

ORDINARY AND EXTRAORDINARY GENERAL MEETING

16 May 2019

Minutes

EssilorLuxottica convened its annual Ordinary and Extraordinary General Meeting (the “GM”) on 16 May 2019, in Paris, at *Maison de la Mutualité*. A webcast replay of the event is available on the company’s website. You can also find all the documents regarding the event and in particular the convocation brochure and voting results at <https://www.essilorluxottica.com/fr/assemblee-generale>.

The number of shareholders present, represented or voting by mail at the GM amounted to 9,979, corresponding to **75.496%** of the EssilorLuxottica share capital. Five hundred and twelve shareholders attended the GM in person.

The GM was opened by Mr Leonardo Del Vecchio and then by Mr Hubert Sagnières, who both wished to welcome all company shareholders and more specifically former Luxottica shareholders who had exchanged their shares during the mandatory tender offer (MTO) launched by EssilorLuxottica. Mr Leonardo Del Vecchio commended the success of the offer, which had been made possible thanks to the work of EssilorLuxottica Group teams and thanked all shareholders for their trust. Mr Del Vecchio also pointed out that Messrs Francesco Milleri and Laurent Vacherot, Deputy Chairman – CEO of Luxottica and CEO of Essilor International respectively, had been empowered with the responsibility to develop and implement the EssilorLuxottica strategy and integration process, under the terms of the settlement agreement signed some days prior to the GM.

Mr Hubert Sagnières wanted to emphasise:

- The very sound performance achieved in the first quarter. Mr Sagnières pointed out that EssilorLuxottica aimed to improve vision worldwide and noted that five billion people needed frames and lenses.
- The power of the new company, which is the result of a combination process led in the interest of investors, consumers and employees alike.

Mr Hubert Sagnières thanked Mr Bernard Hours for his contribution to the work of the EssilorLuxottica board of directors, as Mr Hours had decided to end his term as a member of the board of directors. Mr Sagnières reminded participants that Mr Laurent Vacherot would replace Mr Hours as board member, with his appointment subject to approval at the next Annual Shareholders’ Meeting.

Before moving on to the presentations, Mr Sagnières outlined the agenda which included eighteen resolutions submitted by the board of directors and two additional resolutions submitted by shareholders intended to appoint two independent board members, Ms Wendy Lane and Mr Jesper Brandgaard.

Ms Juliette Favre, president of the Valoptec International fund, was also asked to comment on the withdrawal of resolution C submitted by the Valoptec International fund.

Ms Favre explained that the Valoptec International fund had chosen to support the signature of the settlement agreement signed on 12 May 2019 that constituted in her mind a first significant step forward to improve the company's governance. The International Valoptec fund had previously decided to propose a resolution for the appointment of an additional board member in response to governance issues and to find the shared solutions required for the integration process. Ms Favre stated that the 12 May 2019 agreement made it possible firstly to give an opportunity to Messrs Milleri and Vacherot (who are now in charge of the development and implementation of the strategy and integration process, as well as some operational matters) and secondly to appoint key executives for the company and finally to settle legal disputes. Ms Favre stated that the agreement, which confirms the search for a new chief executive officer, makes it possible to consider the group's future with confidence.

Ms Favre continued in stressing the future role of Valoptec Association as the intermediary between employee shareholders and the executive bodies and as the second largest shareholder. Valoptec Association would be represented in the board of directors' strategy committee as well as the integration committee. Valoptec Association would also be represented in a committee comprising the human resource directors of Essilor International and Luxottica working to extend employee share ownership to Luxottica employees.

Four presentations were made to shareholders during the GM:

1. Presentation of EssilorLuxottica Group financial results

Hilary Halper and Stefano Grassi, co-chief financial officers, highlighted the solidity of the results achieved in 2018 and the proposed dividend payment amounting to 2.04 euros per share. Ms Halper and Mr Grassi provided information on the outlook for 2019 with revenue for the first quarter having been published on 7 May 2019. Ms Halper stressed that first quarter revenue had risen by 7.5% on a like-for-like exchange rate compared to pro forma revenue for the first quarter of 2018, including 3.7% at constant exchange rates.

Mr Stefano Grassi confirmed the financial targets for 2019 (including synergies and at like-for-like exchange rates), namely:

- Sales growth: 3.5% to 5.0%
- Growth in adjusted operating profit: 0.8 to 1.2 x of sales
- Growth in adjusted net profit: 1.0 to 1.5 x sales.

2. Presentation of the integration progress review

Integration leaders Pierluigi Longo and Eric Léonard explained that the integration process had recently begun with a first objective, which was to build a mutual understanding of the two companies. They emphasised the important progress made, the complicity prevailing Essilor and Luxottica teams, the shared desire to build a combined group and overcome the difficulties inherent in different ways of working.

They went on to review the four following topics:

- A process for steering integration projects, which involves group teams consisting of talented and highly qualified people and is supported by an external consulting firm.

Over twenty workstreams have already been launched and others would shortly follow. Mr Léonard mentioned that the success of integration entailed a speedy and effective decision-making process based on the integration committee, which meets every fortnight. He thanked all the teams working on preparing things.

- Confirmation of potential synergies between 420 and 600 million euros (cost and revenue synergies) in the three to five years to come.
- Presentation of the 20 workstreams focusing on six main axes, namely:
 - (i) How to better integrate lenses and frames;
 - (ii) Use of the group's retail sales networks to increase penetration of all products;
 - (iii) Search for synergies in distribution to independents and optical chains (wholesale) particularly by promoting cross-selling;
 - (iv) Efficiency gains for supply and procurement;
 - (v) Optimization of the production chain and logistics;
 - (vi) Market growth in order to better respond to consumer expectations.
- Construction of the new EssilorLuxottica Group around the following pillars:
 - Mission
 - Human Resources with the setting of shared objectives for the 4,000 top executives in the company
 - Organization starting from the 11 appointed key executives
 - Culture,
 - Operating model.

3. Presentation of EssilorLuxottica mission

Jayanth Bhuvaraghan, Head of Mission, began by reiterating the group's mission, which is to enable everyone, everywhere in the world to "see more, be more and live life to its fullest", and that this powerful mission drives EssilorLuxottica's strategy, defines its identity and actions and unites its 150,000 employees and all its stakeholders.

Today, out of a global population of 7.7 billion people:

- More than two billion have received visual correction, but their lifestyles and needs are changing.
- 2.5 billion people suffer from uncorrected poor vision owing to difficulties in accessing existing solutions or a lack of information.
- 6 billion individuals do not protect their eyes from harmful rays.

By 2050, the world population will increase to 9.9 billion; of them, 6.6 billion will need to correct their vision, and more than 3.2 billion will suffer from uncorrected poor vision.

Jayanth Bhuvaraghan stressed that for EssilorLuxottica, eradicating poor vision is not only a unique opportunity but also a responsibility.

Its employees' skills, commitment and passion are what will make it possible for the EssilorLuxottica group to propose innovative products, powerful brands and a new consumer experience.

In parallel to this the group continues to develop **inclusive business** initiatives aimed at addressing the 2.5 billion people suffering from uncorrected poor vision, thus preparing future consumers by raising awareness and facilitating access to visual health and solutions to correct eyesight. These initiatives have helped create more than 25 million wearers to date, including over two million just in the first quarter.

The group also pursues a goal of reaching out to the most underprivileged communities by means of its **philanthropic actions**, awareness programs and partnerships.

The group continues in particular to support OneSight, of which Luxottica is a founding member.

Through the Vision Impact Institute and programs such as Think About Your Eyes, the EssilorLuxottica group is pushing back frontiers by **raising awareness about the importance of good vision**.

One of the highlights of 2018 in the mission was the company becoming one of the main partners of the Queen Elizabeth Diamond Jubilee Trust, which is committed to eradicating poor vision in 53 countries of the Commonwealth.

Jayanth Bhavaraghan concluded his presentation by stressing that all these activities have served one objective only: to help people "see more, be more and live life to its fullest". The mission consolidates the position of EssilorLuxottica as a unique, responsible company and helps give vision a voice and grow the optical industry.

- 4. Presentation of draft resolutions on the remuneration of company executive officers in EssilorLuxottica** and progress review of the hiring of a future chief executive officer. Mr Olivier Pécoux (Chairman of the Nomination and Compensation Committee) presented the 2018 compensation of Messrs Leonardo Del Vecchio, Hubert Sagnières and Laurent Vacherot with a distinction made between the following periods:
- The period from 1 January to 30 September prior to the combination of Essilor and Luxottica: Messrs Hubert Sagnières and Laurent Vacherot held the positions of Essilor's Chairman and Chief Executive Officer and President and Chief Operating Officer respectively;
 - The period from 1 October to 31 December after the combination of Essilor and Luxottica: Messrs Leonardo Del Vecchio and Hubert Sagnières held the positions of EssilorLuxottica's Executive Chairman and Executive Vice-Chairman respectively, given that the position of President and Chief Operating Officer held by Laurent Vacherot was terminated effective 1 October 2018.

Information on compensation in 2018 was the subject of resolutions 11, 12 and 13 (ex-post vote), the details of which were provided in the slides presented by Mr Pécoux.

The compensation policy for 2019, which was the subject of resolution 14 (ex-ante vote) was also split into two parts:

- The period from 1 January till the end of May where the governance of your company was what was implemented on 1 October 2018
- The period as from the implementation date of the new governance announced at the start of the week.

Mr Pécoux explained and commented on the amendments to the compensation policy in order to take account of the observations made during the Annual Shareholders' Meeting on 29 November 2018, namely:

- Financial objectives returned to a predominant position in the variable proportion and account for 80% of the variable proportion for 2019. In addition to these objectives, 10% will be linked to the achievement of synergies and 10% to the strategic alignment to build a new EssilorLuxottica model making the most of the two companies.
- In accordance with the commitment made at the Annual Shareholders' Meeting on 29 November 2018, the annual cap on performance shares which can be awarded to executives was halved from 7% to 3.5% of all awarded shares
- Transparency has been enhanced: the composition of comparison panels was published along with compensation levels in the panels.

As an application of this policy, Compensation payable for the period prior to the announcement of changes in group organisation (**1 January till the end of May**) remained unchanged compared to 2018, along with the target variable proportion (equal to fixed compensation).

With respect to the period following the announcement of the publication of the group's organisation (i.e. **between June and December 2019**), the board of directors decided to reduce the fixed annual compensation of the Executive Chairman and Executive Vice-Chairman to 1,000 K€ and maintained a target variable proportion equal to the 100% of the fixed proportion. The board of directors also decided that they would each be eligible for an award of 40,000 performance shares (compared to 50,000 shares in 2018).

In response to the concerns expressed by some investors, the proportion of shares in overall compensation could not exceed 60% given that the cap had been previously set at 75%; with an allocation of 40,000 performance shares, this proportion would be approximately 50-55% of overall target annual salary.

Mr Pécoux reminded that two recruitment firms had been retained with regard to the process of recruiting a future chief executive officer for EssilorLuxottica: Russell Reynolds Associates and Eric Salmon Partners with Russel Reynolds coordinating the assignment. Mr Pécoux stated that internal and external applications would be assessed given that firstly the objective was to find the "best fit for the job" by the end of 2020 and secondly that in accordance with the press release on Monday 13 May, Messrs Vacherot and Milleri would not be applying for the position.

The presentations concluded with the presentation by the statutory auditors of a summary of their work.

Ms Wendy Lane and Mr Jesper Brandgaard, who applied to be appointed members of the board, were then asked by management to take the floor in order to introduce themselves and explain their reasons for applying.

Following a question-and-answer session lasting one hour with the room, the Executive Chairman and Executive Vice-Chairman submitted the twenty resolutions listed in the agenda to a vote.

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All resolutions submitted by the board of directors were approved, while the two additional resolutions filed by shareholders were rejected - see details below:

FOR THE ORDINARY MEETING

1. Approval of the 2018 parent company financial statements
2. Approval of the 2018 consolidated financial statements
3. Allocation of earnings and setting of the dividend
4. Renewal of the term of office of PriceWaterhouseCoopers Audit as Statutory Auditor
5. Renewal of the term of office of Mazars as Statutory Auditor
6. Appointment of Mr. Patrice MOROT as Substitute Statutory Auditor of PriceWaterhouseCoopers Audit
7. Appointment of Mr. Gilles MAGNAN as Substitute Statutory Auditor of Mazars
8. Agreements falling within the scope of Article L.225-38 of the French Commercial Code
9. Approval of the undertakings referred to in Article L.225-42-1 of the French Commercial Code relating to the supplementary pension plan and the severance payment granted to Mr. Leonardo DEL VECCHIO, Executive Chairman, in the event of the termination of his term of office
10. Approval of the undertakings referred to in Article L.225-42-1 of the French Commercial Code relating to the supplementary pension plan and the severance payment granted to Mr. Hubert SAGNIÈRES, Executive Vice-Chairman, in the event that his employment contract is terminated under certain conditions
11. Approval of the fixed, variable and exceptional compensation components comprising the total compensation and benefits of any kind paid or awarded in respect of the 2018 fiscal year to Mr. Leonardo DEL VECCHIO, Executive Chairman since October 1, 2018
12. Approval of the fixed, variable and exceptional compensation components comprising the total compensation and benefits of any kind paid or awarded in respect of the 2018 fiscal year to Mr. Hubert SAGNIÈRES, Executive Vice-Chairman since October 1, 2018, and Chairman and Chief Executive Officer from January 1 to October 1, 2018

13. Approval of the fixed, variable and exceptional compensation components comprising the total compensation and benefits of any kind paid or awarded in respect of the 2018 fiscal year to Mr. Laurent VACHEROT, President and Chief Operating Officer until October 1, 2018
14. Approval of the compensation policy applicable to Executive Corporate Officers.

FOR THE EXTRAORDINARY MEETING

15. Delegation of authority granted to the board of directors for the purposes of deciding a capital increase reserved for members of a Company Savings Plan (French *plans d'épargne d'entreprise* or "PEE"), without preferential subscription rights (ceiling of 0,5% of the share capital).
16. Delegation of authority to the board of directors to issue shares and securities entailing a capital increase, with preferential subscription rights (ceiling of 5% of the share capital).
17. Delegation of authority to the board of directors entailing a capital increase by capitalization of premiums, reserves, profits or other.

FOR THE ORDINARY MEETING

18. Powers to carry out formalities

Resolutions A and B added by the shareholders concerned¹ (Baillie Gifford, Comgest, Edmond de Rothschild Asset Management, Fidelity International, Guardcap Phitrust and Sycamore Asset Management):

Resolution A: Appointment of Ms Wendy Evrard Lane as member of the board

Resolution B: Appointment of Mr Jesper Brandgaard as member of the board

All presentations by executives to the Annual Shareholders' Meeting, the results of votes and the broadcast of the meeting itself are available on the EssilorLuxottica website at the following address: <https://www.essilorluxottica.com/annual-shareholders-meetings>

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¹See the addendum to the convocation brochure available on the website