



**Answers to written questions for EssilorLuxottica  
Shareholders' Meeting of May 16, 2019**

**Questions received from Phitrust**

**I. Regarding governance:**

*1/ In the current context of the combination, it is completely incomprehensible for the shareholders of the new company EssilorLuxottica and for the financial markets that arbitration proceedings have been initiated by Delfin, the main shareholder of EssilorLuxottica, against EssilorLuxottica and Mr. Hubert Sagnières.*

*Could you provide an explanation on the reasons for the initiation of such proceedings by your personal holding company and as main shareholder, tell us what you are expecting from it, as well as the possible consequences of an arbitration for the new company EssilorLuxottica?*

*What factual elements could lead you to put these arbitration proceedings to an end?*

**Answer of EssilorLuxottica:**

As specified in the press release published by EssilorLuxottica on May 13, 2019 announcing the signing by EssilorLuxottica and Delfin S.à.r.l. of an agreement to amicably solve the disputes on EssilorLuxottica governance, to appoint the “EssilorLuxottica’s Key Executives” (as such term is defined in the rules of procedure of the Board of Directors) and to accelerate the integration process within the group, all ongoing judicial proceedings will be terminated by the end of the week, including the request for arbitration initiated by Delfin against the Company and Mr. Hubert Sagnières in front of the International Court of Arbitration of the International Chamber of Commerce. At any rate, it is not for EssilorLuxottica to comment on the reasons underlying the arbitration on behalf of the shareholder Delfin, which issued public statements in respect thereof.

*2/ Likewise, shareholders do not understand the implications of the appointment of a proxy (mandataire judiciaire) by the Paris Commercial Court, who supposedly has been appointed at M. Hubert Sagnières’ request. Could you provide the reasons of such appointment and the implications for the functioning and governance of the company?*

**Answer of EssilorLuxottica:**

In the absence of agreement within the Board of Directors of EssilorLuxottica on certain important and urgent decisions relating to the arbitration proceedings initiated by Delfin, the Paris Commercial Court appointed Mr. Frank Gentin as independent proxy (*mandataire ad hoc*) with the mission to appoint the company’s arbitrator and legal counsel as well as to assist the Board of Directors in defining the company’s line of defense. This led to the creation of an *ad hoc* committee of two directors charged with the management of the proceedings. This committee and the independent proxy performed their mission. In any event, as specified in the press release published by EssilorLuxottica on May 13, 2019 announcing the signing by

EssilorLuxottica and Delfin S.à.r.l. of an agreement to solve the disputes on EssilorLuxottica governance, to appoint the “EssilorLuxottica’s Key Executives” (as such term is defined in the rules of procedure of the Board of Directors) and to accelerate the integration process within the group, all ongoing proceedings will be terminated by the end of the week.

*3/ At the shareholders’ meeting of November 29 last year, in response to one of our written questions, you told us that you will be looking for a Chief Executive Officer for EssilorLuxottica. Have you signed a search agreement with a recruitment firm ? Don’t you think that the ongoing governance disputes between the officers of the company are a diriment argument for such recruitment?*

**Answer of EssilorLuxottica:**

In the press release of April 17, 2019 EssilorLuxottica announced that the Nomination and Compensation Committee has retained – after consultation with the Executive Chairman and the Executive Vice-Chairman – two recruitment agencies to assist in finding candidates – according to the “best fit for the job” principle – to serve as Chief Executive Officer and to be appointed by the end of 2020.

The future CEO will be agreed and proposed to the Board of Directors for joint appointment by both the Executive Chairman and the Executive Vice-Chairman and recommended by the Nomination and Compensation Committee.

The selected candidate shall initially be appointed as “Directeur Général Délégué” and shall be in charge of coordinating the activities of EssilorLuxottica as a pure holding and assisting the Executive Chairman and the Executive Vice-Chairman in their efforts to facilitate the integration of Essilor International and Luxottica. Its powers shall be defined by the Board based on the joint recommendation of the Executive Chairman and the Executive Vice-Chairman. In the meantime, both the operating companies, Luxottica and Essilor International, shall remain separate legal entities fully empowered to run their own business autonomously and under their own leaderships and CEOs with certain exceptions.

The mandate was given to Russell Reynolds Associates and Eric Salmon & Partners and includes evaluations of both internal and external candidates. Russell Reynolds Associates will coordinate the process.

In addition, in the press release of May 13, 2019, it was announced that – within the agreement entered into between EssilorLuxottica and Delfin S.à.r.l. the previous day – the search for a new CEO was confirmed and that Francesco Milleri and Laurent Vacherot have informed the Board that they are not candidates for this position.

*4/ In the presentation of the combination operation between Essilor International and Luxottica, you presented the governance of EssilorLuxottica as being balanced between the representatives appointed by each of the two companies.*

*While M. Francesco Milleri, current Deputy Chairman and Chief Executive Officer of Luxottica, is a Director of EssilorLuxottica, why is M. Laurent Vacherot, current Chief Executive Officer of Essilor International, not also member of the Board of Directors of EssilorLuxottica, which would be justified in light of such balanced governance you presented to us during the previous shareholders’ meetings?*

**Answer of EssilorLuxottica:**

Mr. Laurent Vacherot was not among the directors of EssilorLuxottica initially designated by Essilor pursuant to the Combination Agreement entered into by and between Essilor and Delfin on 15 January 2017. As part of the agreement entered into between EssilorLuxottica and Delfin S.à.r.l. on May 12, 2019, Mr. Laurent Vacherot, current Chief Executive Officer of Essilor International, was coopted as new Director of EssilorLuxottica. Since such cooptation occurred after the convening date of the shareholders' meeting of May 16, 2019, its ratification will be presented to the following ordinary shareholders' meeting.

*5/ How could you explain to us that the executive committee of the new EssilorLuxottica has not been set up yet ? Do we have to wait for the appointment of a Chief Executive Officer for such committee to be formed?*

**Answer of EssilorLuxottica:**

At this stage, as part of the agreement entered into between EssilorLuxottica and Delfin S.à.r.l. on May 12, 2019, the "EssilorLuxottica's Key Executives" (as such term is defined in the rules of procedure of the Board of Directors) were appointed at the core positions of the EssilorLuxottica group.

*6/ Would it be possible to provide to the shareholders the full version of the Combination Agreement dated January 15, 2017, which is a valuable source of information in order to have a clear understanding of the content of your agreements between the two combined entities and their implications for the shareholders?*

**Answer of EssilorLuxottica:**

All the significant provisions of the Combination Agreement have already been made public in various documents published by EssilorLuxottica on its website, including in:

- the E document (filed with the French *Autorité des marchés financiers* on April 7, 2017 under number E.17-014);
- the 2017 Registration Document (filed with the French *Autorité des marchés financiers* on March 27, 2018 under number D.18-0193);
- the update of the 2017 Registration Document (filed with the French *Autorité des marchés financiers* on September 28, 2018 under number D.18-0193-A01); and
- the 2018 Registration Document (filed with the French *Autorité des marchés financiers* on April 9, 2019 under number D.19-0297).

**II. Regarding the agreement with MEA:**

*The 2018 Registration Document (page 81) specifies that the Board of Directors of Luxottica Group authorized the entering into a new two-year master service agreement with MEA for additional IT services for an aggregate cost estimated to be Euro 46 million. The New Agreement has been executed on February 26, 2019 and will expire on December 31, 2020. Such agreements concluded with EssilorLuxottica Group are also the subject of a paragraph in page 240 of the registration document (31.2 – Related parties- transactions) under the heading "technology advisory agreements".*

*Since such contract has not been concluded during the 2018 fiscal year, it is not mentioned in the statutory auditors' report on related-party agreements and commitments.*

*Nevertheless, in view of the fact that such agreement has been concluded with a company owned and controlled by Francesco Milleri, Director of EssilorLuxottica and Deputy Chairman and Chief Executive Officer of Luxottica, could we know whether there has been a competitive bidding process for such New Agreement with MEA and whether the Audit and Risk Committee of EssilorLuxottica has reviewed the conditions and costs in connection with the services rendered?*

**Answer of EssilorLuxottica:**

Taking into account the Italian regulation for listed companies, the agreement was first reviewed by Luxottica's Related Party Transactions Committee composed only of independent Directors, after an in-depth review, including a benchmark exercise.

The Luxottica's Related Party Transactions Committee concluded that it had received adequate information and relevant supporting documentation, that the MEA contract was in the interest of Luxottica and that its terms and conditions were consistent with criteria of appropriateness and substantial correctness.

The Luxottica's Related Party Transactions Committee thus issued a positive recommendation to the Board of Directors which then approved the MEA agreement.

The MEA contract and its approval process have been reviewed by EssilorLuxottica's Audit and Risk Committee with the assistance of an independent law firm, Gide Loyrette Nouel.

Following the review and the positive opinion of the advisers, the EssilorLuxottica's Audit and Risk Committee has concluded that the MEA agreement was approved by Luxottica in accordance with applicable laws and rules governing conflicts of interests.

**Additional question received from a shareholder**

*Why is the compensation awarded to the Executive Chairman and the Executive Vice-Chairman not identical?*

**Answer of EssilorLuxottica:**

The target compensation of the Executive Chairman and the Executive Vice-Chairman is strictly identical on a full-year basis.

The compensation set out in the 2018 Registration Document does not correspond to the target compensation on a full-year basis, but to the actual compensation paid, which is therefore prorated if applicable:

- For Leonardo Del Vecchio, compensation received since October 1, 2018 in his capacity as EssilorLuxottica's Executive Chairman;
- For Hubert Sagnières, total compensation received in 2018:

- In his capacity as Essilor International's Chairman and CEO between January 1 and October 1, 2018; and
- In his capacity as EssilorLuxottica's Executive Vice-Chairman since October 1, 2018.