

2021 Sustainability Report

Extract from the 2021
Universal Registration Document

EssilorLuxottica

Social, environmental and societal information

(2021 Non-financial statement of EssilorLuxottica)

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Message from the Chief Executive Officer and Deputy Chief Executive Officer



Francesco Milleri
Chief Executive Officer



Paul du Saillant
Deputy Chief Executive Officer

Dear Shareholders,

Despite an ongoing challenging environment, 2021 has been another extraordinary year for EssilorLuxottica and an inspiring success story as one Company. We took a decisive turn in our recovery and showed the industry once again our unique sense of resilience and determination. We believe that our performance is not only attributed to the passionate engagement of our 180,000 talented and diverse employees, and the continued trust of our customers and consumers, but also to our long-term commitment to Sustainability.

Sustainability has always been deeply rooted at the core of EssilorLuxottica, as an essential part of the Group's DNA and our Mission to help people "see more and be more". Strongly intertwined with our business strategy, these represent both an opportunity and a social responsibility for the Group, along with our commitment to eliminate uncorrected poor vision worldwide. The resolution passed by the United Nations in 2021 to make eyecare accessible for all by 2030 aligns with EssilorLuxottica's ongoing efforts to eliminate uncorrected poor vision in a generation. Our responsibility toward vision and society also includes corporate citizenship initiatives that cover different areas, such as advocacy for good vision on the road. This ability to listen and respond to or anticipate the needs of local communities is a hallmark of EssilorLuxottica.

One of the pivotal moments in 2021 was the embedding of sustainability at the core of our unified Company with the introduction of our "Eyes on the Planet" strategic program. It outlines our strategy and commitments toward carbon neutrality, circularity, world sight, inclusion and ethics. Ultimately, doing good for our customers, consumers and communities while doing good for the planet is at the heart of this program, and since launching it in July last year, we have made good progress in each of the key pillars.

We are pleased to share that we have reached carbon neutrality in our direct operations in both France and Italy, our two historic home countries, as part of our ambition to achieve carbon neutrality for direct operations by 2025, starting with Europe from 2023.

We stepped up our investments to create circular products from the very start of the innovation process and made a shift from fossil-based materials to bio-based materials, as reflected in our collaboration with Mazzucchelli 1849. We also launched the first international chair devoted to the circular economy, in partnership with ESSEC Business School.

Guided by our inspiring Mission to help people "see more and be more", we continued our commitment to eliminate uncorrected poor vision worldwide. Despite the pandemic, we provided 50 million people in developing communities with access to vision care thanks to our inclusive business and philanthropic efforts. In total, we created 7 million new wearers in 2021 and trained more than 1,600 new vision care entrepreneurs in the year.

We continue to leverage, unify and extend our suppliers sustainability standards and initiatives, ensuring they adhere to our commitments in the areas of ethics, labor, health, safety and environment.

Lastly, given our nature as a diverse and inclusive company, our goal is to provide our community of 180,000 talented employees of every nationality, gender, age and ability with an environment in which they can thrive in, be valued and respected as well as constantly learn. This can be seen with the launch of Leonardo, our open learning platform redefining how we learn about eyewear and eyecare. We also continue to be featured on the Financial Times "Diversity Leaders" list.

Employee shareholding is also another key way for us to promote inclusion, as it fosters a sense of belonging and ownership. Following the success of our latest Employee Shareholding Plan in 2021, 67,000 of the Group's employees in 85 countries now hold a financial stake in the company.

Sustainability is at the heart of the construction of EssilorLuxottica. Fully embraced by our teams, it is part of our new culture and is driving the momentum to carry us forward. Indeed, the quality and depth of work streams we are working at to deploy, execute and evolve our sustainability program across the entire organization make us confident that 2022 will be another significant year for sustainability to be at the core of EssilorLuxottica's strategy, in support of the Company's Mission.

Within this Sustainability Report, you will find highlights of our progress as a result of the engagement and efforts from our teams and get a broader understanding of our corporate social responsibility ambitions, as a global leader of the industry. We are proud of these accomplishments and are excited about what the future holds for our Company.

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 customers, consumers and communities while doing good for the planet is at the heart of the 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 usage at manufacturing sites, improving occupational health and safety, and ensuring equal opportunities to developing innovative inclusive business models, the "Eyes on the Planet" program consistently supports the Group Mission (See Section 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. To this regard, EssilorLuxottica welcomed the UN resolution on vision. The inclusion of eye care in the Sustainable Development Goals supports EssilorLuxottica's own ambition to eliminate uncorrected poor vision in a generation.

This Report represents the Group's non-financial statement pursuant to article L.225-102-1 II of the French Commercial Code. Furthermore, the 2021 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 2.5) and the EU Taxonomy for sustainable activities (see Section 1.5).

1.1 Business model and environmental and social challenges

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 the 2021 Universal Registration Document, the Company brings together the complementary expertise of two industry pioneers, one in advanced lens technologies and the other in the craftsmanship of iconic eyewear. Together, they create a vertically integrated business that is uniquely positioned to address the evolving vision needs of all consumers and the global demand of a growing industry.

From design and engineering to store delivery, EssilorLuxottica oversees every aspect of its eyecare and eyewear businesses across all stages of the value chain, with a strong focus on manufacturing excellence, service and a geographically diversified footprint:

- **Manufacturing capabilities:** The Company's manufacturing capabilities, including 39 corrective and plano lens mass production facilities and 14 eyewear mass production plants, account for the majority of direct environmental impacts due to the 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 the emphasis on water, energy and waste, as well as on occupational health and safety measures.
- **Lens laboratories:** In total 564 prescription laboratories and edging-mounting facilities around the world, of which 486 proximity laboratories and 78 industrial laboratories including 15 integrated lens and frame laboratories that produce complete-pair offerings, make up the final link in the value chain. They are crucial for ensuring quality and conformity before the product is delivered to customers or to the Company's stores. The environmental footprint of the lens laboratories is fragmented and limited, and is derived primarily from the use of chemical products and the consumption of energy and water.

- **Supply chain:** Situated close to manufacturing sites, the role of the Company's distribution centers is to 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 – 14 lens distribution centers and 23 eyewear distribution 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.

- **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 who provide vision care in remote and rural communities in underserved regions. To this regard, the Group's 2.5 New Vision Generation (2.5 NVG) inclusive business program provides vision care to underserved populations without access to conventional distribution channels (see Section 2.3).

Pre and post-sale services, training and development programs, 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.

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).

(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"

- *Direct to Consumer network:* 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.
- *Innovation and talent:* 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. Thanks to talented and experienced teams, the Company owns more than 11,000 patents and creates over 3,500 new eyewear models every year. In this context, the Group places the emphasis on talent management and business partner relationships as well as on product sustainability.

With its offering, scale and global reach, EssilorLuxottica balances both social and environmental challenges and opportunities. The Company is committed to addressing critical Corporate Social Responsibility (CSR) risks in its value chain, including climate change, talent acquisition and human rights (see Section 1.4). 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 2.3).

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, employee opinion 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 and via social media.

EssilorLuxottica's approach to Sustainable Development

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

1.3 Governance

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. Accordingly, the Company exists to give vision a voice and respond to the world's growing vision needs by meeting the changing lifestyles of existing consumers and inventing new ways to reach the 2.7 billion people who suffer from uncorrected poor vision and the 6.2 billion people who do not protect their eyes from harmful rays.

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.

The Committee is notably responsible under the authority of the Board of Directors for:

- sustainable development matters, including climate change, environmental policies and management systems, human rights, social impact, safety and well-being, diversity and inclusion, and sustainability reporting and disclosure;
- ethics and compliance matters, including core values, principles and sustainability-related regulations.

The CSR Committee also coordinates its work with the Audit and Risk Committee for all matters related to its areas of intervention. For more details on EssilorLuxottica's CSR Committee, see Chapter 3 of the 2021 Universal Registration Document.

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 the 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 co-construction and execution of the "Eyes on the Planet" sustainability program at global and local levels in a way that it is consistent with EssilorLuxottica's Mission and business strategy (See Section 2). This translates into the following main responsibilities:

- ensuring effective management of environmental and social issues along the value chain;
- advancing the Company's culture on sustainability topics while supporting communication inside and outside the organization;
- 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;
- sensitizing the organization to sustainability-related topics, such as eco-design, human rights, and diversity and inclusion.

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, also called CSR risks, which can impact its profitability, growth and reputation. The Company is risk-averse toward events that could negatively affect the safety or well-being of employees, consumers and other stakeholders or endanger the natural environment.

This Report focuses on topics that were highlighted as most important during the annual CSR risk assessment, which was 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, EssilorLuxottica integrated the identification and assessment of CSR risks and opportunities into a group-wide

risk assessment process that was conducted by the Risk Management and the CSR functions of EssilorLuxottica in the last quarter of 2021. It covered all of the Company's regions, legal entities and activities (see Chapter 1 of the 2021 Universal Registration Document).

After identifying the Group risk factors having a CSR dimension within the Group risk taxonomy, an extensive review of internal and external information sources (e.g. regulatory and standards frameworks, rating agencies, institutional investor requests, market trends, customer expectations and sectoral risk reports) led to their breakdown into several CSR risk factors, each with a detailed definition. These factors were then assessed according to impact, likelihood and mitigating measures by cross-referencing survey results, interviews, internal workshops, external documentation and facts.

Nine CSR risk factors were identified as most relevant for the business and were regrouped into six priority categories: climate change, sustainable offering, talent management, human rights, supplier sustainability and business ethics (see Section 4 Methodology note).

CSR risk description and mitigation measures

The tables below describes the nine CSR risk factors and related mitigation measures for the six priority CSR risk categories:

Climate Change

CSR Risk Factor	CSR Risk Description	Mitigation Measures
Climate Resilience	Climate change is increasingly becoming a global emergency, making it necessary for businesses to be resilient. With its international footprint, the Group can be exposed to, on the one hand, natural disruptive events (e.g. hurricane, floods) or long-term shift in climate patterns (e.g. raising temperatures); and on the other hand, to regulatory or market changes related to climate transitions. Such risks may be more probable in countries defined as "at risk" due to their geographical position and strategic relevance for the Group's production. The difficulties in adapting to related consequences may lead to business disruptions or higher operational costs.	EssilorLuxottica has designed a physical climate risk model and a framework of climate resilience review to assess the risk exposure of key manufacturing sites. To mitigate the risks, the Group is continuously monitoring and updating 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. To assess the progress of different programs, the Group monitors specific indicators such as the number of climate resilience reviews performed during the year. For further details, see Section 2.1.
Carbon Neutrality	The Group may encounter difficulties in reaching its carbon neutrality goal as it could indeed face challenges implementing actions to reduce carbon emissions across its business. 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 the "Eyes on the Planet" programme, EssilorLuxottica has developed a Carbon Neutrality roadmap to limit its reliance on fossil fuels and reduce its greenhouse gas (hereafter GHG) emissions. Key actions include: • regular reporting of GHG emissions for scope 1, scope 2 and scope 3 transportation emissions; • completing 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 the 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. The Group has also defined various indicators to closely assess the progress of the different programs (e.g. energy consumption and associated scope 1 and 2 emissions, GHG reduction of green logistics initiatives). For further details, see Section 2.1.

Sustainable Offering

CSR Risk Factor	CSR Risk Description	Mitigation Measures
Circularity & Eco-design	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 in terms of eco-designed 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 the entire production cycle, including a shift from fossil-based materials to bio-based materials, which produce fewer emissions, 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) for the 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, number of collections with renewable materials). For further details, see Section 2.2.
Product Safety & Claims	The production of certain goods, such as lenses and frames, may include the use of chemical substances. If it is unable to guarantee customers the maximum product safety, then the Company could be exposed to potential legal proceedings, impacting its market share and reputation with key stakeholders. The Company must also ensure that product related claims are accurate and comply with advertising regulations.	Offering completely safe products is a top priority for EssilorLuxottica. The Company carefully monitors, checks and analyzes its products throughout the production process. Furthermore, EssilorLuxottica continuously works to be compliant with the laws and regulations related to product safety. The Company has also implemented a validation process for product marketing statements to ensure appropriate proof exists. For further details, see Section 2.2.

Talent management

CSR Risk Factor	CSR Risk Description	Mitigation Measures
Attraction and Retention / Diversity & Inclusion	Employer challenges in attracting and retaining talents are expected to continue over the years as work-from-anywhere policies gradually increase among all recruitment regions. Given the importance of CSR topics for younger generations (e.g. diversity, inclusion or equal opportunities), any perceived gap between the Group's communicated CSR commitments and its actual implementation could have consequences for the efficiency of its recruitment and retention capabilities.	Diversity, inclusion and equal opportunities are part of EssilorLuxottica's core values. EssilorLuxottica considers its employees as one of the key drivers for business success. The Group is truly engaged in ensuring a safe and positive working environment for its employees, by continuously planning and developing initiatives to make them feel part of a global corporate culture. The following actions have been taken: • the launch of a global online learning platform (Leonardo) offering employees a personalized learning journey with the latest digital solutions and best-in-class content; • further integration and expansion of talent development initiatives and retention measures, such as performance reviews, competitive pay and the expansion of the international Employee Shareholding Plan; • the development of well-being initiatives to improve work-life balance. The Group has also defined various indicators to closely assess the impact of different programs (e.g. training hours delivered, number of employees per gender and position covered). For further details, see Section 2.4.

Human Rights

CSR Risk Factor	CSR Risk Description	Mitigation Measures
Working Conditions, Welfare, H&S and Social Dialogue	EssilorLuxottica 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. It has also obtained health and safety certification (e.g. ISO 45001:2018) for several production facilities, logistics sites and prescription labs. In addition, EssilorLuxottica supports its employees with a comprehensive welfare package. The Group has also defined various indicators to monitor the effectiveness of H&S programs (e.g. frequency and severity rates). For further details, see Section 2.4.

Supplier Sustainability

CSR Risk Factor	CSR Risk Description	Mitigation Measures
Ethical Business Relationship	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.	EssilorLuxottica takes an ethical approach to business that has a positive impact not only on its employees, but also on the millions of customers and consumers it serves around the planet. The Group requests suppliers to respect and adhere to the Company's commitments in the areas of ethics, labor, health, safety and the environment. To ensure this, qualified third-parties assess suppliers' performance through either a self-assessment platform or on-site audits. In addition, the Company strengthened its mitigation mechanisms with the implementation of an "Exclusion Procedure" / "Zero tolerance" principle. This procedure applies to suppliers who do not meet the company's requirements after an on-site social and environmental audit and who refuse to implement the necessary corrective actions. The Procurement Department is tracking some indicators (e.g. number of audits) to identify risks, put in place mitigation measures and ensure the overall effectiveness of the program. For further details, see Section 2.5.

Business Ethics

CSR Risk Factor	CSR Risk Description	Mitigation Measures
CSR Regulation	EssilorLuxottica operates internationally and has the liability to fulfill different country laws and regulations. Potential gaps related to full compliance with those requirements may expose the Group to major risks that may affect business sustainability. Besides, the increasing focus on CSR topics always generates higher stakeholder expectations, and a lack of initiatives to fulfill them may lead to reputational risk.	EssilorLuxottica has implemented policies and procedures designed to facilitate its compliance with current laws and regulations. The Group carried out audits to verify compliance with the rules and regulations, with the support of specialized operators, followed by the definition of corrective measures and continuous monitoring. More specifically, the CSR department maintains a constant regulatory watch to guarantee compliance with non-financial disclosure and other major sustainability-related regulations (e.g. French duty of care law, EU Taxonomy for sustainable activities, UK Modern slavery act). For further details, see Section 2.5.

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" and "the respect of animal welfare" 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 of the 2021 Universal Registration Document.

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, and 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 every year to ensure the most updated reporting standards are followed and support sustainability performance monitoring and management.

(i) Reporting scope

The reference scope of non-financial reporting 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 separately in the disclosure of each indicator based on the headcount of the entities reporting information and the Company's total headcount.

(ii) Key indicators

The selection of EssilorLuxottica indicators covers key sustainability topics that were identified on the basis of 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 4 for more information on reporting scope, period, rules of reporting and consolidation, and other guidelines related to the information disclosed in this Report.

Reporting organization

In 2021, the reporting campaign was organized through a collaborative and more integrated process that was centrally managed by the corporate CSR function and followed guidelines defined by 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 and E-Talent platforms; training information is centrally collected via the Leonardo platform; environment, health and safety indicators of manufacturing sites and prescription laboratories are collected by the Gensuite platform and an HFM *ad-hoc* tool was used for environmental data of retail activities; risk and compliance information is collected through specific survey and Oracle-based tool CARS/SUSTAIN2.

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 as well as to engage them on the importance of timely and consistent sustainability reporting.

All the information presented in this Report 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 "Report of the Independent Third-Party Organization" for further details.

EU Taxonomy eligibility review

The EU Taxonomy Regulation is part of the EU's overall efforts to reach the objectives of the European Green Deal and make Europe climate-neutral by 2050. It provides a classification system for environmentally sustainable economic activities with the objective of increasing capital flows towards a more sustainable economy.

Following the formal adoption of the Article 8 Delegated Act in 2021, EssilorLuxottica performed a review of its activities associated with Taxonomy-eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with the Article 8(2) Taxonomy Regulation and the Climate Delegated Act.

For the moment, the EU Taxonomy focuses on those economic activities and sectors that are responsible for almost 80% of direct greenhouse gas emissions in Europe according to Eurostat, such as energy, certain manufacturing activities, transport and buildings. In this context, EssilorLuxottica, with its vertically integrated business model covering the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses (see Section 1.1), considers its core economic activities not included in the Climate Delegated Act. Consequently, the Group did not generate Taxonomy-eligible turnover in 2021.

Nevertheless, as an industry leader committed to sustainability, EssilorLuxottica launched in 2021 an integrated and far-sighted sustainability program, "Eyes on the Planet", which includes the Company's commitments on climate change (see Section 2.1) and circular economy (see Section 2.2). To deploy and achieve those commitments, the Company has launched several initiatives and projects that can be considered individually as Taxonomy-eligible investments following a detailed analysis of the activities listed in the Climate Delegated Act.

The capital expenditures ("Capex") assessment for the individually eligible measures of the Taxonomy Reporting was performed considering the consolidated acquisitions of intangible assets (excluding goodwill), PP&E and the additions of rights of use assets as disclosed in the notes 10 and 11 of the 2021 consolidated financial statements included in Chapter 4 of the 2021 Universal Registration Document.

Examples of initiatives and projects that contribute to achieving EssilorLuxottica's sustainability commitments on Climate change with assigned dedicated Capex and are considered eligible to the EU Taxonomy include the following:

- development and implementation of new process designs and frequent update of equipment and technologies in the Groups' manufacturing sites which allow the reduction of water and energy consumption in manufacturing process;

- self-production of electricity by installing and rolling out solar photovoltaic technology;
- addition of all buildings, including the construction of new manufacturing facilities aligned with the Group new building guidelines to ensure environmental performance and the obtainment of the LEED certification;
- new leases for stores and buildings.

Regarding operating expenses ("Opex"), the EU Taxonomy definition is focused on direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

As the Group has no eligible activities, the assessment for the EU Taxonomy was focused on individual measures that can impact the above-mentioned operating expenses. In 2021, total operating expenses that meet the EU Taxonomy definition represent less than 10% of the 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 2021 Universal Registration Document). Therefore, the Company chose to use the materiality exemption offered by the Taxonomy Regulation and decided not to present this indicator.

The Group will continue to improve the connectivity between financial and non-financial reporting with specific reference to environmental performance and will work towards more detailed EU Taxonomy disclosures, as well as to ensure compliance with the upcoming regulations regarding corporate sustainability reporting.

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, be more. Doing good for its customers, consumers and communities while doing good for the planet is at the heart of the 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 which are easy to recognize in the Company's business model, offering, presence and connection with the local communities and territories. These support the Company's Mission and guide its efforts to create value in the communities where it does business around the world.

- **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 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 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. The Group is also taking steps to put an end to waste following the 4Rs "Research-Reduce-Reuse-Recycle". See Section 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. See Section 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. This commitment extends into the surrounding communities, as an employer and a corporate citizen. See Section 2.4.
- **Eyes on Ethics:** EssilorLuxottica's vertically-integrated business model is the key to delivering its ethical approach to doing business 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 2.5.

EssilorLuxottica 2021 sustainability highlights are reported throughout this Report according to the corresponding pillar.

GrandVision CSR activities and contribution to "Eyes On The Planet"

As explained in Chapter 1 of the 2021 Universal Registration Document, the acquisition of GrandVision is a major milestone in the completion of EssilorLuxottica's integrated strategy. EssilorLuxottica and GrandVision share common values and are both committed to delivering superior eyecare and eyewear to more people globally. GrandVision is a leading global optical retailer with more than 7,200 stores worldwide and a growing online presence. Its acquisition, occurred on July 1, 2021, gives EssilorLuxottica an opportunity to strengthen its direct-to-consumer business, benefiting from GrandVision's technologies, competencies and human capital. At the same time, GrandVision benefits from EssilorLuxottica's outstanding product innovation, manufacturing and commercialization, integrated IT system, brand portfolio, state-of-the-art supply chain, talent development and digital tools and expertise to foster a closer and increasingly omnichannel relationship with consumers around the world.

This complementarity also exists in the sustainability strategies and will help advance the Group sustainability program "Eyes on the Planet" and its commitments. Indeed, since 2019, GrandVision CSR activities have been articulated into the "GrandVision Cares" program. This program incorporates global and local initiatives that are well aligned and consistent with the Eyes on the Planet's five pillars and agenda.

In the field of climate change, GrandVision has been working towards reducing the environmental impact from its supply chain (e.g., production, manufacturing, logistics), as well as from its store operations. For example, LED lighting is a standardized requirement within the store design specification that helps reduce electricity consumption and decrease the related CO₂ emissions.

As part of the sustainable offering workstream, GrandVision has repositioned its "DbyD" brand as its first exclusive sustainable eyewear brand, setting the foundation for further sustainable initiatives within its eyewear portfolio. The brand collection offers eyewear from bio-acetate, recycled plastic as well as titanium. Since eyeglass frames are medical devices, they need to meet strict safety regulations to fulfill all customer and market expectations. GrandVision has established a specific Quality Management System in accordance with ISO 13485, required by the Medical Device Regulation, and achieved ISO 13485 certification in 2021, proving the ability to deliver safe and effective eyewear to its customers.

Perfectly in line with EssilorLuxottica's Mission, GrandVision has been giving access to high-quality affordable eye care to more and more people around the world through its optical network and charitable activities. It also aims to advance eye care practices and innovation. For this purpose, the GrandVision Eye Care Council (GVEC) has been established in 2019. This cross-functional network includes eyecare-related experts from across the company's business, securing a broad scope of information and a diverse approach to the global eyecare agenda. The GVEC also serves as a scout for innovation and a first point of contact for relevant eyecare-related external parties.

In the field of people management, GrandVision has been taking concrete steps into establishing a culture of diversity and inclusion. As an employer of a global workforce made of approximately 70% women, gender diversity is a relevant topic on GrandVision's agenda. In 2021, GrandVision established a cross-functional, global Diversity & Inclusion (D&I) committee made up of employees of all backgrounds and experience levels to give life and broaden the company's outlook on the topic.

Totally consistent with EssilorLuxottica's Code of Ethics, GrandVision has been establishing itself as a caring corporate citizen ensuring ethical business practices across its operations

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 this global challenge. 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 4.

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 the 2021 Universal Registration Document and in Section 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, Manufacturing and CSR departments, 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.

and supply chain. This is founded on the GrandVision Code of Conduct that outlines ethical standards to guide everyday decision-making and provides employees with the appropriate channels for reporting ethical concerns.

In the last quarter of 2021, EssilorLuxottica started the journey to integrate GrandVision's sustainability program and practices into the Group-wide sustainability program "Eyes on the Planet". As part of this progressive integration, the Group sustainability reporting protocol was the reference basis to define a first set of common indicators that are disclosed in this Report.

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 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 has been initiated in October 2021 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.

A physical climate risk model was built based on five climate hazards (temperature, humidity, droughts, floods and storms) in the mid-term (2030) and long-term (2050) to assess the risk exposure of significant operations sites based on their locations. This model enables the Group to screen the physical climate risk exposure of a specific site based on its location and can support management decisions when evaluating a new building project. In 2020, a specific project was also conducted integrating in-depth climate physical risk assessment into new plant investment processes to mitigate and be better prepared for potential climate risks.

To mitigate physical climate risks, a Crisis Management team is in place for sites exposed to potential risks to manage procedures such as Business Continuity Plans or Disaster Recovery Plans, and organize dedicated training to ensure employees are prepared for potential climate-related impact. Support is also provided at the regional and corporate level to ensure coordination of different sites.

In addition, water risks are 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% 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 helps for 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 2021, and the evolution compared with 2020 and 2019:

	2021 (ex. GV)	2020	2019
TOTAL WATER USE (m³)	8,220,930	7,358,458	8,031,007
Third-party water	7,022,151	6,021,045	6,512,445
Natural water	1,198,779	1,337,413	1,518,562

Note: Water data is provided on scope excluding GrandVision (GV) as further alignment of definitions and rules of reporting is needed. 2021 water use showed an increase of around 12% compared to 2020, mainly attributable to the recovery of production and business activities following the strict lockdown measures of Covid-19 during the year of 2020. To ensure consistency of data analysis, the Group's water performance has been evaluated in comparison with 2019 data: water use remained at a similar level compared to 2019.

Meanwhile, to better manage water supply and mitigate water risks, the Company uses less proportion of natural water compared to previous years.

Water data covers 54% of the Company's headcount, as these data do not include water usage in offices and retail stores due to their limited water consumption. For more information on the Company's reporting rules, please refer to Section 4.

Identification and management of transition climate risks

The Company may be exposed to extensive policy and regulation changes, technology limits, market shift 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, 30 of its manufacturing facilities, 19 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 in order 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. During the year, as a pilot phase of the project, climate resilience reviews were performed at seven strategic manufacturing sites in Italy, the US, Mexico, Thailand and India, where potential climate risk exposures had been identified. These first reviews helped the Group further improve climate risk management at both corporate and local level.

(1) EssilorLuxottica water risk assessments were conducted for 38 manufacturing facilities, 57 lens prescription laboratories and four 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 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 installation of meters to monitor energy consumption in all facilities in real time and the use of specific indicators to identify priority action areas and define new projects and improvement plans;

- 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, 12 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. This criteria attests that the design and construction respect the surrounding ecosystem, and has already been applied to the three buildings currently under construction in France, Thailand and Mexico. 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 2021, and the evolution compared with 2020 and 2019:

	2021 (in. GV)	2021 (ex. GV)	2020	2019
TOTAL ENERGY CONSUMPTION (GWh)	1,888.8	1,714.8	1,502.9	1,594.4
Electricity	1,626.0	1,488.6	1,306.1	1,383.7
Gas	240.7	204.1	179.0	188.0
Liquid fuel	13.0	13.0	9.9	14.3
Self-produced renewable energy	6.5	6.5	5.6	5.5
Steam	2.6	2.6	2.3	2.9

Note: 2021 energy data include GrandVision and show an increase of around 25% compared to 2020. To ensure consistency of data analysis, the Group's energy performance has been evaluated excluding the scope impact of GrandVision (over 9% of the Group total energy consumption) and in comparison with 2019 data: energy consumption has increased by 7.5% compared to 2019, mainly due to the increase of production during the past year. A higher ratio of energy increase compared to 2020 is mainly related to the increase of manufacturing capacity and business activities following the strict lockdown measures of Covid-19 during the year of 2020.

Furthermore, with the Group's efforts to increase the use of renewable energy:

- the quantity of renewable energy produced on site increased by more than 15% thanks to the constant investments and gradual roll-out of photovoltaic panels and biomass heating systems;
- the amount of purchased renewable energy with Energy Attribute Certificates (EACs), included in total electricity consumption, has also increased.

2021 energy consumption information covers more than 94% of the Company's headcount. For more information on the Company's reporting rules, please refer to Section 4.

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 more than quadruple the quota of self-generated clean energy in Italy between 2015 and 2021. In this regard, in 2021, two big photovoltaic systems entered into

service at the Agordo and Sedico sites. They are estimated to produce 4,400 MWh of electricity from renewable sources and avoid 1,300 tCO₂e per year. In addition, new installations and projects are undergoing.

Since 2019, Satisloh Italy within the Equipment division also started producing renewable energy with the help of solar panels installed in its development and manufacturing plant. This project contributed to 33% of the site's energy consumption, resulting in an annual reduction of 215 tons of GHG emissions.

Shamir Portugal also has its own renewable energy production projects on site. The production of renewable energy started in June 2021.

Eyes on the Planet, EssilorLuxottica's sustainability program

For renewable energy sourcing, EssilorLuxottica strives to make additional positive environmental impacts whenever possible in the countries of its manufacturing facilities. For instance, since 2018, one of its export laboratories in India has gotten 70% of its energy from a neighboring solar farm.

Meanwhile, in 2021, 99% of electricity used by EssilorLuxottica sites in Poland, 95% of electricity used in Italy, 90% of electricity used in Spain, 75% of electricity used in France, 50% of electricity used in Germany, 50% of electricity used in Thailand

and 40% of electricity used in the UK was sourced from renewable energy providers with Energy Attribute Certifications (EACs). Thanks to these purchased renewable energy, the Group avoided more than 124,000 tons of GHG emissions in these countries, which is not reflected in the location-based scope 2 emissions disclosed in the below table.

The table below shows EssilorLuxottica's overall scope 1 and scope 2 GHG emissions, with location based accounting methodology.

	2021 (in. GV)	2021 (ex. GV)	2020	2019
TOTAL SCOPE 1 + 2 EMISSIONS (tCO₂eq)	772,593	727,207	742,854	787,153
Scope 1 emissions	52,807	45,317	46,011	49,547
Gas	49,335	41,845	42,785	44,923
Liquid fuel	3,472	3,472	3,226	4,624
Scope 2 emissions - location based	719,786	681,890	696,843	737,606
Electricity	719,483	681,587	696,580	737,272
Steam	303	303	263	334

Note: To continuously improve GHG reporting and increase the accuracy of GHG emissions calculation, the Group implemented several methodological changes in choosing the emission factors:

1) for scope 1 emissions, the Company continues to use the ADEME database for related emission factors. However, to further precise the GHG accounting practice, emission factors have been updated to exclude the associated upstream emissions (scope 3) and only include emissions of the combustion step of gas or liquid fuel. This change in emission factors has an impact of around 15% decrease of scope 1 emissions compared to the previous calculation method;

2) for scope 2 emissions, the Company switched to the most up-to-date IEA database for calculating its location-based scope 2 emissions. This methodological change has resulted in around 10% decrease of scope 2 emissions compared to the previous calculation based on the ADEME database. Excluding the impact of GrandVision and methodological changes, and in comparison with 2019, GHG emissions increased in line with the energy increase of the Group.

3. Supporting carbon reduction projects beyond the value chain

To contribute to the global transition to net-zero status, EssilorLuxottica supported two forestry projects in Italy and China to reduce carbon emissions beyond its value chain.

In December 2020, the Company announced the launch of a first major forest restoration project covering an area of 30 hectares in the foothills of the Dolomites (Unesco World Heritage Site), which was damaged in 2018 by the severe storm Vaia and is situated behind the Company's main production plant in Agordo. Starting from the first quarter of 2021, the Company took charge of 15,000 trees and planted 2,000 new ones, using only locally sourced species to increase forest biodiversity and resilience in accordance with scientific guidance. The project was completed in October 2021, and is certified and registered on the FSC public database, with capacity of capturing and conserving 8,500 tons of CO₂ emissions. It will foster a circular economy by using salvaged wood and forest waste for new local purposes, including the production of clean, renewable energy from biomass.

In 2021, EssilorLuxottica also supported a forestation project in Jiangxi Province in China, which aims to convert more than 7,000 hectares of formerly logged forests into protected forest regeneration areas and preserve the biodiversity of the region. The project, verified by VCS standard, not only reduces CO₂ emissions, but also creates jobs and promotes agroforestry at local level. In 2021, EssilorLuxottica's support for the project compensated 15,000 tons of its CO₂ emissions in direct operations.

Thanks to these two projects, EssilorLuxottica contributed to the global carbon neutrality agenda and advanced its climate commitment by compensating the equivalent amount of its residual scope 1 and 2 emissions in Italy and France (excluding GrandVision), where the Company has the most significant industrial footprint in Europe.

Decarbonizing the value chain

1. Assessing EssilorLuxottica's complete carbon footprint

To further advance actions within the value chain, EssilorLuxottica initiated its first complete carbon footprint assessment during the last quarter of 2021, with the involvement of different functions across the Company such as Procurement, Logistics, EHS, R&D, Engineering, HR and Finance.

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 and contracts from EssilorLuxottica global forwarders and local carriers. This Report includes a questionnaire dedicated to the carrier's low carbon supply chain strategy, program and KPIs enabling measurement of the 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 supply chain projects include:

- reducing logistics emissions through shifts in transportation modes, notably from air freight which is the Group's main source of logistics carbon emissions concerning international flows. For example, the ratio of air freight for lens transportation within Asia and from Asia to Europe and to the US decreased by switching from air to ground or from air to ocean; a test has also been performed for finished frames replenishment shipments;
- nearshoring/reshoring not only reduces transportation distance, but also allows switching from air to ground transportation for certain flows. 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;

- partnerships with local providers to use alternative fuel solutions and green vehicles where available, including using LNG trucks for the middle mile (from distribution center to carrier warehouse or to airport) and electric vehicles for the last-mile in city centers;
- in 2021, EssilorLuxottica 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 residual emissions are compensated with selected carbon reduction projects; in 2021, approximately 1,900 tCO₂e were compensated;
- comprehensive mapping of logistics packaging, with the main goal to eliminate plastics from shipping boxes worldwide. To advance on this front, the Company invested in brand new machines and technologies that will eliminate plastic tape and switch from plastic void fill to paper solution; both projects are planned to go live in the main distribution centers in 2022.

Meanwhile, in 2021 the supply chain team improved the mapping of all logistics flows, allowing it to better assess the carbon footprint for each of the Group's activity segments.

The table below shows EssilorLuxottica's scope 3 GHG emissions associated with the transportation of products.

	2021 (ex. GV)	2020	2019
SCOPE 3 EMISSIONS ASSOCIATED WITH TRANSPORTATION (tCO ₂ eq)	293,958	194,955	239,753
International flows	211,770	149,696	184,050
2020 perimeter	189,245	149,696	184,050
2021 new perimeter	22,525	/	/
Local flows	82,188	45,259	55,703
2020 perimeter	45,278	45,259	55,703
2021 new perimeter	36,910	/	/

Note: GHG emissions associated with transportation are provided on scope excluding GrandVision as further alignment of definitions and rules of reporting is needed.

In 2021, the Company extended its mapping all its logistics flows and further aligned its GHG reporting methodology for transportation. GHG emissions associated with transportation are reported under two categories: 1) international replenishments between plants, laboratories and distribution centers and 2) local distribution flows.

The emission factors for transportation are based on the GLEC database. For more information on reporting methodology please refer to Section 4.

In 2021, the Company continued its efforts towards lower carbon emission solutions such as:

- modal shift within the eyecare activities (e.g. from air to ocean and from air to road);
- nearshoring of production organization to reduce distance from manufacturing sites to customers;
- use of alternative fuel trucks and green last mile for local distributions.

However, GHG emissions for transportation increased significantly mainly due to:

- the important extension of the reporting perimeter, notably the inclusion of international flows for marketing materials, components and equipment, and increased local distribution reporting for North America, Asia-Pacific and Latin America;
- the positive volume effect after the activity slowdown in 2020 due to Covid-19.

3. Engaging all employees on the climate journey

EssilorLuxottica's employees are the ultimate contributors to all climate actions. Initiatives aiming to raise awareness and share practices around climate change and environmental sustainability were continued, expanded and initiated in 2021 to embark employees on the climate journey.

E-learning modules on water and energy saving and on the protection of the environment were integrated into Leonardo platform.

In addition, the climate change awareness workshops, designed to increase awareness on climate change consequences and engage employee actions, expanded their deployment during the year and reached 1,600 employees across 41 countries for a total of 400 workshops delivered since their initiation in 2020.

In 2021, a specific project was launched in conjunction with the COMET talent program to design a more comprehensive employee engagement and contribution plan for climate change.

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 for EssilorLuxottica's sustainability efforts is the idea that sustainability and the Company's 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, and address social and environmental challenges. The Company aims to develop products with an ever-decreasing impact on the environment by analyzing product life cycles, favoring eco-friendly designs, working with its suppliers (to purchase raw materials with less environmental impact, etc.), and optimizing shipping flows and production processes. Specifically, EssilorLuxottica is approaching circularity from product design to research of new innovative materials, developing recycling processes and upcycling products to give them a second life.

With the objective to satisfy customer preferences and demand for more sustainable products and practices, EssilorLuxottica is embarking on a journey to make its business model into a more circular one 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, EHS, Logistics and CSR departments was formalized to coordinate the deployment of fundamental workstreams outlined below, ease collaborative projects, support key decision-makings, 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 product and increasing sustainable material use

EssilorLuxottica defines its innovation priorities by listening to customers and consumers, and anticipating their needs and lifestyles. 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, in 2021 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 eye care and eyewear industry, to the benefit of all its stakeholders. 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. For example, a proprietary Sustainability Assessment Methodology (SAM) has been deployed for prescription lens R&D activities to integrate sustainability criteria into each stage of the development process for 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 2021, 97% of researchers were trained, and 45% of research and development programs were assessed⁽¹⁾. The next steps are to define the relevant criteria for the smart eyewear technologies and products in order to include them in the SAM approach.

EssilorLuxottica is also focusing on bringing transparency and clarity to the entire supply chain by developing certified LCAs with its partners, pursuant to ISO 14040 and ISO 14044 international standards. The Company is working to develop an internal "cradle to cradle" LCA tool to easily assess its materials, technologies and products, and to make sure all different sustainability drivers have been considered. The final goal of this LCA approach is to analyze the complete pair environmental footprint. In 2021, the Company invested into LCAs studies for the most used upstream materials for both frames and lenses:

- For frames materials, EssilorLuxottica performed an LCA on acetate, comparing environmental performances of the standard acetate toward bio-based acetate, both produced by EssilorLuxottica partner Mazzucchelli (for more details please see Section "Increasing renewable content"). The LCA demonstrated the lower environmental impact of bio-based acetate compared to the standard acetate, and was the first of its kind in the eyewear industry. Given these positive results, EssilorLuxottica is expanding LCAs comparative studies on bio-acetate from its major suppliers in the most important regions for acetate frame production, Italy and China. At the same time, EssilorLuxottica is promoting the lower environmental impact of bio-acetate as a key driver to its further increase in future collections. The Company also identified other priority materials to be analyzed to expand the understanding of its own environmental impacts and to identify next improvement actions accordingly.
- 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, and MR8 lenses, and included calculation modules to assess key production processes 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.

(1) Prescription Lenses R&D activities scope.

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. 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 significantly slow myopia progression and axial elongation in children. 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, to 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 usage of alloy in its lens manufacturing and replacing it with a UV curable adhesive, an environmentally-friendly 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. The Company is also investing into new R&D activities to identify additional recycling opportunities and initiatives to lower input materials. In 2021, EssilorLuxottica was able to reduce waste generated into its Barberini glass production plant, enabling it to recycle over four tons of precious glass containing rare-earth elements.

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 2021 collections of various brands, including Emporio Armani, Arnette, Burberry and Starck Eyes. Bio-acetate is obtained from the mix of the cellulose acetate, a synthetic fiber coming from cotton or wood pulp, and a bio-based plasticizer coming from renewable sources (cereals, beets or sugar cane). Bio-plasticizer is used in substitution of 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. As previously mentioned, EssilorLuxottica promoted and developed a "cradle to gate" Life Cycle Assessment Analysis that demonstrates the better environmental performance of bio-based acetate compared to standard acetate in all impact categories, including the Global Warming Potential (expressed in kg of CO₂eq needed for the production of 1 kilogram of bio-acetate). The study has obtained third-party critical review.

The Company also expanded use of bio-based nylon for lenses and for frames with two different percentages of bio-content, around 40% and 60% respectively. These percentages, certified through the ASTM D6866 international standard, indicate the amount of the material coming from renewable sources (i.e. castor oil), replacing traditional fossil-based resources. In 2021, Arnette and Burberry launched specific collections made with bio-nylon, and Costa del Mar launched a bio-based collection as part of its Kick Plastic Initiative.

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 materials loss, policies to recover residual parts and scraps during production activities and processes, discarded consumables, wasted chemicals throughout production processes and packaging.

Moreover, the Company has completed a waste generation analysis of its main manufacturing plants, distribution centers and laboratories to determine the type of waste generated, and improve the identification and management of waste and its potential recycling or recovery.

Eyes on the Planet, EssilorLuxottica's sustainability program

The table below shows the Company's waste generation in 2021, and the evolution compared with 2020 and 2019:

	2021 (ex. GV)	2020	2019
TOTAL WASTE GENERATION (tons)	108,996	99,751	104,255
Total non-hazardous waste	69,073	62,941	70,487
Sent to material recycling	22,916	19,819	22,519
Sent to incineration with energy recovery	11,897	10,051	10,762
Sent to incineration without energy recovery	3,176	2,935	3,281
Sent to landfill	31,084	30,136	33,925
Total hazardous waste	39,893	36,810	33,768
Sent to material recycling	3,599	3,433	3,686
Sent to incineration with energy recovery	3,836	2,630	3,354
Sent to incineration without energy recovery	1,611	1,880	2,324
Sent to landfill	30,847	28,867	24,404
WASTE RECOVERY/RECYCLE RATE	39%	36%	39%

Note: Waste data is provided on scope excluding GrandVision as further alignment of definitions and rules of reporting is needed.

Reported waste generation increased by 9% due to the increased production volume compared to 2020 which was impacted by Covid-19.

Overall, 39% of the Company's total waste has been recycled or recovered in 2021, in line with initiatives to continuously increase waste valorization.

2021 waste generation data covers 48% of the Company's headcount (excluding GrandVision), as these data do not include offices, retail stores and small laboratories due to unavailability of quantitative information. For more information on the Company's reporting rules, please refer to Section 4.

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 few examples by way of illustration:

- Eco-design has been applied to reduce waste in many applications; for instance a mold design optimization for sun lenses reduces scraps (sprues) generated during the molding process. Eco-design innovation reduces 4% to 11% of the input material for lens production, depending on the type of material (polycarbonate and polyamide). Annually, the initiative results in more than 10 tons of avoided waste. The project was developed in Italy in the Lauriano plant, and then scaled to other regions such as the Tristar plant in China.
- Continuous process optimization has led the Company to scale the compacting of polycarbonate shavings and residues from the surfacing process to reduce the weight of

waste and recover water. The water is then filtered and reinjected into the prescription laboratory's in-house system, following a circular approach. A pilot has also been successfully launched to compact the shaving of other materials (e.g., ORMA, high index) with a similar level of performance, and will be progressively implemented in main prescription laboratories.

- For frames production, EssilorLuxottica developed and tested a three-injection molding technology, which is a fast process that generates a low amount of scrap and combines two different high bio-content types of nylon, both with a bio-based content above 55%. The reported percentage is calculated according to the ASTM D6866 international standard method.

EssilorLuxottica's manufacturing flexibility and improved demand forecasting capabilities are also key for 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 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 installment 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 into the production cycle, thereby limiting disposal and reducing plastic waste. The Company is developing new 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 production in 2021. Beyond R-EA, recycled nylon was also used in 2021 for the Tory Burch "Recycled Eyewear Collection". The Agordo plant where the internal recycling process takes place has received International Sustainability & Carbon Certification (ISCC) for the Circular Economy. 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 the Company is working to extend the ISCC certification scheme to other regions (China and Brazil).

EssilorLuxottica circular economy journey is shared with ecosystem actors to join forces to limit plastic waste. In 2021, EssilorLuxottica signed a partnership agreement with Mazzucchelli to increase processes efficiency and limit the companies' environmental footprint. The partnership started focusing 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 recycled acetate is then processed by EssilorLuxottica to produce high-quality recycled acetate frames, and both partners have obtained the ISCC⁽¹⁾ Plus certification. The certification has been recognized thanks to the development of specific internal processes to track recycled materials within production processes. The Company is working to extend the certification in other Italian plants and other regions. The final goal is to scale up opportunities to recover generated waste, creating a closed loop toward a circular economy.

Packaging was also thoroughly explored during the year, following the "4Rs" approach. In 2021, the Company promoted and developed several initiatives aimed at avoiding the use of single-use plastic:

- "Research": EssilorLuxottica is continuously researching alternative bio-based materials to substitute fossil-based ones and studying new design solutions. Design innovations are aimed at creating "easy to disassemble" and "mono-material" packaging through the reduction of layers and components, and thinking of a less impactful "end of life" for the products as well as designing cases that can be creatively reused, giving them a second life. This stream also includes the efforts to replace the plastic sleeve that protects temples and cloth using paper.

- "Reuse" and "Recycle": EssilorLuxottica worked to increase the use of certified recycled materials through the identification of a reference set of certifications: FSC for paper and GOTS and GRS for fibers (organics and synthetics). In 2021, many brands launched collections using certified recycled materials with different percentages of recycled content, among them: Tory Burch, Emporio Armani, Giorgio Armani, Arnette.
- "Reduce": The Company removed or reduced some packaging components; for example: replacing the case with the pouch and the information note with a QR code, reducing the types of labels on the boxes, and developing new solutions like foldable cases and stackable boxes to optimize the space needed for shipments.

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 discharges 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.

In addition, suspended materials 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 reductions of water withdrawal that will consequently increase the concentration of pollutants. It also helps create opportunities for water close loop solutions.

To reduce water usage and recover the wastewater, onsite closed-circuit water recycling systems are installed for lens generation prescription process in seven lines in the Company's main lens prescription plant in Italy and allow to reprocess industrial effluents and extract high quality water.

(1) The ISCC PLUS is a sustainability certification program for bio-based and circular (recycled) raw materials.

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 investments 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 efforts, 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. In 2021, 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 worked to acquire the necessary internal skills to manage active wearable devices regulatory frameworks, and develop shared and common guidelines for the qualification of these new products using new internal test equipment and procedures. In the context of a constantly evolving regulatory world, EssilorLuxottica has developed a proactive organization that allows anticipation of requirements linked to European Regulation evolution, new UK regulations generated by Brexit or the Swiss exit from EU regulatory recognition. As part of the ever-increasing importance of environmental responsibility and waste recycling issues, the new European guidelines for marking and identifying the materials used for packaging manufacturing have been implemented, in order 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 a medical environment for prescription lenses, the Company is moving toward an adapted quality system. To this regard, in 2021, EssilorLuxottica obtained 23 ISO 13485 certifications for its key lens factories. It is also developing programs to receive structured feedback from customers and end consumers to continuously improve their satisfaction.

With 18,160 trademarks, 11,000 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 of the 2021 Universal Registration Document, the protection of intellectual property rights also involves combating counterfeiting. The worldwide proliferation of counterfeiting not only threatens official sales channels and company reputation, 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 today one of the Company's major intangible assets.

EssilorLuxottica ensures, from manufacturing to marketing, that its product communication is accurate and complies with the 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 the performance and benefits outlined are genuine and proven.

In addition, to maintain the accuracy and consistency of messages, the Company offers training (face-to-face or e-learning) for its salesforce, retailers, licensees and eye care 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 the 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.

Working collectively toward a circular economy

With increasing pressure on raw materials, tightening of industry regulations and changing consumer behavior, 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 to allow more bio-based and recycled content, making it easier to disassemble and reuse materials.

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, has developed Costa Del Mar Untangled collection 2.0 of 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 in the form of pellets. 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.

In 2021, bold moves were taken by EssilorLuxottica, such as its investment in Mazzuchelli 1849 which allows the Company to produce a highly sustainable type of acetate accessible for all market players. The agreement provides for the acquisition by EssilorLuxottica of a minority stake of around 35% of the share capital of Mazzuchelli, to further finance the development of the project in Mazzuchelli production plants, increasing the offer of high quality and sustainable eyewear.

Enabling customers and consumers to extend products life cycle

One of the key enablers to prolonging the life of products is the possibility to repair, upgrade and adapt consumers lenses and frames. Many brands within the Company are currently providing repair services. In 2021 with the "S&V for the planet" program, the Salmoiraghi & Viganò retail brand launched a new product longevity program where the final consumer can extend or give a new life to the kids frames through a complete renewal of the frames and substitution of brand new RX lenses.

Other retail stores are going to enforce repair and renewal services for eyewear to make EssilorLuxottica products everlasting, both from a technical and emotional point of view.

Joining forces with peers to build circular schemes

EssilorLuxottica internal experts are also engaging with an entire ecosystem (academic, 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 chair devoted to the circular economy, the "Global Circular Economy Chair". The aim of the Chair 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 will also contribute to public debate for the introduction of future regulations in Europe and worldwide as well as focus on raising awareness on the circular economy and creating concrete case studies while developing fundamental research.

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.

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. For some, myopia can be so progressive and severe it is considered a degenerative condition and can lead to blindness.

Since 2013, the Group has created sustainable access⁽³⁾ to vision care for 477 million people in developing communities at the base of the pyramid by establishing more than 19,000 inclusive businesses or primary vision care entrepreneurs and 210 Sustainable Vision Centers. Training and empowering people to become entrepreneurial primary vision care providers in rural communities creates sustainable access to vision care, it also improves livelihoods and promotes skills development. Through these efforts, more than 47 million people at the base of the pyramid have had their vision corrected and/or protected.

The pandemic's ongoing global impact has further underlined the need to strengthen the resilience of health systems and the disparity of access to basic healthcare in many regions and countries. The same can be said of eye care services, which is why in July 2021, EssilorLuxottica and its partners welcomed the historic passing of the United Nations' Resolution to make eye care accessible to all by 2030.

As a member of the United Nations Friends of Vision secretariat, OneSight a not-for-profit organization of which EssilorLuxottica is a founding partner, played an active role in drafting the first-ever UN Resolution on Vision. OneSight also actively urged multiple member states to ensure their

understanding of the proposed resolution, secure their support and advance multiple countries to co-sponsorship level. Following the unanimous passage of the resolution, EssilorLuxottica and its partners have been in conversations with many of the countries where they operate to discuss how to support solid action to follow up on the resolution. In Bangladesh, where the International Agency for the Prevention of Blindness (IAPB) has its initial pilot plans, OneSight contributed to the planning process and will share data from the vision centers supported by EssilorLuxottica in partnership with BRAC, an international development organization based in Bangladesh.

To complete the integration and consolidation of the primary philanthropic and advocacy entities supported by EssilorLuxottica, work began in 2021 to create a unified global vision care foundation with a network of chapters in key countries and regions. The organization which will launch in 2022 will help ensure the Group's investments and activities are more cohesive and efficient to reach more people in need. This will also help drive more impactful engagement of external partners, Governments, NGOs as well as internal brands, employees, customers and consumers with the company's Mission and associated activities.

EssilorLuxottica has made good progress in pursuing the priorities outlined in its 'Eliminating Poor Vision in a Generation' report:

- **creating sustainable access points;**
- **innovating for affordable solutions;**
- **funding subsidized and free services;**
- **raising awareness.**

These efforts have been strengthened and accelerated by partnerships with like-minded governments, NGOs and other organizations.

Creating sustainable access points

To date the Group has created over 19,000 sustainable access points throughout Asia, Africa and Latin America. Despite ongoing pandemic restrictions disproportionately impacting key regions, the resilience of the in-country teams delivered a strong recovery.

China's "Eye Partner" program recovered quickly to provide critical vision care to rural communities. It is on track to recruit and train 5,800 Eye Partners in as many townships to provide sustainable access to vision care to 240 million people by the end of 2022. The Eye Partner program offers professional skills training, access to affordable quality glasses through 2.5 New Vision Generation (2.5NVG) and business/marketing expertise to successful recruits. This not only helps to raise the standard of vision care in rural communities, it also promotes the sustainability of services by improving the livelihoods of service providers.

(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) Gretchn 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.

In Bangladesh, the partnership with MetLife Foundation is progressing and on track to train over 1,000 new primary vision care providers by 2022. The \$1 million partnership between MetLife Foundation and EssilorLuxottica's social impact fund, which is creating sustainable livelihoods and improving access to vision care among rural communities, adopted a pooled funding approach. The partnership demonstrates an innovative philanthropic model whereby two foundations with different development agendas (vision care and financial health) have come together to scale and accelerate impact during times of need.

To further professionalize primary vision care in Indonesia, EssilorLuxottica partnered with ARO GAPOPIN, the academy of Optometry and Optometry Refraction. The Group's social impact fund provided 50 scholarships and has plans to support many more, to encourage vision care micro-entrepreneurs to upgrade their skills and be professionally certified with a Refractive Optometry (RO) qualification. RO is a three-year course, which requires significant financial commitment. The scholarships offered cover half of the tuition fees of the RO course conducted at ARO GAPOPIN and help provide quality primary vision care and access to affordable vision care solutions in remote regions where there is little to no access to professional optometrists. In helping to advance the development of primary vision care providers in Indonesia by creating more sustainable access points, this partnership is a great example of how the private sector and industry organizations can come together to create real impact.

Across Africa, EssilorLuxottica continued to establish sustainable vision care through several strategies. The Group's support to provide the entire population of Zambia with sustainable access to vision care resulted in 10 permanent vision centers being established. This is on track to reaching full access in 2022, meaning 100% of Zambia's underserved communities will be able to reach a vision center within one day of travel. In South Africa, the Group partnered with CooperVision, Peek Vision and the African Eye Institute (AEI) to launch the "1 School at a Time" campaign. The initiative aims to upscale, accelerate and expand access to eye health services, screening children in KwaZulu-Natal schools and providing free spectacles as needed. In Kenya, EssilorLuxottica is training and assisting primary vision care providers named Eye Rafiki, to open their shops at existing primary health centers and community hospitals. This enables rural populations to access vision care along with other much needed primary health services.

Innovating for affordable solutions

Launched in early 2020, EssilorLuxottica's pioneering efforts in teleconsultation for its primary vision care network in India, was established to enable Eye Mitra program participants to offer enhanced vision care services to their communities. The on-demand tele-refraction platform connects rural Eye Mitra shops to urban optometrists. It facilitates real-time remote detection of refractive errors and potential eye diseases, providing rural communities with quality eye care without having to travel far from home. Amid ongoing social distancing measures, this work has become even more relevant and necessary. As well as onboarding existing Eye Mitra with this new technology, all new recruits in India are trained to use the tele-refraction platform and with plans to expand into Indonesia and Kenya. So far 800 Eye Mitra program participants have been trained in India.

Launched in 2020, the Click Check refraction tool, has now sold over 2,500 units to NGOs, hospitals, institutions and primary vision care providers. In 2021 findings of research by the world renowned Aravind Eye Hospital's research institution, LAICO, found the low cost, easy to use tool which does not use electricity, to be of high reliability when compared with subjective and auto-refraction tools. The research has been submitted for peer review publication.

Providing even greater access to basic vision screenings in times of continued social distancing restrictions, EssilorLuxottica launched the Fun Vision Tool. A mobile-based basic vision screening tool, Fun Vision checks for visual acuity, astigmatism and color vision and provides details of the nearest primary vision care provider based on the geo-location of the user detected by their mobile device. Deployed on Facebook, the Fun Vision Tool is available in English, Hindi, Bengali and Bahasa.

Providing quality vision eye care to rural communities has long been a priority for the Group. In rural areas, people usually travel significant distances to get their eyes checked. To save them a return trip, the Ready2Clip Generation I was developed to offer on-the-spot customization with symmetrical pre-cut lenses that can be easily fitted into both the left and right sides of the frame. To enable a larger population to enjoy on-the-spot customization, the Ready2Clip Generation II for children was developed. This series offers the same core benefit of on-the-spot customization with improved features such as streamlined and lightweight design for greater comfort, easy click release bridge for easier and faster assembly and different-size bridges and adjustable temples to fit a broader population of people.

Funding subsidized and free services

Despite ongoing social distancing measures limiting the scope of free vision screening events and public health resources being diverted to tackling Covid-19, EssilorLuxottica was able to maintain and advance on many impactful programs to support those most in need with free and subsidized services. The pandemic also highlighted the potential and importance of using sustainable access points to deliver cost-effective philanthropy as outlined in the "Eliminating Poor Vision in a Generation" report.

The landmark program to create the first poor vision free region in India 'Namma Kannu Namma Doddaballapura' (NKND) concluded in 2021 with the Doddaballapura Taluk region in the state of Karnataka declared poor vision free. The program began in 2018 when the Essilor Vision Foundation partnered with the Ministry of Health and Family Welfare of the Government of Karnataka, the Prerana Trust and Drishti Eye Hospital to create the first region free from poor vision. In the following three years (adhering to local pandemic restrictions throughout 2020 and 2021), a team of trained personnel conducted door to door visits screening residents' eyes for refractive errors and equipping them with a free pair of spectacles if needed. Those with complex vision correction were referred to a mobile eye camp where they would then receive customized corrective glasses within two weeks. The team visited 385 villages and 31 urban wards within the region, screening 230,000 residents and dispensing 41,000 free spectacles. In late 2021, Doddaballapura Taluk was declared as poor vision free by the state government. The successful completion of this program proves the potential of public-private partnership and collaboration to reach those most in need at scale.

Similarly, EssilorLuxottica's partnership with the Royal Government of Bhutan to make Bhutan (with a population of 772,000) the first country free of uncorrected poor vision, reached a major milestone in 2021. By April 2021, the Group delivered 400,000 pairs of glasses to provide free first-time eyewear to all Bhutanese citizens suffering from uncorrected poor vision. Despite the ongoing Covid-19 pandemic, the Bhutanese Ministry of Health was able to carry out most of its planned activities to deliver good vision to all its citizens, including vision screening camps. By April 2021, it had completed the nation-wide screening of all of its school children.

Eyes on the Planet, EssilorLuxottica's sustainability program

EssilorLuxottica is a founding partner of the \$1 billion Vision Catalyst Fund, a multi-stakeholder initiative to bring eye care to all people in the Commonwealth and around the world. As a founding partner, the Group aims to donate 200 million pairs of lenses by 2030. In 2021, the Vision Catalyst Fund was operationalized and open to applications from NGOs for lens donations from EssilorLuxottica. Subsequently, 1.7 million pairs of lenses were approved for free vision care projects in Asia, Africa and Latin America.

The Group's Social Impact Fund celebrated a milestone in its Buy One Give One program, which was launched in 2018.

Over 2 million pairs of glasses have been pledged to people in need through vision care programs run by EssilorLuxottica and its partners thanks to the support of many of EssilorLuxottica's e-commerce sites and their consumers.

Many of EssilorLuxottica's brands supported philanthropic efforts throughout the year including Transitions and Oakley. Oakley supported five vision clinics across the US featuring visits by professional athletes from Team Oakley. The series of clinics sponsored by EssilorLuxottica, Oakley, Los Angeles Chargers and, 15 and the Mahomies Foundation, delivered complimentary eye exams and glasses to hundreds of patients, mostly children, in Chicago, Los Angeles, New York and Kansas City. The clinics featured engaging activities with Oakley athletes like WNBA Player Diamond DeShields, NFL Safety Derwin James Jr., Renowned Skateboard Photographer Atiba Jefferson, BMX Athlete Nigel Sylvester, and well wishes from NFL Quarterback Patrick Mahomes. The partnership not only provided much-needed vision care in these cities, but also drove significant awareness of the need for vision care access in underserved communities.

Raising awareness

Last year, for the first time, EssilorLuxottica celebrated World Sight Day as a unified company to raise awareness about poor vision among children. Collaborating with renowned Australian artist and illustrator Karan Singh, the Group launched a campaign to raise global awareness about the importance of regular vision screenings and concrete initiatives to improve access to vision solutions. While millions of children around the world still lack access to vision care, which jeopardizes their future by reducing their ability to learn, be safe and fulfill their potential, EssilorLuxottica believes that the mobilization of all industry players is needed to raise awareness among parents and children. It's the first crucial step to fighting this epidemic. To this end, the Group's first common World Sight Day campaign aimed to draw parents' attention to the importance of regular eye exams early, and throughout their children's lives,

to help them thrive and achieve their dreams for the future. Pivotal to EssilorLuxottica's campaign was the 'Put Vision First' website (putvisionfirst.com), which offered visitors the opportunity to learn more about the importance of good vision for their children's health and future, as well as to take action through an accessible online vision-screening test.

In parallel, the Group's Optical Retail brands, including LensCrafters in North America, Salmoiraghi & Viganò in Italy, and OPSM in Australia, participated in this mobilization by running a dedicated consumer campaign featuring works from the same artist. Besides, on the occasion of its 50th anniversary, Sunglass Hut reinforced its commitment to support OneSight by enabling its customers to make a charitable donation.

EssilorLuxottica also deployed a range of local initiatives throughout 2021 to ease access to screening and raise awareness on poor vision internationally. Projects were rolled out across the world including several initiatives in France, Italy, Portugal, China, the United States, Latin America, and India. These included free vision screenings and eyeglasses to underprivileged children, fundraising campaigns and dedicated classroom events in local schools, like the Kids Vision Fest in the US or an educational 3D book distribution to pupils in China.

The Group's advocacy efforts continued to focus on the need for effective awareness, advocacy, and research to break down barriers to good vision with a particular focus on children's vision and vision in road safety. EssilorLuxottica supported a partnership with Nickelodeon International to host a multichannel campaign titled "Framing the Future" to make a positive impact on children's eye health globally. The 11-week campaign aimed at educating children about the power of sight, build empathy for others who can't see clearly or don't have access to care, and empower children to act as advocates for themselves and others. In total, the campaign reached more than 67 million households in 69 countries, deployed in three languages across on-air, digital, and social media channels.

A longstanding advocate for good vision on the road, the Company continued honoring its partnership with the Fédération Internationale de l'Automobile (FIA) to raise awareness of the importance of good vision for safe mobility.

Awareness raising activities were supported by EssilorLuxottica employees around the world. Through engaging in events, improving their knowledge of vision care on EssilorLuxottica's learning platform, Leonardo, sharing important messages on their social media and with friends and family, and many more activities, employees continued to show their support for the Group's Mission. In service of the Mission, 125 employees in 16 countries took the extra step as OneSight Ambassadors to help people "see more and be more".

2.4 Eyes on Inclusion

EssilorLuxottica's success is deeply intertwined with the over 180,000 employees worldwide who provide products of high technical and stylistic quality together 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 widespread active employee shareholding and well-being initiatives, are a source of strong employee engagement and sense of belonging. The broad spectrum of contexts, cultures and regions in which the Company operates in gives it a distinguishing trait, and is one of EssilorLuxottica's unique strengths.

The Company seeks to develop an environment in which 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, the innovative learning platform open to the vision care industry that EssilorLuxottica launched in 2021, replacing Essilor University/other Essilor Platforms and Luxottica University, with the aim of contributing to the growth of the industry through learning and training. The Company believes in life-long learning, where every day brings a new chance to access a wide selection of content for every level in a variety of formats (e.g. video, podcast, virtual classrooms) in over 15 languages. 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 part of the integration of GrandVision's non-financial data, the Company has identified the first set of common indicators having aligned definitions and rules of reporting. The aim was to get a basic overview of the Group's total workforce in 2021, as clearly indicated in the tables below.

Total workforce

	2021 (in. GV)	2021 (ex. GV)	2020
TOTAL WORKFORCE	193,371	154,437	151,017
Total number of employees	182,684	143,750	140,429
Total number of agency workers	10,687	10,687	10,588

Note: The figure for EssilorLuxottica employees refers to December 31, 2021. In 2021, the total workforce increased by around 28%, mainly due to the integration of GrandVision. Excluding the scope impact of GrandVision (20% of Group total headcount), the total workforce stayed at a similar level as 2020. For more information on reporting methodology and scope, please refer to Section 4.

Workforce breakdown by geography

	2021 (in. GV)	2021 (ex. GV)	2020
TOTAL WORKFORCE	193,371	154,437	151,017
North America	43,476 (23%)	42,914 (28%)	43,388 (29%)
EMEA	72,032 (37%)	38,332 (25%)	37,541 (25%)
Asia, Oceania	54,186 (28%)	54,186 (35%)	52,118 (35%)
Latin America	23,677 (12%)	19,005 (12%)	17,970 (12%)

Note: The geographical breakdown of the workforce in 2021 and 2020 has been aligned to the geographical areas identified for 2021 revenue disclosure. GrandVision, which is mainly presented in Europe, has largely contributed to the increase in the EMEA region. For more information on reporting methodology and scope, please refer to Section 4.

Eyes on the Planet, EssilorLuxottica's sustainability program

The tables below detail the Company's employees according to gender, contract type, category and age.

Employee breakdown by gender

	2021 (in. GV)	2021 (ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	182,684	143,750	140,429
Total number of women	110,272 (60%)	82,909 (58%)	80,575 (57%)
Total number of men	72,412 (40%)	60,841 (42%)	59,854 (43%)

Note: At 31 December 2021, women represented 60% of all Group employees. Their significant increase from 2020 is mainly attributable to GrandVision, where the majority of store employees is female. Excluding GrandVision, women drew the employee increase in 2021. For more information on reporting methodology and scope, please refer to Section 4.

Employee breakdown by contract type

	2021 (in. GV)	2021 (ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	182,684	143,750	140,429
Permanent contract	150,316 (82%)	116,567 (81%)	109,910 (78%)
Fixed term contract	32,368 (18%)	27,183 (19%)	30,519 (22%)

Note: More than 80% of employees hold permanent contracts within EssilorLuxottica. For more information on reporting methodology and scope, please refer to Section 4.

Employee breakdown by category and by gender

	2021 (ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	143,750	140,429
Executives – Senior management	1,813 (1.3%)	2,204 (1.6%)
Women	512 (28%)	590 (27%)
Men	1,301 (72%)	1,614 (73%)
Managers/Experts – Middle management	11,638 (8.1%)	10,888 (7.7%)
Women	4,813 (41%)	4,501 (41%)
Men	6,825 (59%)	6,387 (59%)
Professional – White collars	44,776 (31.1%)	42,140 (30.0%)
Women	24,778 (55%)	22,607 (54%)
Men	19,998 (45%)	19,533 (46%)
Production/Shop staff – Blue collars	85,523 (59.5%)	85,197 (60.7%)
Women	52,806 (62%)	52,877 (62%)
Men	32,717 (38%)	32,320 (38%)

Note: Employee breakdown by category excludes GrandVision as further alignment of definitions and rules of reporting is needed. Women represent approximately 40% of management roles (senior and middle management) of the Company. Also, the proportion of women covering executive roles has slightly increased. For more information on reporting methodology and scope, please refer to Section 4.

Employee breakdown by age

	2021 (ex. GV)	2020
TOTAL NUMBER OF EMPLOYEES	143,750	140,429
Below 18	189 (0.1%)	130 (0.1%)
18-34	66,201 (46.0%)	66,212 (47.1%)
35-49	53,839 (37.5%)	51,521 (36.7%)
Above 50	23,521 (16.4%)	22,566 (16.1%)

Note: Employee breakdown by age excludes GrandVision. EssilorLuxottica has a centuries-old history and an incredible youth employment rate. Approximately 46% of employees are below 35, mainly working in the Company's facilities and stores. Overall, 83% of employees are under 50 years old.

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 a 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 to guarantee a 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 accepted, appreciated and inspired at work.

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 went on a journey of building a more diverse and inclusive culture for all employees. In early 2021, an internal Executive DEI (Diversity, Equity and Inclusion) Council as well as an employee-led Think Tank were created to help drive DEI strategy and initiatives forward. In February, Luxottica and Essilor launched a coordinated Inclusion Calendar and provided educational resources and employee spotlight interviews to build awareness and education. As a part of Inclusion Calendar celebration and commemoration months, Luxottica and Essilor co-led five virtual events across 2021; these events provided additional touchpoints for continuing education and also provided an opportunity to hear from employees of diverse backgrounds. In the Spring of 2021, Luxottica launched a virtual Unconscious Bias training through the Leonardo learning & development platform achieving 84% completion across Retail brands. Shortly after, five Business Resource Groups (BRGs) – Women, Multicultural, Persons with Disabilities, LGBTQIA+, and Veterans - were launched for Luxottica, in coordination with Essilor's existing BRGs.

- In Latin America, at Essilor Brasil, internal communication campaigns engaged employees on several topics on Diversity and Inclusion, such as Lgbtqphobia, Gender Equity, and Racism & Intersectionality. In addition, six panels brought more than 330 participants together to think and discuss other important topics such as Inclusive Language and Nonviolent Communication. At Essilor in Colombia, all employees had access to a sign language course to expand communication and include colleagues with hearing impairments. In addition, all internal videos must have a sign language interpreter. In addition, on the International Day of Persons with Disabilities (December 3rd), the Company celebrated the "Day of the Most Capable" which mobilized the entire team around the theme. At Luxottica in Brazil, a program called "Educa Retail" was launched to identify talented employees at directly managed stores and to support their professional development by providing access to academic education.
- 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.
- In Europe, Essilor France has built a community of 300 employees named "Women at Essilor". In 2021, three digital conferences animated by external speakers were set up on "professional equality", "7 inspiring women" and "we all have super powers". More than 700 employees participated in these events. As part of an engagement program, a specific initiative named "Heroes Together" was created to help Essilor employees take better care of their health with sports and wellness activities as well as advice (e.g. nutrition and sleep management).
- Globally, a brand-new online path focused on unconscious bias was designed and launched on the Leonardo learning & development platform in March 2021. The course is built on six different video lessons and additional online resources describing how the human brain works, how biases influence perceptions and why it is important to mitigate bias in our daily lives. The online path received approximately 190,573 completions at global level and it was complemented by virtual workshops delivered by Leonardo trainers.

In 2021, EssilorLuxottica earned a spot on the Financial Times "Diversity Leaders list 2022", a nod to the Company's various efforts around diversity and inclusion in recent years. During the year, several women professionals at Essilor and Luxottica were honored among Vision Monday's list of the "Most Influential Women in Optical", representing wide-ranging industry recognition of their diverse and extensive background in the optical industry in North America.

Eyes on the Planet, EssilorLuxottica's sustainability program

Beyond gender equality, EssilorLuxottica's inclusion efforts include equal opportunities for all its employees regardless of their gender, age, religion, marital status, disability and sexual or political orientation, disability. For instance, the Company has been supporting of people with disabilities for a long time. 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.

EssilorLuxottica also 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. All these efforts are complemented by strong support for employee well-being. In Italy, Luxottica's innovative welfare program enables employees to manage their work-life balance by providing personal and family support services, youth and education opportunities, health and well-being services, and income support. In France, Essilor has signed a new collective agreement with the Unions on Diversity and Inclusion for 2020-2023, which brings concrete solutions to achieve better work-life harmony (e.g. extension of a fully paid paternity leave, childcare services, and school support).

Education and people development

At EssilorLuxottica, supporting people with career-long training, skill development opportunities and internal mobility is essential, not only for their personal development but also for the Group's success. With a rapidly changing environment and a rising importance of emerging countries and areas that require specific expertise, the Company offers its employees and customers a personalized learning journey with the latest digital solutions and best-in-class content through its online learning platform, Leonardo.

Following the combination of Essilor and Luxottica, the Company leveraged the knowledge and expertise from each side to both build a global team and a shared platform that can serve the workforce of the future. In May 2021, this shared platform came to life, setting the basis of the EssilorLuxottica learning culture, where employees and customers can continuously expand their skills, knowledge and mindset.

The platform is accessible to over 180,000 EssilorLuxottica employees and nearly 270,000 opticians and sales associates healing from Luxottica's wholesale clients worldwide. Over the course of 2022, access to the Leonardo platform will be extended to Essilor client eye care professionals (ECPs) globally, to ensure all group clients enjoy the same opportunity to learn.

Leonardo offers an intuitive, user-friendly experience across all devices, accessible any time. The content delivered by industry experts spans the areas of eyewear and eye care, lenses and optics, brand storytelling and business and people management, amounting to over 7,000 hours of content in over 15 languages.

A great value added of Leonardo is its eye care educational offer. As the eye care industry evolves and changes at an ever-increasing rate, eye care professionals must be able to keep up and meet new needs, requirements and expectations of patients in the future. The content available on Leonardo covers medical and scientific topics, from the fundamentals of visual optics, the most common ocular conditions and how they can be treated to clinical practice management, eye exams, prescriptions, and understanding the innovative technology and science behind products and more.

Through Leonardo, EssilorLuxottica aims to make learning a daily routine, enabling people to learn through their preferred format: interactive modules, videos, podcasts, readings and virtual classrooms. Leonardo offers a "blended approach" that combines online content and live sessions, designed both to optimize the level of interactivity of the learners and to adapt to everyone's needs.

At EssilorLuxottica, the introduction or development of new skills, the opportunity to improve existing competences and the support for extensive ways of thinking have always been a core element of its learning and development approach globally. In 2021, the Company delivered approximately 1,3 million hours of educational training to employees, managers and directors around the world through virtual classrooms and digital modules. The "See more, learn more" virtual classroom series, started in 2020, continued over the year, addressing topics such as "Managing the change process", "Building resilience", "Managing hybrid teams" amongst others, and enrolling more than 800 participants. In addition, 320 people attended Global Learning programs such as "Manager as coach", "Success with presentations", as a follow up of 2020 initiatives at Essilor. 2021 was also the year of the launch of a unique global language learning platform Speexx, which can be accessed freely through Leonardo.

Following the digitalization approach, EssilorLuxottica introduced a new training service available on Leonardo for both its wholesale clients and store employees named "New to your store". This is a customized service, which provides training snippets on every model shipped to any door, including style details, inspiration mood board and media content. A revolutionary service that redefines the training on single styles, making it more accessible and intuitive.

Training hours and number of employees trained

	2021 (ex. GV)	2020	2019
TOTAL TRAINING HOURS DELIVERED	2,165,534	1,444,546	2,024,723
Centrally managed training hours	1,309,670	655,437	737,709
Locally managed training hours	855,864	789,109	1,287,014
Production/Shop staff – Blue Collars	562,458	479,674	821,751
Other Categories	293,406	309,435	465,263
Number of employees trained through centrally managed programs	81,244	81,688	81,514
Number of employees trained through locally managed programs	60,851	56,381	87,497
Production/Shop staff – Blue Collars	37,927	33,523	57,634
Other Categories	22,924	22,858	29,863

Note: Total training hours increased by around 50% in 2021, even though part of the locally managed training hours covered only ten months of data from January to October due to the change of reporting organization. The significant increase of training hours is mainly due to the recovery of business activities following the strict lockdown measures of Covid-19 during the year of 2020.

To this regard, it is worth reminding that in 2020, the majority of classroom training was transformed to online training, both at global and local level. This led in 2021 to an increase of around 100% of centrally managed training hours through Leonardo, the innovative learning platform launched in 2021: approximately 1.3 million hours of educational trainings were delivered through virtual classrooms and digital modules, representing around 60% of the total Company training hours during the year. Over 81,000 employees were trained, in line with last year's level.

Local training was delivered in classroom settings where possible or through third-parties e-learning solutions. With more than 60,000 employees trained, more than 850,000 training hours were delivered, among which around 65% were dedicated for blue collar workers.

Talent management

Talent development

For EssilorLuxottica, talent development is a top priority. In 2021 the Company introduced different activities that support growth and career development, such as:

- Performance review: the Luxottica process to set goals and assess performance tripled the number of employees in scope, involving also the US, Latin America, Asia, Australia, New Zealand and the remaining countries in EMEA as well as the Retail network. The Performance review system and tool is now available in 37 countries, and more than 7,000 hours of training have been delivered to support managers and their teams in the process.
- Talent review: potential evaluation and talent review involved in 2021 almost 9,000 people in 34 countries all over the world, also involving the retail population for the first time.
- Facilitation and promotion of internal mobility opportunities through talent programs like COMET, SeeUp and FinHance. COMET enables young people from Essilor's Emerging Talent pool to unleash their full potential by increasing self-awareness, working on strategic projects within multicultural teams, gaining exposure to senior leader members and being supported by internal mentors and coaches. "SeeUp" saw its second edition in 2021: it is designed to increase internal mobility and motivate employees to own their careers by providing a deeper understanding of talent management initiatives and career management best practices under an overarching digital umbrella. Through the support of a core team, these activities have guided more than 1,000 employees in powering up their career conversations by creating personal branding, building networks, and understanding internal opportunities available in different functions. FinHance is a development program aimed at promoting international career opportunities addressed to the most talented people within the Company's global finance community. It involves six young Talents based in five different countries; in three years they will rotate across three different functions and will 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 talents. It includes initiatives such as mentoring, virtual coffee chats with EssilorLuxottica leaders, peer-coaching, shadowing and a hackathon. Starting from September 2021, all these Luxottica initiatives have been rebranded as EssilorLuxottica involving colleagues from both legal entities: 432 for the Mentoring program, 260 for the coffee chat, 48 for Finance Next Generation just as examples. In total, more than 800 people in 36 countries were involved.

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, talent attraction and retention is strategic for the Company and taps into EssilorLuxottica's employer value proposition.

For this reason, the Company accelerated the integration of the talent attraction strategy aimed at communicating the benefit of the combination and creating a cohesive identity of the Group. Several initiatives have been developed at EssilorLuxottica to attract, retain and engage talents.

- Development of an EssilorLuxottica Value Proposition that represents the promise of EssilorLuxottica as an employer of choice and the value that a career within the Group can bring from a professional and personal standpoint.
- While the careers section on Essilor and Luxottica's websites and the respective LinkedIn pages offer transparent access to the opportunities available and enable candidates to apply online, the new EssilorLuxottica LinkedIn page is aimed at communicating the latest news and career opportunities as one Company.

Eyes on the Planet, EssilorLuxottica's sustainability program

- Regular presence on international campuses of top-ranking universities and management schools (e.g. MIT, Harvard, NYU, Columbia University, HEC, ESSEC, ESADE, Bocconi University, Politecnico di Milano and MIP, Fudan, PolyU Hong Kong, University of Sydney, 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).
- Innovative talent acquisition programs, such as Essilor ETP (Emerging Talent Program) and Operations Talent Program target new graduates. In 2021, the ETP's trainees completed two global rotations in various international offices, settling into their permanent positions. Additionally, the Operations Talent Program saw the launch of another class of young international trainees from STEM fields, who have set on a two-year path starting at the heart of Luxottica Operations Headquarters.

Specific talent attraction projects are also developed at a local level. These include Luxottica's eyeFWD in North America, Campus Program in Italy and EYE Launch in Australia, which in 2021 were executed online in response to Covid-19. The latter is designed to give optometry graduates a broader understanding of building and maintaining a successful career upon graduation. EYE Launch is a two-day graduate induction program. It is the first part of Luxottica's two-year graduate development pathway, designed to ensure new optometry graduates are well equipped to start their careers effectively.

Health and safety

For EssilorLuxottica, guaranteeing and protecting employee health and safety is a top priority, and is a common principle that will continue guiding the daily operations of the Company. EssilorLuxottica has adopted all necessary measures, consistent with international standards and the target of 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 OHSAS 18001:2007 and the more recent ISO 45001:2018 Occupational Health and Safety Management certification, which provide a framework to identify and improve employee safety while preventing workplace risks. For 2021, 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 to employees, customers and local communities.

Since 2020, EssilorLuxottica and its operating subsidiaries have announced several safety and operational efforts to respond to the Covid-19 pandemic. Leading by example, the Company has been working hard to ensure the health and safety of its employees and their families. In facilities that remained open across the globe to provide essential services to customers, including factories, lens laboratories and distribution centers, EssilorLuxottica has implemented heightened industrial hygiene protocols, provided employees with masks, introduced temperature checks, and established social distancing practices to keep employees safe.

As these facilities remained open along with the Company's optical brick-and-mortar stores – open with reduced working hours/days – and e-commerce platforms, EssilorLuxottica has been able to continue providing essential eyecare services and products to its customers and consumers, many of whom are on the front lines of this crisis.

In compliance with regulations and indications issued at world, national and local level, the EHS department and Crisis Management Teams (CMTs) created, implemented, and constantly updated guidelines for each company division (e.g. Operations, Retail, Wholesale). The indications of those guidelines were immediately implemented in local protocols to handle all aspects linked to the management of workplace emergencies, protecting the health and safety of employees in the first place, and the continuation of business where possible. Moreover, specific committees have been set up at central and local levels to monitor the evolution of the situation and adopt preventive measures aimed at maximizing the protection and well-being of employees. Very often the Group implemented stricter than national/local requirements with the primary aim of ensuring the health and safety of employees. In parallel, a global and daily tracking of new Covid-19 cases and follow-up on the health status of contaminated employees helped to inform and adapt the Group's cautious approach as operations and activity continue to be run.

Once Covid-19 vaccines started to become available, EssilorLuxottica developed a common approach to support Covid-19 vaccination campaigns launched by local authorities, with actions ranging from communication to employees about the benefits of vaccination to assistance to off-site clinics or set-up of on-site vaccination centers. The Group continues its actions to limit the impacts of this pandemic and frequently adapt them as the successive variants spread across the countries.

The Company's journey towards 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 keeps continuous expansion and deployment of 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 of the Company 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 the Safety Corners, which are designated locations for posting information on health and safety matters and reporting unsafe or risky situations for workers.

Eyes on the Planet, EssilorLuxottica's sustainability program

The Company takes all work-related injuries seriously. Information on work-related injuries are shown in the table below:

	2021 (ex. GV)	2020	2019
TOTAL NUMBER OF WORK-RELATED INJURIES	557	603	862
Total number of work-related injuries with absence	322	300	406
Employees	298	282	372
Agency workers	24	18	34
Total number of work-related injuries without absence	235	303	456
Employees	231	279	412
Agency workers	4	24	44
NUMBER OF LOST DAYS DUE TO WORK-RELATED INJURIES WITH ABSENCE	10,560	9,689	11,563
Employees	10,171	9,241	10,913
Agency workers	389	448	650
TOTAL NUMBER OF CASES OF OCCUPATIONAL ILLNESSES WITH ABSENCE	33	-	-
Employees	33	-	-
Agency workers	0	-	-
NUMBER OF LOST DAYS DUE TO OCCUPATIONAL ILLNESS	979	-	-
Employees	979	-	-
Agency workers	0	-	-
FREQUENCY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	1.7	1.5	1.7
Employees	1.7	1.5	1.8
Agency workers	1.6	1.3	1.5
SEVERITY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	0.06	0.05	0.05
Employees	0.06	0.05	0.05
Agency workers	0.03	0.03	0.03
TOTAL RECORDABLE INCIDENT RATE	2.9	3.1	3.7
Employees	3.0	3.1	3.7
Agency workers	1.8	3.1	3.4

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. Starting from 2021, cases of occupational illnesses with absence and lost days due to occupational illness are disclosed as a new indicator.

Work-related injuries information covers 57% of the Company's total headcount (excluding GrandVision) and focuses on the manufacturing, lens laboratories and distribution sites, as a result of the H&S policy and management systems that have been implemented over the years across the Operations.

557 work-related injuries were reported in 2021, with a decrease of 7% compared to 2020, as a consequence, the total recordable incident rate has decreased for both employees and agency workers. This is partially linked to reduced presence of workers due to the Covid-19 pandemic.

The frequency rate for work-related injuries with absence has increased slightly compared to 2020, however is consistent with 2019 level prior to Covid-19 pandemic; the severity rate for work-related injuries with absence remained at a similar level as the previous year.

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 4.

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 employees' 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.

After the success of its previous employee share ownership initiatives "Boost", the coverage of this yearly campaign was

extended to welcome employee shareholders from five more countries, and new subscribers are now taking part from Bangladesh, Benin, Latvia, Morocco and Ukraine. As a result, today nearly 67,000 of the Group's employees in 85 countries hold a financial stake in the Company, a steady rise up from approximately 63,000 in 2020 and 56,000 in 2019. In addition, more than 11,000 employee retirees are also shareholders showing their engagement and confidence in the Company. Also on the rise, approximately 20,000 employee shareholders are members of Valoptec, the independent employee shareholder association that supports EssilorLuxottica's values as well as contributes to its governance.

Social and economic development

As a global company, EssilorLuxottica contributes to the social and economic development of the different 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 2.5).

EssilorLuxottica is driven by a strong sense of responsibility and corporate citizenship, and continues to pursue its commitment towards 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. Some of the most significant initiatives to promote and protect cultural, social, and environmental heritage include:

- Luxottica for Art, launched in 2020, that has the objectives of protecting and preserving cultural heritage and of

promoting culture during the unprecedented times of the pandemic by displaying artistic pieces on urban large screens of the Company in Milan, London, and New York;

- the organization, through the Alain Mikli brand, of initiatives that make art accessible to people with visual disabilities. This includes the first exhibition after the reopening of the Musée Carnavalet - History of Paris with the Foundation Henri Cartier-Bresson.

The Company takes pride in combating social exclusion and helping families and individuals by guaranteeing their livelihoods. This also increasingly strengthened its bond with the people and with the territory where it operates. In Italy, for example, a social inclusion project was launched in 2019 for meal delivery service: over 73,000 meals have been delivered since the start of the project, with an average of over 118 meals per day. This ability to respond to the needs of local communities is a hallmark of EssilorLuxottica's culture of inclusion.

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 topics: responsible supplier sustainability, human rights and business ethics.

Supplier sustainability

For EssilorLuxottica, supply chain efficiency is fundamental in order to guarantee the high quality of its products and services and contributes to maintaining and enhancing the Company's reputation. EssilorLuxottica's supplier sustainability 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.

EssilorLuxottica relies on the standards that Essilor and Luxottica have each defined and requests suppliers to respect and adhere to the Company's commitments in the areas of ethics, labor, health, safety and environment.

In 2021 the Group continued to leverage, unify and extend the supplier sustainability standards and initiatives already specific to the Essilor Supplier Sustainability Program (SSP) and Luxottica Responsible Sourcing and Manufacturing (LRSM) 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 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 the various parts of the supplier sustainability initiatives is guaranteed by a dedicated team within the company's Sourcing and Procurement department. This function relies on regional purchasing managers to ensure the successful implementation and monitoring of the program.

Given its inter-departmental nature, the program brings together representatives of the Sourcing, Internal Audit, Manufacturing, Quality, CSR, Risk Management, Asset Protection and Compliance departments in a Steering Committee, which periodically evaluates the status of the program and discusses further steps to take.

Performance assessment

Supplier performance and risk assessment are at the core of EssilorLuxottica's supplier sustainability actions. To ensure this, qualified third-parties (e.g. Intertek, BSCI, SGS) audit suppliers' compliance with the Company's ethical working principles as well as environmental and social responsibilities. In this respect, two methods are being used.

First method, mainly applied to the Group eyecare activities, is to assess supplier's performance through a shared self-assessment platform run by EcoVadis. Since 2020, in order to reinforce the supplier selection, the company has been accepting alternative assessments done by other recognized third-party auditors (e.g. Intertek, BSCI, SGS). Based on the results of the supplier's self-assessment, the Company gives a score to them based on four different categories: opportunity, engaged, medium risk (30-44) and high risk (<30). For suppliers with low and unsatisfactory performance (<30), or for strategic suppliers refusing EcoVadis or any alternative assessment, third-party on-site audits are conducted, followed by a request to implement a progress plan and annual assessments to counteract the risk. To do so, suppliers may call on EssilorLuxottica's purchasing managers who are trained to support them in their improvement processes. Once remedial actions have been implemented, suppliers must undergo a new assessment. In the event that a non-compliant supplier does not wish to implement remedial actions or commit to make progress, EssilorLuxottica may have to terminate its business relationship with that supplier. During the year, EssilorLuxottica conducted 165 assessments in total.

Second method, mainly applied to Group eyewear activities and apparel footwear and accessories (AFA) category, is to perform on-site supplier audits directly with the collaboration of Sourcing, Risk Management, Asset Protection and Compliance functions and supported by third-party auditors (e.g. Intertek, BSCI) in charge of monitoring suppliers' 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 direct materials and finished products and, more recently, also indirect suppliers. This approach is aimed at preventing the risk of serious cases of non-compliance with sensitive topics, including child labor, use of forced labor and corruption, when selecting and monitoring suppliers. This method requires immediate action from the supplier to comply with the rule and implies its phase out in the event of non-compliance. The Company, in fact, requests suppliers to close all issues raised during the audit by an agreed deadline, 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 showing no improvement and repeated issues across multiple audits can be considered for phase out.

As detailed below, 52 current and potential eyewear suppliers were subject to audits in 2021 and major instances of non-compliance were identified for six suppliers. The split of audits has been the following:

- two follow-up audit due to unsatisfactory results of an audit from the previous year;
- seven preventive audits, in order to qualify new suppliers or to establish a number of alternative suppliers in the event of particularly critical situations;
- 43 maintenance audits, in order to continue to be qualified as the company's suppliers.

The audit process on AFA suppliers continued in 2021, with 41 audits on production plants of suppliers located in Asia-Pacific, Latin America and Europe. Only two instances of non-compliance were identified.

Risk prevention and mitigation mechanisms

In conjunction with the supplier assessment initiatives, risk prevention and mitigation mechanisms have been instrumental to guarantee the respect of the Company's principles and standards along its value chain. Purchasing teams from EssilorLuxottica follow strict exclusion tools to ensure high risk or non-compliant suppliers are ruled out from the sourcing and procurement process.

In this regard, the Company strengthened its mitigation mechanisms with the implementation of an "Exclusion Procedure" / "Zero tolerance" principle. This procedure applies to suppliers who do not meet the company's requirements after an on-site social and environmental audit and who refuse to implement the necessary corrective actions. This mechanism

is in place to guarantee appropriate monitoring of high-risk suppliers, and ending with the definition of rules for re-auditing or re-qualification, follow-up in short terms in case of audit failure and a two to three-year timeframe in case of audit pass. In 2020, a renewed rating system introduced the concept of recurrence in order to highlight situations where non-conformity is systemic and not occasional.

Engagement and training

To support and strengthen the supplier sustainability programs and ensure alignment with the Company's standards, EssilorLuxottica have in place training and awareness initiatives targeting suppliers and the purchasing community.

In 2021, online training tools launched for both professional buyers and suppliers have been made available on the Leonardo learning platform. Moving forward, EssilorLuxottica will continue building up its global program to further align and strengthen the organization and management of supplier sustainability.

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 the EssilorLuxottica group represented by its subsidiaries within the scope of financial consolidation⁽¹⁾.

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.

As EssilorLuxottica has a long history of responsibility towards its stakeholders, the requirements of the duty of care legislation have been undertaken to progressively clarify and strengthen the 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.

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.

(1) GrandVision will be included in the 2022 Vigilance Plan along with the integration process.

Company's 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 has placed 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 on 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, in order to reduce its environmental risks and impacts and to have a process framework which guarantees regulatory compliance and meets 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 to remedy them should they occur.

Consequently, suppliers support the Company's commitment to ensure the 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 which 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 (e.g. Essilor's Human Rights policy, Luxottica's Responsible Sourcing & Manufacturing program). 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 to 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 1.3 and Chapter 3 of the 2021 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 the operational functions (mainly HR, EHS, Risk Management, Compliance and Purchasing) 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 for 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 Section Supplier Sustainability).

Lastly, EssilorLuxottica aims to further involve its stakeholders and to 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, and the BSR (Business for Social Responsibility), an international network which shares best practices and facilitates dialogue with stakeholders. EssilorLuxottica also supports RSHF (*Ressources Humaines Sans Frontières*) whose mission is to promote decent working conditions, and act against forced labour and child labour.

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.

The Company's risk assessment process (see Chapter 1 of the 2021 Universal Registration Document), which incorporates the CSR risk assessment (see Section 1.4), was applied to these areas: human rights and fundamental freedoms, individual health, safety and security and the environment. The Company assesses its risk exposure either via specific risk mapping in relation to human rights or directly via specific programs that apply to both manufacturing sites and suppliers globally (see Section Supplier Sustainability).

Risk prevention and mitigation measures

Risk mapping has helped to raise awareness among operational teams and to prioritize action plans at both the corporate and regional level. 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 Section Supplier Sustainability.

For more details on the measures of prevention, mitigation and/or remediation implemented, as well as on progress made in 2021, 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 Supplier sustainability
Challenges relating to the health and safety of individuals	Health and safety Supplier sustainability
Environmental challenges	Water management Waste management Supplier sustainability

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 (many have been conducted digitally due to Covid-19). For example, more than 2,000 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 addition, EssilorLuxottica created a dedicated "Human Rights" Audit Program to review risks relating to human rights, fundamental freedoms, health and safety at work and the environment, which could be generated either by the company's business or by its suppliers and subcontractors. In 2021, 20 entities were audited covering around 12.5% of EssilorLuxottica's Global headcount (excluding GrandVision). Results and key findings of these audits are shared with function leaders and contribute to adapting Group and local roadmaps. In 2022, EssilorLuxottica will continue to carry out audits on human rights topics across its entities which have 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, the environment, and associated risks are monitored (see Section 1.5).

Alert mechanisms

EssilorLuxottica attaches particular importance to ensuring that all employees are given the means to be heard when they have a question or concern about ethics, compliance, human rights, and the environment. Various channels are made available to employees who witness or fall victim to a situation that could prove to be risky in order to bring it to the attention of the Company. Any employee can send an alert via the direct manager, the HR manager or the compliance department, their country or regional or business manager, a staff representative of the entity. They can also use EssilorLuxottica's whistleblowing systems deployed throughout the Company, which allow employees to report concerns, including any in relation to human rights and the environment through dedicated channels or email addresses.

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:

Eyes on the Planet, EssilorLuxottica's sustainability program

Theme	KPI	2021 (ex. GV)	2020
Challenges relating to human rights and fundamental freedoms	Number of employees and agency workers below age 16	0	5
	Cumulative number of employees having completed "Code of Ethics" trainings at EssilorLuxottica ⁽¹⁾	10,479	6,027
	Cumulative number of EssilorLuxottica employees having completed "Business and Human Rights" training ⁽²⁾	2,401	1,696
	Percentage of eyecare strategic suppliers having completed CSR assessment	94%	100%
	Percentage of eyecare preferred suppliers which acknowledge the Supplier Charter	91%	100%
	Percentage of eyewear spending covered by LRSM program	93%	93%
	Of which: percentage of eyewear spending covered by on-site audits	81%	83%
	Of which: percentage of eyewear spending covered by training and/or awareness initiatives	50%	50%
	Percentage of AFA spending covered by on-site audits	62%	65%
Environmental challenges	Number of chemical spills	2	1
Challenges relating to the health and safety of individuals	Number of work-related fatalities - employees and agency workers	0	0
	Frequency rate of work-related injuries with absence - employees and agency workers	1.7	1.5
	Severity rate of work-related injuries with absence - employees and agency workers	0.06	0.05
	Total recordable incident rate - employees and agency workers	2.9	3.1

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 the 2021 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 the 2021 Universal Registration Document).

(1) To ensure consistency in data analysis, 2020 figure has been restated following the launch of Leonardo platform.

(2) To ensure consistency in data analysis, 2020 figure has been restated following the launch of Leonardo platform.

Prevention of corruption

In terms of anti-corruption, the Compliance department of EssilorLuxottica oversees the definition of guidelines and rules of conduct to prevent, identify and manage risks connected with corruption in the Company's businesses, in accordance with the law as well as applicable local and international regulations. This commitment is outlined in both the Code of Ethics and the Anti-Bribery & Corruption Principles and Guidelines, 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.

EssilorLuxottica has conducted a risk assessment involving all of the Company's legal entities around the world with the goal of evaluating exposure to the risk of corruption. Compliant with provisions of the French law on transparency, the fight against corruption and the modernization of the economy (Sapin II), this process made it possible to assess and prioritize the risks for both the legal entity and for any potential risk scenarios. For EssilorLuxottica, risk assessment is an essential tool that helps determine priority actions in this area. EssilorLuxottica is currently conducting a new anti-corruption risk assessment in order to update as appropriate the risk scenarios on the scale of the integrated Group; it will adapt its internal prevention procedures accordingly.

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 13,200 corporate stores around the world, data protection remains a key topic for the Company. 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. This helps to ensure that the data which stakeholders have entrusted to EssilorLuxottica 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 in order to comply with existing and upcoming regulations (i.e. 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 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 breach policy, cookies banners, etc.), the deployment of training and awareness programs to enhance the privacy culture of Group employees and the support to business teams across the world to ensure they include privacy by design 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.

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.

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 they operate. 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 the 2021 Universal Registration Document).

Alert system

In accordance with the guidelines set out in the Code of Ethics, EssilorLuxottica is working towards the definition of an integrated alert mechanism to ensure the proper monitoring of business ethics-related alerts by its employees and stakeholders. Meanwhile, the existing alert systems and whistleblowing channels of both organizations remain active to ensure the prompt and proper handling of alerts relating to various misconducts, as required by applicable regulations.

3 Next steps for EssilorLuxottica's sustainability program

As presented in this Non-financial Statement, 2021 was a pivotal year for the Group. The development and launch of an integrated, ambitious and far-sighted program like "Eyes on the Planet" reaffirms EssilorLuxottica position as a leader committed to sustainability.

This year, with the "Eyes on the Planet" program, EssilorLuxottica has created the foundation and dynamics to embed sustainability into the core of its business strategy and DNA, while contributing to its Mission.

The Group has determined its five sustainability strategic priorities with carbon, circularity, world sight, inclusion and ethics (see Section 1), defined associated commitments like being carbon neutral in its direct operations or embedding eco-design in all product development by 2025, and reaffirmed its engagements on diversity & inclusion, access to good vision and ethical behaviors. Major activities have been further improved or initiated, including an update on the CSR risks assessment and prioritization (see Section 1.4), the enhancement of the non-financial reporting process (see Section 1.5), the endorsement of major standards and regulations (e.g. first EU taxonomy eligibility review), the deployment of essential tools (e.g. Life Cycle Assessment) and the progression of key operational projects (e.g. renewable energy, inclusive business, bio-based materials, employee welfare and development).

To roll out the "Eyes on The Planet" program across the organization, the Company will notably concentrate its efforts on the followings:

- constantly improve CSR risk management with the definition of specific policies, objectives and key performance indicators, in coordination with Risk Management and other departments involved in the Company's risk assessment;
- deploy central and local initiatives on each pillar of the program and expand the current set of targets, including GrandVision;
- accelerate people engagement and communication around "Eyes on The Planet", particularly by leveraging the Leonardo platform;
- continue reinforcing compliance with sustainability-related regulations, including the EU Taxonomy;
- expand and strengthen sustainability reporting with high focus on carbon accounting;
- further engage dialogue with stakeholders.

The Group will report progress and achievements related to the "Eyes on the Planet" program on a regular basis through its website, corporate communication channels and in its annual Universal Registration Document.

4 Methodology note and correspondence tables

Main principles for sustainability data reporting

EssilorLuxottica's Sustainability Reporting Protocol defines the below reporting principles:

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.

New entities acquired for less than one year are granted one year to be integrated into the Group reporting system. Given the significant size of GrandVision, its 2021 data were consolidated for common indicators following the reporting guidelines defined in EssilorLuxottica Reporting Protocol.

Reporting period

In principle, the reporting period is from January 1, 2021 to December 31, 2021.

For the few indicators gathered through CARS/SUSTAIN2 tool (number of agency workers and local training), the reporting period for Essilor operating scope is from January 1, 2021 to October 31, 2021.

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 but working directly under EssilorLuxottica orders in an EssilorLuxottica location or elsewhere. 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.

Regarding employee distribution by gender, information was not available for approximately 0.6% of EssilorLuxottica employees as per the gender voluntary disclosure required by federal regulations in North America. For them, the Company estimated the gender split to be in line with the rest of the organization and with previous years (60% women – 40% men). Meanwhile, for a few small sized entities not fully integrated in the Group HRIS system (accounting for around 0.4% of Group total employees), their workforce-related breakdowns were estimated based on previous year data and the regional average split.

Health and safety indicators

The safety indicators relate to the Company's main manufacturing plants, lens laboratories, distribution centers, excluding the entities that were acquired by EssilorLuxottica during 2021, and for which investments are needed to integrate health and safety reporting systems. Health and safety indicators cover both employees and agency workers.

The indicators applied reflect the 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: $\text{number of work-related injuries with lost days} \times 1,000,000 / \text{total number of worked hours during the reporting period}$;
- the severity rate is calculated as: $\text{total number of lost days (calendar days)} \times 1,000 / \text{total number of worked hours during the reporting period}$;
- the total recordable incident rate is calculated as: $\text{total number of recordable work-related injuries} \times 1,000,000 / \text{total number of worked hours during the reporting period}$;
- the total number of worked hours is calculated as: 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 monitor the follow up on 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 m³.

Energy consumption refers to all the primary energy consumed during the reporting period. The related breakdowns are reported in kWh and are disclosed in GWh. For certain entities who did not report energy data for the full reporting period, extrapolation and estimation was performed based on their average energy consumption of other months or average energy consumption of other sites, and with the consideration of special events during the year.

Waste generation refers to the total weight of waste evacuated or shipped out by the operation of the Company. The associated breakdowns are reported in metric tons.

Specific methodology for calculating GHG emissions

In accordance with GHG Protocol, the accounting and reporting standards for greenhouse gas emissions (<http://www.ghgprotocol.org>), and information on GHG emissions is communicated on the basis of three scopes: scope 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 2020 (v. 19.0) for scope 1 emissions calculation, the International Energy Agency (IEA) which was updated in September 2021 for scope 2 emissions calculation and the database of the GLEC framework for scope 3 emissions associated with transportation.

Scope 1

This corresponds to direct emissions resulting from the on-site combustion of fossil fuels, such as gas or liquid fuel. To continuously improve and precise the Group GHG accounting practice, scope 1 emissions only take into consideration the combustion step of gas or liquid fuel, whereas the associated upstream emissions are excluded from scope 1 emissions. The GHG emission factors were in accordance with the ADEME database (v. 19.0):

- Gas: 205 gCO₂e/kWh LCV;
- Liquid fuel: 266 gCO₂e/kWh LCV.

Scope 2

This relates to indirect emissions associated with the electricity consumption required for eyewear and lenses manufacturing, and machining lenses. Scope 2 emissions were calculated according to the location-based method of the GHG Protocol. The conversion factors for electricity were updated in 2021 based on figures provided by the IEA database (v. 2021).

Scope 3 emissions associated with transportation

Scope 3 emissions associated with transportation 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; ii) Well-to-Tank (WTT) describes the sub-range 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 to EN16258.

Reporting of EssilorLuxottica transportation and freight is categorized in two types:

1. International flows for lenses, finished frames (with and without optical lenses), apparel footwear and accessories (AFA), advertising materials (POP), components, equipment and optical instruments. This flow is between main plants, laboratories or DCs of EssilorLuxottica group;
2. Local Distribution flows for all the above materials. This flow is from laboratories or DCs towards final customers (e-commerce, retail and wholesale).

Emissions related to optical instruments are excluded from 2021 reported data. For certain entities who did not report physical transportation data for the last quarter of the year (October, November and December), their GHG emissions were estimated based on the projection of their sales performance. Emissions based on estimation accounted for less than 2% of the total reported emissions associated with transportation.

Correspondence table for priority CSR risks

Group risk factors	CSR risk factors	CSR risk categories	Reference
Business interruption	Climate resilience	Climate Change	2.1
Business model	Carbon neutrality		
Strategic innovation & Product development	Circularity & Eco-design	Sustainable offering	2.2
	Product Safety & Claims		
People management	Attraction & Retention	Talent Management	2.4
	Diversity & Inclusion		
Corporate Compliance & Reporting	Working conditions, welfare, health and safety & Social dialogue	Human Rights	2.5
	Ethical business relationships	Supplier Sustainability	2.5
	CSR regulations	Business Ethics	2.5

Correspondance 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 of the 2021 Universal Registration Document)
b. Management's role in assessing and managing climate-related risks and opportunities	Eyes on Carbon (Section 2.1)
Strategy	
a. Climate-related risks and opportunities identified over the short, medium and long term	Business model, environmental and social challenges (Section 1.1)
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	Eyes on Carbon (Section 2.1)
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 of the 2021 Universal Registration Document)
b. Processes for managing climate-related risks	- CSR risk management (Section 1.4) - Eyes on Carbon (Section 2.1)
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 1.5) - Eyes on Carbon (Section 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	

5 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, 2021

To the Annual Shareholders' Meeting of EssilorLuxottica,

In our capacity as Statutory Auditor of EssilorLuxottica SA (hereinafter the "Entity"), appointed as an independent third party and accredited by Cofrac (Cofrac Inspection Accreditation n°3-1060, 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) of the consolidated non-financial

information statement (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for year ended on December 31, 2021, included in the 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 compliant with the applicable regulatory provisions and that the Information, taken as a whole, are not presented fairly in accordance with the Guidelines.

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 and talent management are not formalised at the EssilorLuxottica level;

- there is no one policy on supplier sustainability defined at EssilorLuxottica;
- the results presented relating to business ethics, sustainable offering, supplier sustainability, talent management and human rights do not relate to identified key performance indicators for the relevant applicable policies;
- certain indicators related to GrandVision are based on estimate and extrapolated data, thus resulting in estimated results (energy consumptions).

Preparation of the non-financial performance 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 are sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement, particularly for GrandVision.

The Entity's responsibility

The Board of Directors is responsible for

- selecting or establishing suitable criteria for preparing the Information;
- the preparation of the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal nonfinancial 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);

- designing, implementing and maintaining 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 in accordance with the Entity's Guidelines as mentioned above.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance 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. 225105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

As we are 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 compliance of products and services with the applicable regulations.

Regulatory provisions and professional standards applicable

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 ("CNCC") applicable to

such engagements, 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 statutory auditors. In addition, we have implemented a system of quality control

including documented policies and procedures to ensure the compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of 16 people between September 2021 and March 2022 and took a total of about 20 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted

about 40 interviews with people responsible for preparing the Statement, representing among others sustainable development, executive management, administration and finance, human resources, learning, health and safety, environmental and purchasing 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 were based on our professional judgment and allowed us to provide a limited level of assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities;
- we assessed the suitability 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 social and environmental information set out in article L. 225102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents information set out in article L. 225105-1 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, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assessed 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 some risks, fight against corruption and tax evasion, human rights, sustainable procurement and scope 3 GHG emissions, 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: Jiangsu Wanxin

Optical Co. Ltd and Xiamen Yarui Industrial Co Ltd (China), Servioptica (Colombia), Atlanta and Foothill Ranch (United States), Agordo, Lauriano and Sedico (Manufacturing & Logistics) (Italy), Essilor France (France), ETO Mexico and SOFI (Mexico), Essilor Manufacturing Philippines Inc and Optodev (Philippines), and Essilor Manufacturing Thailand Co LTD (Thailand);

- 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 asked what 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 outcomes 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;
 - substantive tests, 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 at the consolidating Entity and on a selection of entities : Jiangsu Wanxin Optical Co. Ltd and Xiamen Yarui Industrial Co Ltd (China), Servioptica (Colombia), Atlanta and Foothill Ranch (United States), Agordo, Lauriano and Sedico (Manufacturing & Logistics) (Italy), Essilor France (France), ETO Mexico and SOFI (Mexico), Essilor Manufacturing Philippines Inc and Optodev (Philippines), and Essilor Manufacturing Thailand Co LTD (Thailand); and covers between 22% and 37% of the consolidated data 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 French Institute of Statutory Auditors ("CNCC"); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 18, 2022

One of the Statutory Auditors

Cédric Le Gal
Partner

PricewaterhouseCoopers Audit

Stéphane Basset
Partner

Sylvain Lambert
Sustainable Development Partner

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- Total workforce and different breakdowns;
- Training hours;
- Work-related injury frequency rate and severity rate, number of injuries, number of lost days;
- Reduction of energy consumptions and linked consumptions;
- Greenhouse gas emissions (scope 1, scope 2, scope 3);
- Reduction of water consumption and linked consumptions;
- Waste amounts;
- Number of sites which are certified ISO 50 001, ISO 14 001 and ISO 13 485;
- Percentage of strategic suppliers receiving external CSR audit;
- Percentage of preferred suppliers acknowledging Essilor International's Supplier Charter;
- Number of suppliers covered by Luxottica Responsible Sourcing and Manufacturing (LRSM) program;
- Number of audited suppliers on CSR subjects;
- Cumulative number of employees having completed "Code of Ethics" trainings at Essilorluxottica SA;
- Cumulative number of Essilorluxottica employees having completed "Business and Human Rights" training;
- Percentage of eyewear spending covered by on-site audits and by training and/or awareness initiatives (LRSM).

Qualitative information (actions and results):

- Identification of main CSR risks;
- Main World Sight initiatives (Scholarships, partnerships with CooperVision, Peek Vision and the African Eye Institute, Fun Vision Tool, China "Eye Partner" program, partnership with Nickelodeon, collaboration with Karan Singh, Ready2ClipTM Generation I development);
- GrandVision Care program and Code of Conduct of GrandVision;
- LCA on acetate for frames materials and on its most important materials for lens production, Waste generation analysis of the main manufacturing plants, International Sustainability & Carbon Certification, Quality management approach, Quality Policy;
- 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 and development of skills and talents;
- Behavior Based Safety Program;
- Main environmental initiatives (Environmental Roadmap, e-learning modules on water and energy saving, climate change awareness workshops, carbon reduction projects);
- Employee integration and inclusion of all forms of diversity;
- Main initiatives on Business Ethics (Privacy Compliance Program and a Privacy Office);
- Employee shareholding;
- Group's commitment and vigilant approach of human rights.

Design:
EssilorLuxottica Creative Hub

Production:
côté corp.

