareholders' Meeting the dividend will be paid as from June 13, 2023, in cash or in shares, at the shareholder's discretion.

History of the overall dividend distribution and growth

Total dividends for 2022 and the previous six years were as follows:

€ million	Net income Group share	Amount distributed	Pay out ratio	Net dividend *(in €)*	Pay out date
2022	2,860[a]	1,446[b]	50%[b]	3.23[b]	13/06/2023[b]
2021	2,206[c]	1,104	50%	2.51	21/06/2022
2020	788[d]	977[e]	123%[e]	2.23[e]	21/06/2021[e]
2019	1,938[d]	-[f]	-[f]	-[f]	-[f]
2018	1,871[g]	887	50%[h]	2.04	05/23/2019
2017	833	333	40%	1.53	04/30/2018
2016	813	325	40%	1.50	05/19/2017

(a) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 2.3, paragraph *Adjusted consolidated statement of profit or loss*, of this Universal Registration Document.
(b) Based on the number of shares as of January 31, 2023 and subject to the decision of the Annual Shareholders' Meeting on May 17, 2023.
(c) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 2.3.2.1 of the 2021 Universal Registration Document.
(d) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 3.1.1, paragraph *Condensed consolidated statement of profit or loss: reconciliation with adjusted figures* of the 2020 Universal Registration Document.
(e) An interim dividend of €1.15 per share (for a total cash-out of €503 million) has been paid on December 28, 2020.
(f) On April 18, 2020, in light of the Covid-19 outbreak, EssilorLuxottica Board of Directors decided not to submit the distribution of a dividend for the 2019 financial year to the Annual Shareholders' Meeting held on June 25, 2020.
(g) Corresponding to the *pro forma* adjusted Net profit as presented in Section 3.6 of 2018 Registration Document.
(h) Pay-out ratio applied on *pro forma* adjusted Net profit attributable to owners of the parent.

Dividends not claimed within five years will lapse, in accordance with the law.

Institution paying the Company's dividends

BNP Paribas Securities, Grands Moulins de Pantin, 9 Rue du Débarcadère, 93761 Pantin Cedex France. Tél: 01.42.98.10.00

6.7 Key stock market data

6.7.1 EssilorLuxottica shares

The EssilorLuxottica share trades on Euronext Paris – Euronext – Local stocks – Compartment A. Its ISIN and Euronext code is FR0000121667. The shares are eligible for the deferred settlement service (SRD).

The EssilorLuxottica share is included in the following indices: CAC 40, SBF 120, CAC All-Tradable, Euronext 100, EURO STOXX 50, STOXX All Europe 100, FTSE Euro 100, FTSEurofirst 300, MSCI World et MSCI Europe.

EssilorLuxottica is also included in several sustainability indices, such as the MSCI ESG Indices, the Euro STOXX Sustainability and STOXX ESG Indices, the FTSE4Good Series and Solactive ESG Indices.

In 2022, EssilorLuxottica received a rating of " A " in the MSCI ESG Ratings assessment and a "Low Risk" ESG Risk Rating from Sustainalytics.

The shares are freely transferable and cannot be jointly owned.

6.7.2 Key stock market data over 10 years

(Source: Reuters, Bloomberg)

	Share price *(in €)*				
	Session High	Session Low	Closing price	Number of outstanding shares at December 31	Market capitalization at December 31[(a)] *(€ million)*
2022	**192.40**	**132.70**	**169.20**	**447,688,233**	**75,749**
2021	195.00	116.40	187.24	442,442,920	82,843
2020	145.00	86.76	127.55	439,005,894	55,995
2019	142.70	95.50	135.80	437,564,431	59,421
2018	129.55	105.35	110.45	426,777,218	47,138
2017	122.15	100.60	114.95	219,125,439	25,188
2016	124.55	93.41	107.35	218,507,701	23,457
2015	125.15	88.72	115.05	216,456,440	24,903
2014	93.26	70.51	92.68	215,892,528	20,009
2013	89.99	71.90	77.28	214,699,498	16,592

(a) The market capitalization methodology has been modified compared to previous URD versions by showing the full market capitalization instead of the market capitalization used in the CAC 40 Index (free float adjusted one).

6.7.3 Share prices and trading volumes over the past 16 months

(Sources: Bloomberg and Reuters)
Stock markets: Euronext Paris, Turquoise, Bats Europe, Equiduct, London Stock Exchange, Acquis Exchange.

	Volume of transactions *(millions of shares)*	Volume of transactions, incapital *(€ millions)*	Market price *(in €)* In session Higher	Market price *(in €)* In session Lower
2021				
October	16.97	2,838	179.1	157.24
November	20.95	3,881	195	175.02
December	15.29	2,793	188.64	174.68
2022				
January	17.77	3,087	192.4	161.48
February	19.68	3,297	179.8	152.72
March	28.41	4,469	172.79	133.6
April	17.27	2,847	175.15	158.1
May	26.95	4,035	164.5	140.15
June	20.53	2,921	154.5	132.7
July	15.36	2,279	157.6	137.1
August	15.90	2,513	165.9	148.35
September	19.74	2,875	159.5	137
October	19.50	3,026	166.95	137.7
November	16.98	2,896	178.55	156.5
December	19.47	3,420	184.7	168.45
2023				
January	18.83	3,232	178.65	166.15

6.8 Historical data

6.8.1 Breakdown of the share capital in 2020 and 2021

Breakdown of share capital in 2021

As at December 31, 2021	Number of shares	%	Number of voting rights	%
Delfin	**142,056,173**	**32.1%**	**136,728,649**	**31.4%[c]**
• Shareholding EssilorLuxottica FCPE	4,367,553	1.0 %	4,367,553	1.0 %
• Valoptec International FCPE	3,224,926	0.7 %	3,224,926	0.7 %
• Funds outside France (Trust US, SIP, …)	968,108	0.2 %	968,108	0.2 %
• EssilorLuxottica FCPE	899,838	0.2 %	899,838	0.2 %
• Pure registered shares or administered shares held by employees	9,668,576	2.2 %	9,668,578	2.3 %
• Pure registered shares or administered shares held by partners	343,240	0.1 %	343,240	0.1 %
Internal shareholding (current, former and retired employees) and partner shareholding[a][b]	**19,472,241**	**4.4 %**	**19,472,241**	**4.5 %**
Treasury shares	**1,382,761**	**0.3%**		
Free-float	**279,531,745**	**63.2%**	**279,531,745**	**64.1%**
TOTAL	**442,442,920[d]**	**100%**	**435,732,635**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 1.81%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form resulting of performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1 and 6.3.
(d) Corresponding to 441,925,033 shares delivered and registered in 2021 and 517,887 shares delivered but not registered.

Breakdown of share capital in 2020

As at December 31, 2020	Number of shares	%	Number of voting rights	%
Delfin	**140,836,426**	**32.08%**	**135,476,025**	**31.39[c]**
• Shareholding EssilorLuxottica FCPE	4,272,772	0.97%	4,272,772	0.99%
• Valoptec International FCPE	3,562,271	0.81%	3,562,271	0.82%
• Funds outside France (Trust US, SIP, …)	990,079	0.23 %	990,079	0.23 %
• EssilorLuxottica FCPE	677,245	0.15 %	677,245	0.16 %
• Pure registered shares or administered shares held by employees	8,905,515	2.03%	8,905,515	2.06%
• Pure registered shares or administered shares held by partners	344,240	0.08%	344,240	0.08%
Internal shareholding (current, former and retired employees) and partner shareholding[a][b]	**18,752,122**	**4.27%**	**18,752,122**	**4.34%**
Treasury shares	**1,986,459**	**0.45%**		
Free-float	**277,430,887**	**63.2%**	**277,430,887**	**64.27%**
TOTAL	**439,005,894[d]**	**100%**	**431,659,034**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 1.51%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form as they are the result of performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1 and 6.3.
(d) Corresponding to 439,000,648 shares delivered and registered in 2020 and 5,246 shares delivered but not registered.

6.8.2 History of the share capital

Change in the share capital over the last five years *€ thousands*	Number of shares	Nominal	Issue premium	Successive amounts of nominal share capital	Cumulative number of shares of the Company
Share capital as at December 31, 2017				**39,443**	**219,125,439**
Delfin contribution	139,703,301	25,147	13,148,696	64,590	358,828,740
Recognition of completion of the mandatory exchange offer	66,329,548	11,939	7,166,725[a]	76,529	425,158,288
Delivery of performance share plans	1,308,339	236		76,764	426,466,627
Share subscription reserved for the Essilor group mutual funds	277,926	50	25,906	76,814	426,744,553
Exercise of stock subscription option	32,665	6	2,515	76,820	426,777,218
Cancellation of treasury shares				76,820	426,777,218
Incorporation of reserves for capital increase				76,820	426,777,218
Share capital as at December 31, 2018				**76,820**	**426,777,218**
Recognition of completion of the mandatory exchange offer	9,259,224	1,667	1,016,466[b]	78,487	436,036,442
Delivery of performance share plans	1,206,509	217		78,704	437,242,951
Share subscription reserved for the Essilor group mutual funds	249,635	45	27,322,551	78,749	437,492,586
Exercise of stock subscription option	40,930	7	3,508,219	78,756	437,533,516
Cancellation of treasury shares				78,756	437,533,516
Incorporation of reserves for capital increase				78,756	437,533,516
Share capital as at December 31, 2019				**78,756**	**437,533,516**
Delivery of performance share plans	1,078,950	194		78,950	438,612,466
Share subscription reserved for the Essilor group mutual funds	316,961	57	28,635	79,007	438,929,427
Exercise of stock subscription option	71,221	13	7,045	79,020	439,000,648
Cancellation of treasury shares				79,020	439,000,648
Incorporation of reserves for capital increase				79,020	439,000,648
Share capital as at December 31, 2020				**79,020**	**439,000,648**
Delivery of performance share plans	30,782	6	-	79,026	439,031,430
Share subscription reserved for the Essilor group mutual funds	177,863	32	26,226	79,058	439,209,293
Exercise of stock subscription option	28,055	5	559	79,063	439,237,348
Dividend payment in newly issued shares	2,687,685	484	334,671	79,547	441,925,033
Share capital as at December 31, 2021				**79,547**	**441,925,033**
Delivery of performance share plans	630,729	113		79,660	442,555,762
Share subscription reserved for the Essilor group mutual funds	232,868	42	30,648	79,702	442,788,630
Exercise of stock subscription option	69,506	13	7,457	79,715	442,858,136
Dividend payment in newly issued shares	4,789,194	862	648,553	80,577	447,647,330
SHARE CAPITAL AS AT DECEMBER 31, 2022[c]				**80,577**	**447,647,330**

(a) The gross amount of the issue premium related to the completion of the mandatory exchange offer amounts to €7,188,133 thousand before deduction of €22 million corresponding to the total amount of transaction costs associated with this operation (see Section 3.10 of 2018 Registration Document).
(b) The gross amount of the issue premium related to the completion of the public tender offer and mandatory squeeze-out procedure amounts to €1,017 million before deduction of €0.7 million corresponding to the total net amount of transaction costs associated to these operations (see Section 3.10 of 2019 Universal Registration Document).
(c) Does not include 40,903 shares delivered but not yet registered at December 31, 2022 for a nominal value amounting to €7.3 thousand and issue premium amounting to €4,813 thousand.

6.8.3 History of awards of stock subscription options and rights to performance shares

With regard to performance shares, please also see Section 6.5.1.

Plan	11/25/2014	12/02/2015
Date of Shareholders' Meeting	May 11, 2012	May 5, 2015
Date of Board of Directors' Meeting	November 25, 2014	December 2, 2015
Type of plan	Capped performance stock subscription option plan[a]	Capped performance stock subscription option plan[b]
Total number of shares that can be subscribed or purchased	Maximum 121,505	Maximum 100,023
By corporate officers		
• Hubert Sagnières		
• Laurent Vacherot		
By the top 10 employee beneficiaries	59,900	43,459
Starting point for exercising options	November 25, 2016[d]	December 2, 2018[e]
Date plan ends	November 25, 2021	December 2, 2022
Subscription price or purchase price *(in €)*	87.16	121.32
Number of grantees	256	283
Exercise conditions[c]	Non-residents and residents: cannot exercise until performance is achieved. Then 50% in the third year and the balance in the following years. Cancellation possible.	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.
Number of shares subscribed as at December 31, 2022	104,487	68,985
Stock subscription options or rights to performance shares canceled	17,018	31,038
Stock subscription options or rights to performance shares remaining	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) Capped performance plan. The 2015 capped performance plans are no longer subject to performance conditions.
(c) The vesting of stock subscription options is subject to a performance condition based on the annualized growth of Essilor's share price. A second performance condition applies specifically to executive corporate officers: the number of vested options may be reduced if the average rate of accomplishment of their variable compensation targets is less than 100%.
(d) Options may be granted when the calculated annualized average is 2% higher than the price of €87.16.
(e) Options may be granted when the calculated annualized average is 2% higher than the price of €121.32.

Plan	09/22/2016	09/22/2016	12/19/2016
Date of Shareholders' Meeting	May 5, 2015	May 5, 2015	May 5, 2015
Date of Board of Directors' Meeting	September 22, 2016	September 22, 2016	December 6, 2016
Type of plan	Capped performance stock subscription option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 119,392	Maximum 1,372,233	Maximum 67,830
By corporate officers		67,005	15
• Hubert Sagnières		35,000	
• Laurent Vacherot		32,005	15
By the top 10 employee beneficiaries	24,281	169,932	75
Starting point for exercising options	September 22, 2019[d]	September 22, 2019	December 19, 2019
Date plan ends	September 22, 2023	September 22, 2022	December 19, 2022
Subscription price or purchase price *(in €)*	114.88	NS[b]	NS[b]
Number of grantees	810	11,227	4,523
Exercise conditions	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.	Non-residents: award subject only to employment condition. 100% saleable on award at September 22, 2020. Residents: 100% saleable as from September 22, 2021.	No non-residents on this plan. Residents: award subject only to employment condition. 100% saleable for registered shares starting Sunday, December 19, 2021, and for the company savings plan (PEE) as from December 19, 2024 or 2026
Number of shares subscribed as at December 31, 2022	38,836	1,175,993	59,865
Stock subscription options or rights to performance shares canceled	47,658	196,240	7,965
Stock subscription options or rights to performance shares remaining	32,898	-	-

(a) Capped performance plan. The 2016 capped performance plans are no longer subject to performance conditions.
(b) If performance shares are granted, they will be issued through a capital increase.
(c) Shares become fully vested in the event of death or disability and are issued through a capital increase.
(d) Options may be granted when the calculated annualized average is 2% higher than the price of €114.88.

Plan	10/03/2017	10/03/2017	12/21/2017
Date of Shareholders' Meeting	May 5, 2015	May 5, 2015	May 5, 2015
Date of Board of Directors' Meeting	October 3, 2017	October 3, 2017	December 6, 2017
Type of plan	Capped performance stock subscription option plan[(a)]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 132,016	Maximum 1,481,219	Maximum 91,200
By corporate officers		82,045	
• Hubert Sagnières		50,000	
• Laurent Vacherot		32,045	
By the top 10 employee beneficiaries	23,583	151,604	60
Starting point for exercising options	October 3, 2020[(c)]	October 3, 2020[(d)]	December 21, 2020[(e)]
Date plan ends	October 3, 2024	October 3, 2023	December 21, 2023
Subscription price or purchase price *(in €)*	105.8	NS[(b)]	NS[(b)]
Number of grantees	786	12,112	4,560
Exercise conditions	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.	Non-residents: award subject to the employment and performance conditions. Cancellation possible. 100% saleable on award at October 3, 2021. Residents: award subject to performance. Cancellation possible. 100% saleable as from October 3, 2022 depending on the final award date.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from December 21, 2022, and for the company savings plan (PEE) as from December 21, 2025 or 2027 depending on the final award date.
Number of shares subscribed as at December 31, 2022	51,266	738,408	56,710
Stock subscription options or rights to performance shares canceled	44,482	742,811	34,490
Stock subscription options or rights to performance shares remaining	36,268	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If performance shares are granted, they will be issued through a capital increase.
(c) Options may be granted when the calculated annualized average is 2% higher than the price of €105.80.
(d) Shares may be granted to residents when the calculated annualized average is 2% higher than the price of €105.80.
(e) Shares may be granted to residents when the calculated annualized average is 2% higher than the price of €107.14.

Plan	5/23/2018	11/29/2018	11/29/2018	11/29/2018
Date of Shareholders' Meeting	May 5, 2015	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	May 23, 2018	November 29, 2018	November 29, 2018	November 29, 2018
Type of plan	Rights to exceptional performance shares	Capped performance stock option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 316,638	Maximum 133,203	Maximum 1,565,862	Maximum 93,180
By corporate officers			100,000	
• Hubert Sagnières			50,000	
• Leonardo Del Vecchio			50,000	
By the top 10 employee beneficiaries	90	12,896	166,580	200
Starting point for exercising options	May 23, 2021[f]	November 29, 2021[d]	November 29, 2021[e]	November 29, 2021[e]
Date plan ends	May 23, 2024	November 29, 2025	November 29, 2024	November 29, 2024
Subscription price or purchase price *(in €)*	NS[b]	116.74	NS[c]	NS[c]
Number of grantees	35,182	789	13,379	4,659
Exercise conditions	Non-residents: award subject to the employment and performance conditions. Cancellation possible. 100% saleable on award at May 23, 2021. Residents: Award subject to performance. Cancellation possible. 100% saleable starting May 23, 2022 depending on the final date of award.	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at November 29, 2021.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 29, 2021, and for the company savings plan (PEE) as from November 29, 2026 or 2028 depending on the final date of award.
Number of shares subscribed as at December 31, 2022	199,441	35,673	1,346,976	81,980
Stock subscription options or rights to performance shares canceled	117,197	20,685	218,886	11,200
Stock subscription options or rights to performance shares remaining	-	76,845	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If performance shares are granted, they will be issued through a capital increase.
(c) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(d) Options will be granted provided that the estimated annualized average price is 2% higher than €116.74.
(e) The shares may be granted to residents when the calculated annualized average is 2% higher than the price of €116.74.
(f) The shares will be granted to residents provided that the estimated annualized average price is 2% higher than €114.62.

Plan	03/07/2019	10/03/2019	10/03/2019	11/28/2019
Date of Shareholders' Meeting	November 29, 2018	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	March 7, 2019	October 3, 2019	October 3, 2019	November 28, 2019
Type of plan	Rights to restricted shares[f]	Capped performance stock option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 801,400	Maximum 127,117	Maximum 2,228,446	Maximum 94,520
By corporate officers			80,000	
• Hubert Sagnières			40,000	
• Leonardo Del Vecchio			40,000	
By the top 10 employee beneficiaries	287,800	29,129	190,109	200
Starting point for exercising options	March 7, 2021	October 3, 2022[c]	October 3, 2022[d]	November 28, 2022[e]
Date plan ends	March 7, 2021	October 3, 2026	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	NS	131.52	NS[b]	NS[b]
Number of grantees	111	775	14,087	4,726
Exercise conditions	Non-residents and residents: award subject to employment condition. Cancellation possible. 100% saleable on award at March 7, 2021	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 3, 2022.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 28, 2022, and for the company savings plan (PEE) as from November 28, 2027 or 2029 depending on the final date of award.
Number of shares subscribed as at December 31, 2022	780,750	15,155	1,461,666	61,570
Stock subscription options or rights to performance shares canceled	20,650	15,363	766,780	32,950
Stock subscription options or rights to performance shares remaining	-	96,599	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €131.52.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €131.52.
(e) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €137.63.
(f) Award of free existing shares (without any performance condition) to Luxottica group's employees, replacing cash retention bonuses approved by Luxottica Board of Directors at the end of December 2017.

Plan	10/01/2020	10/01/2020	11/26/2020
Date of Shareholders' Meeting	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	October 1, 2020	October 1, 2020	November 26, 2020
Type of plan	Capped performance stock option plan[(a)]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 113,536	Maximum 2,138,851	Maximum 92,800
By corporate officers		110,045	
• Hubert Sagnières		20,000	
• Leonardo Del Vecchio		20,000	
• Paul du Saillant		35,045	
• Francesco Milleri		35,000	
By the top 10 employee beneficiaries	28,560	136,260	200
Starting point for exercising options	October 1, 2023[(c)]	October 1, 2023[(d)]	November 26, 2023[(e)]
Date plan ends	October 1, 2027	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	110.79	NS[(b)]	NS[(b)]
Number of grantees	687	13,889	4,640
Exercise conditions	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 1, 2023.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 26, 2023, and for the company savings plan (PEE) as from November 26, 2028 or 2030 depending on the final date of award.
Number of shares subscribed as at December 31, 2022	-	27,615[(f)]	1,060
Stock subscription options or rights to performance shares canceled	11,043	251,752	10,100
Stock subscription options or rights to performance shares remaining	102,493	1,859,484	81,640

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €131.52.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €110.79.
(e) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €113.85.
(f) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

Plan	10/28/2021	10/28/2021	10/28/2021
Date of Shareholders' Meeting	May 21, 2021	May 21, 2021	May 21, 2021
Date of Board of Directors' Meeting	October 28, 2021	October 28, 2021	October 28, 2021
Type of plan	Capped performance stock option plan[(a)]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 121,868	Maximum 2,817,295	Maximum 83,016
By corporate officers		85,000	
• Hubert Sagnières			
• Leonardo Del Vecchio			
• Paul du Saillant		35,000	
• Francesco Milleri		50,000	
By the top 10 employee beneficiaries	46,706	176,118	180
Starting point for exercising options	October 28, 2024[(c)]	October 28, 2024[(d)]	October 28, 2024[(d)]
Date plan ends	October 28, 2028	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	165.80	NS[(b)]	NS[(b)]
Number of grantees	618	14,031	4,612
Exercise conditions	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 28, 2024.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from October 28, 2024, and for the company savings plan (PEE) as from October 28, 2029 or 2031 depending on the final date of award.
Number of shares subscribed as at December 31, 2022	-	2,201[(e)]	774[(e)]
Stock subscription options or rights to performance shares canceled	2,898	206,115	6,408
Stock subscription options or rights to performance shares remaining	118,970	2,608,979	75,834

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €165.80.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €165.80.
(e) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

Plan	10/06/2022	10/06/2022
Date of Shareholders' Meeting	May 21, 2021	May 21, 2021
Date of Board of Directors' Meeting	October 6, 2022	October 6, 2022
Type of plan	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 2,092,725	Maximum 81,288
By corporate officers	85,000	
• Leonardo Del Vecchio		
• Paul du Saillant	35,000	
• Francesco Milleri	50,000	
By the top 10 employee beneficiaries	150,158	180
Starting point for exercising options	October 6, 2025[b]	October 6, 2025[b]
Date plan ends	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	NS[a]	NS[a]
Number of grantees	14,928	4,516
Exercise conditions	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 6, 2025.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from October 6, 2025, and for the company savings plan (PEE) as from October 6, 2030 or 2032 depending on the final date of award.
Number of shares subscribed as at December 31, 2022	1,105[c]	0
Stock subscription options or rights to performance shares canceled	13,279	0
Stock subscription options or rights to performance shares remaining	2,078,341	81,288

(a) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(b) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €145.84.
(c) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

7

Chapter 7

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IN BRIEF

Company name

The company's name is EssilorLuxottica, hereinafter the "Company" or, together with its subsidiaries, the "Group".

Market-related information

Unless otherwise stated:

- information on market positions is based on volumes sold;
- marketing information relating to the market and the ophthalmic industry or EssilorLuxottica's positions comes from EssilorLuxottica and from internal assessments and studies, which may be based on external market surveys.

Third-party information

When information comes from a third-party, it has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by such third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Person responsible

Francesco Milleri

Chairman and Chief Executive Officer

Statutory Auditors

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine

Mazars

61, rue Henri-Regnault

92075 Paris-La Défense Cedex

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7.1 Person responsible

7.1.1 Person responsible for the Universal Registration Document

Francesco Milleri, Chairman and Chief Executive Officer, is the person responsible for the information given in the Universal Registration Document.

7.1.2 Statement by the person responsible for the Universal Registration Document

I declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission that might affect its significance.

I declare that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and earnings of the Company (as well as those of the companies forming part of the consolidated Group) and that the information presented in the Management Report, which is detailed in the concordance table in Section 7.4.3 presents fairly the changes in business, results and financial position of the Company and the consolidated Group, as well as a description of their principal risks and contingencies.

Paris, March 10, 2023

Francesco Milleri

7.2 Statutory Auditors

7.2.1 Incumbent and alternate Statutory Auditors

Incumbent

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine

First appointed: June 14, 1983.

Reappointed by the Shareholders' Meeting of May 16, 2019 for a legal period of six years.

PricewaterhouseCoopers Audit is represented by Stéphane Basset and Pierre-Olivier Etienne (registered members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*).

The Alternate Auditor for PricewaterhouseCoopers Audit is Patrice Morot (registered member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*), appointed by the Shareholders' meeting of May 16, 2019 for a legal period of six years.

Mazars

61, rue Henri Regnault

92075 Paris-La Défense Cedex

First appointed: May 11, 2007.

Reappointed by the Shareholders' Meeting of May 16, 2019 for a legal period of six years.

Mazars is represented by Jean-Luc Barlet and Guillaume Devaux (registered members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*).

The Alternate Auditor for Mazars is Gilles Magnan (registered member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*), appointed by the Shareholders' meeting of May 16, 2019 for a legal period of six years.

7.2.2 Resignation or non-renewal

No auditors resigned in 2022.

7.3 Publicly available documents

The bylaws and other corporate documents are available for consultation at the Company's registered office (147, rue de Paris – 94220 Charenton-le-Pont – France).

Paper copies of the last three years' Registration Documents and Annual Reports are available on request from the Investor Relations & Financial Communications Department at the Company's registered office. The printed versions of the Universal Registration Document and the 2022 Annual Report, or a copy of those documents, will be available at the Shareholders' Meeting called to approve the financial statements for the fiscal year, to be held on May 17, 2023.

EssilorLuxottica regularly provides its shareholders with transparent, accessible information about the Group, its activities and its financial results via a large range of resources.

Information published by the Company in the past year

Documents published in the BALO may be viewed at http:/ balo. journal-officiel.gouv.fr/

The Group's website www.essilorluxottica.com also contains the following public information.

Regulatory information as defined by the *Autorité des Marchés Financiers* (AMF):

- AMF filings that are required to be published on the Company website;
- analyst presentations and webcasts of analyst meetings, when available;
- financial press releases and, when available, audio webcasts of conference calls;
- Annual Reports, Universal Registration Documents and Registration Documents (containing historical financial information about the Company) for the last five years;
- information on Shareholders' Meetings, including notices of meeting, draft resolutions, instructions on how to attend meetings and the results of voting on resolutions;
- information on sustainable development.

7.4 Cross-reference tables

7.4.1 Universal Registration Document

The following regulated information described in Article 221-1 of the AMF's General Regulations is provided in this document:

- the Annual Financial Report;
- the information concerning Statutory Auditors' fees;
- the description of the share buyback program.

The cross-reference table below identifies the main information provided for in Annex 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) no. 809/2004.

1	Persons responsible	Pages	Sections
1.1	Persons responsible for the information given in the Universal Registration Document	401	Section 7.1.1
1.2	Declaration by those responsible for the Universal Registration Document	401	Section 7.1.2
1.3	Name, business address, qualifications and material interest of person acting as expert	N/A	N/A
1.4	Confirmation regarding information sourced from a third party	400	In Brief Chapter 7
1.5	Statement without the prior approval of the competent authority	1	N/A
2	**Statutory auditors**		
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4.2	Place of registration of the issuer, registration number and legal entity identifier ("LEI")	367	Section 6.1.3
4.3	Date of incorporation and the length of life of the issuer	367	Section 6.1.2
4.4	The domicile and legal form of the issuer and telephone number of its registered office	367	Sections 6.1.1 and 6.1.4
5	**Business overview**		
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5.2	Principal markets	17	Section 1.3
5.3	Important events in the development of the issuer's business	14, 79	Sections 1.2 and 2.1
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5.5	Dependency of the issuer on patents, licenses, contracts and manufacturing process	20, 48	Sections 1.4.2 and 1.6.2
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5.7	Investments		
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5.7.3	Joint ventures and undertakings in which the issuer holds a proportion of the capital	259	Section 4.1.6 Appendix 2
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6	**Organisational structure**		
6.1	Description of the Group and the issuer's position within the Group	47	Section 1.5
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7.1.1	Development and performance of the issuer business including key performance indicators and, where appropriate, non-financial	83, 88, 91	Sections 2.2, 2.3 and 2.4
7.1.2	Indication of the future development and activities in the fields of research and development	20	Section 1.4.2
7.2	Operating results		
7.2.1	Significant factors materially affecting the income from operations	83, 88	Sections 2.2 and 2.3
7.2.2	Reasons for material changes in net sales or revenues	83, 88	Sections 2.2 and 2.3
8	**Capital resources**		
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8.3	Information on the borrowing requirement and funding structure of the issuer	91	Section 2.4
8.4	Restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly the issuer's operations	N/A	N/A
8.5	Anticipated source of financing	N/A	N/A
9	**Regulatory environment**		
9.1	Description of the regulatory environment	48	Section 1.6.2
10	**Trend information**		
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11.2	New profit forecast or estimate, or forecast or estimation of the profit previously published pursuant to item 11.1	97	Section 2.8
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is comparable with the historical financial information; consistent with the issuer's accounting policies	97	Section 2.8
12	**Administrative, management and supervisory bodies and senior management**		
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	Principal activities performed by the administrative and managing outside of the issuers	172	Section 3.5
	Family relationships	N/A	N/A
	Functions and positions occupied in the previous five years	172	Section 3.5
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14	**Board practices**		
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16.3	Direct and indirect controls	377	Section 6.4
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17	**Related party transactions**		
17.1	Detail of the related party transactions	255	Section 4.1.6 Note 31
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
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18.1.2	Change of accounting reference date	N/A	N/A
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18.6.1	Information on any governmental, legal or arbitration proceedings which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement	254	Section 4.1.6 Note 30.2
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19	**Additional information**		
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19.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate	N/A	N/A
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19.2	Memorandum and articles of association		
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20	**Material contracts**		
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7.4.2 Annual Financial Report

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7.4.3 Cross-reference table for the registry of the Court[1]

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(1) As per Article L.232-23 of the French Code of Commerce (*code de commerce*).

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EssilorLuxottica Creative Hub

Production:
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