

## ANSWERS TO WRITTEN QUESTIONS FOR ESSILORLUXOTTICA SHAREHOLDERS' MEETING OF MAY 17, 2023

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### Environment

**1. a) The first action plan against climate change you issued in 2021 refers only to your Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Are you going to include Scope 3 emissions in your action plan? When do you think your climate objectives validated by the Science-Based Targets Initiative? What part of your negative emissions is in your decarbonization objectives?**

**b) How does each of your actions aimed at reducing your direct and indirect GHG emissions contribute to your decarbonization goal across all scopes (percentage of emissions reduced through action)?**

**c) In the context of the Paris Agreement, could you indicate an investment amount necessary for each action taken to reduce your direct and indirect emissions under this decarbonization strategy?**

At EssilorLuxottica, the execution and development of its sustainability program – Eyes on the Planet – is strictly connected with the Group's strategy. Its execution requires, in fact, the combined efforts of many functions and departments under the coordination of the Corporate Sustainability function. The program includes the Company's commitment to climate change, and its first major step is to become carbon neutral in its direct operations (Scope 1 and 2) in Europe by 2023 and worldwide by 2025. In this respect, Italy and France became carbon neutral at the end of 2021.

As described in Section 5.2.1 of the 2022 Universal Registration Document, EssilorLuxottica's efforts to limit and reduce its impact on the climate encompass its entire value chain. These include investing in energy efficiency programs and renewable energy production, maximizing the use of renewable energy where possible, optimizing production and logistics flows, and innovating in the field of sustainable raw materials and low-carbon products and services.

In 2022, the Company completed its first carbon footprint assessment globally, with the involvement of different functions across the Company such as Procurement, Logistics, EHS, R&D, Engineering, HR and Finance. Following the guidelines of the GHG Protocol, the analysis provided a complete understanding of the Company's direct and indirect CO<sub>2</sub> impacts at each stage of the value chain, including a clear overview of all Scope 3 emissions relevant to Group activities. According to this first assessment, EssilorLuxottica produces GHG emissions totaling around 3.4 million tons of CO<sub>2</sub>eq per year, based on 2021 data (excluding GrandVision). Scope 1 and Scope 2 emissions represent 25% of the total. Scope 3 emissions account for the remaining 75%, reflecting EssilorLuxottica's vertically integrated business model. Overall, purchased goods and services, electricity consumption and product transportation are the major sources of greenhouse gas emissions (GHG). These are also priority areas for advancing the Company's climate journey and preparing a more comprehensive carbon reduction roadmap, with the inclusion of GrandVision Scope 3 emissions in the Group GHG footprint assessment.

In addition, starting with its 2022 sustainability reporting, the Company has improved its GHG accounting by calculating both location-based and market-based Scope 2 emissions to factor in the auto-production of renewable energy through the installation of photovoltaic systems and the purchase of renewable energy covered by Guarantees of Origins or Renewable Energy Certificates.

Nonetheless, EssilorLuxottica's actions and investments for a low-carbon economy include:

- Improving energy efficiency using, among others, the Group's "New Building Guidelines", which include criteria to obtain Gold level LEED certification for all of its new manufacturing and distribution buildings;
- Increasing the use of renewable energy, whether self-produced or purchased, as recently exemplified by the agreement with ERG in Italy for the supply of electricity produced from a repowered wind farm in Sicily, covering half of EssilorLuxottica's energy needs in Italy;
- Investing in "sustainable innovation", where the product is at the center of the Company's circular economy approach, with the aim of lowering the product's environmental impact while enhancing its excellence and quality. Examples include the shift from fossil-based materials to bio-based materials and the ability to recycle industrial waste either internally or through its partners.

For further information, please refer to Sections 5.2.1 and 5.2.2 of the 2022 Universal Registration Document.

The Group's carbon neutrality journey includes carbon reduction or removal projects beyond its value chain. Following the forestry projects of 2021 that continue to contribute to biodiversity and foster local socio-economic development, in 2022 the Company further supported two certified projects in China and Indonesia, both of which not only contribute to carbon reduction, but also supported the creation of job opportunities. Thanks to these projects, EssilorLuxottica further advanced its climate commitment and confirmed the carbon neutrality of its direct activities in Italy and France. However, for EssilorLuxottica, the offsetting of unavoidable residual Scope 1 and 2 emissions does not discharge the Company from reducing its CO<sub>2</sub> emissions, as mentioned above and in Section 5.2.1 of the 2022 Universal Registration Document.

As discussed during Capital Market Day on September 14, 2022 (please see the Company's website, Investors section), the execution and development of the Eyes on the Planet program requires dedicated cross-functional taskforces and financial resources, which the Company does not disclose.

Finally, the announcement made during the Q1 2023 revenue results on April 21 on committing to SBTi confirms the Company's intention to accelerate the transition to a low-carbon economy and contribute to protect the planet. At the end of March this year, the Company's Chairman and CEO Francesco Milleri signed the SBTi commitment letter for near-term targets setting (5-10 years).

This commitment is another step forward in the Company's Eyes on the Planet sustainability program, and is consistent with its 2025 current carbon neutrality objective for Scope 1 and 2. The near-term targets being developed and submitted to SBTi for approval over the next 24 months will also include Scope 3 emissions.

Over the years, the Company has focused on the transportation and distribution of products, which accounts for one of the largest indirect carbon emission sources. EssilorLuxottica 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 is committed to continuously monitoring the transportation market to find new and alternative solutions that reduce carbon emissions, working closely with its logistics partners. Examples of 2022 achievements include: the introduction of specific environmental criteria in the selection of global forwarders and local carriers; the search for new and alternative transportation solutions to reduce carbon emissions; and a pilot project to use sustainable aviation fuel (SAF) for air transportation.

**2. a) Have you recently carried out an assessment of the impact and dependence (direct and indirect) of your activities on and toward biodiversity?**

**b) If not, why not? If yes, has your estimate of the (direct and indirect) dependency of your activities on biodiversity (expressed as a percentage of revenue, net banking income, etc.) changed from last year?**

**c) On the basis of your assessment, what are your expenditures in favor of biodiversity (protection, restoration, etc.)? Please provide us with an amount.**

In executing its sustainability program – Eyes on the Planet – the Company pays particular attention to natural resources and the protection of natural ecosystems close to its manufacturing and distribution sites. However, as mentioned above, the financial resources associated to the deployment and evolution of the sustainability program or actions specifically linked to biodiversity are not provided, unless in relation with the EU Taxonomy regulation, as explained in Section 5.3 of the 2022 Universal Registration Document.

As described in Chapter 5 of the 2022 Universal Registration Document, the levers for action and expenditure aimed at mitigating the environmental impact of the Company's activities, avoiding any harm to biodiversity and protecting local ecosystems in favor of biodiversity, include actions taken at its facilities and for its supply chain, such as:

- Water reduction projects at its sites, from accurate consumption measurement to implementation of closed-circuit water systems in galvanizing plants, and in painting and hard-coating processes;
- Investment in onsite wastewater treatment systems;
- Investment in in-house recycling processes, which also led EssilorLuxottica to be the first eyewear company ISCC Plus certified;
- Development and implementation of new process designs, and frequent update of equipment and technologies in the Groups' manufacturing sites that allow the reduction of water and energy consumption in manufacturing process;
- Deployment of "New Building Guidelines", including criteria to obtain Gold level LEED certification for all of its new manufacturing and distribution buildings;
- Socio and environmental attention to the design, construction and operational practices of the Company's retail stores, including obtaining LEED certification for an existing retail store in Milan (Italy) in 2022;
- FSC-certified materials in store operations (e.g., communication tools and shopping bags);
- Sourcing cotton as Better Cotton, recycled, Fairtrade and organic cotton for Oakley's AFA products (Apparel – Footwear – Accessories).

Additionally, EssilorLuxottica contributes to protecting biodiversity beyond its value chain through environmental protection and offsetting. Its first major forest restoration project was launched in 2020 in an area of 30 hectares in the foothills of the Dolomites (UNESCO World Heritage Site), which were damaged in 2018 by the severe storm Vaia and are situated behind the Company's production plant in Agordo. By doing so, EssilorLuxottica took charge of 15,000 trees and planted 2,000 new ones, using only locally sourced species, to increase the forest's biodiversity and resilience. The Company also supports certified carbon reduction projects that not only contribute to preserving biodiversity, but also bring positive social impact to local communities.

Finally, EssilorLuxottica's Eyes on the Planet sustainability program includes the Eyes on Circularity pillar, which is a key driver in reducing both its carbon footprint and eventually the Group's biodiversity footprint. It includes the commitment to apply an eco-design approach to all product development by 2025 as well as continuously invest in breakthrough technologies.

As detailed in Section 5.2.2 of the 2022 Universal Registration Document, EssilorLuxottica approaches circularity from product design to research of new innovative materials, developing internal recycling processes and upcycling products to give them a second life. 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. For example, a life-cycle assessment on bio-acetate developed with acetate supplier Mazzucchelli proved that it has better environmental performance compared to standard acetate.

Engaging suppliers on initiatives that will have a positive impact on people and the environment is also part of EssilorLuxottica's responsible sourcing approach, as explained in Section 5.2.5 of the 2022 Universal Registration Document.

**3. a) In a context of inflation, geopolitical crises, global warming and biodiversity degradation, how do you assess the financial and economic impact of the scarcity of or difficulties in accessing your strategic natural resources on your business models?**

**b) Have you assessed the increase in costs caused by these difficulties (specify the evolution of costs in percentage or in value)?**

**c) What measures have you taken as a result to reduce your consumption and circularize your business model (specify the proportion of company's activities concerned by these solutions)?**

EssilorLuxottica faces an evolving landscape of environmental, social and societal related risks that are reviewed each year during the annual Group-wide risk assessment process, which is presented in Sections 1.6 and 5.1.4 of the 2022 Universal Registration Document.

Today's highly dynamic global macroeconomic environment suggests that the impact of these risks will likely increase over the coming years. In particular, inflation is impacting today's currency volatility, raw material costs and availability, energy, labor and shipping costs.

The current situation is not undermining EssilorLuxottica's financial objectives, but requires an agile reaction to the different challenges. As explained in Chapter 4 of the 2022 Universal Registration Document, in 2022 the Group entered into agreements and set up hedging financial instruments in order to secure its energy and raw materials supply costs.

To ensure the effectiveness of its operations and logistics, EssilorLuxottica executes and reevaluates its planning approach on a regular basis. Additionally, sensitivity studies are carried out locally to help with the decision-making process. To control the volatility and unpredictability that strongly characterize this period and reduce exposure to inflation risk, the Group is implementing specific strategies. Moreover, the Company has engaged with commercial partners that have longer supply contracts and a solid business portfolio. The Group can rely on a multi-source approach to prevent macroeconomic pressure from jeopardizing its supply chain.

More specifically, EssilorLuxottica has launched several efforts to address climate change, properly manage natural resources, and innovate in the field of more circular and low-carbon products and services.

(i) Climate & Water

EssilorLuxottica conducts a specific climate risks assessment in addition to the CSR risk assessment that is part of the Group-wide risk assessment process.

The Company has designed a physical climate risk model and a framework for climate resilience review to assess the risk exposure of key manufacturing sites. To mitigate 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, such as water, loss of license to operate linked to environmental issues or regulatory changes, or climate change-related events.

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. The Group mitigates related water risks by defining a more stringent water roadmap for priority 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;
- Comparison of site water performance with the benchmark process or "water model";
- Investments in onsite wastewater treatment systems, which integrate treatment and recycling of wastewater into a single flow or complete process. Also, onsite closed-circuit water recycling systems allow industrial effluents to be reprocessed and high-quality water to be extracted.

For more information, please refer to Section 5.2.1 "Eyes on Carbon" of the 2022 Universal Registration Document.

## (ii) Circularity & Sourcing

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 more circular. The aim is to shift from fossil-based materials to bio-based and/or recycled materials, and embed eco-design in all its developments by 2025. To do so, it focuses on key fundamental work streams, below summarized.

*Investing in breakthrough technologies.* EssilorLuxottica is investing in new technologies and materials to drastically reduce its impact while responding to new business opportunities. To this regard, following recent acquisitions and partnerships (including Barberini, Giorgio Fedon & Figli S.p.A., Mazzucchelli 1849), the Group is leveraging on its increased vertical integration to introduce innovative processes and circular initiatives to reduce its environmental footprint and adopting more and more sustainable materials. To learn more, please refer to Chapters 1 and 5 of the 2022 Universal Registration Document.

The Company has also structured a distinct strategic initiative called the "Lab of the Future" to imagine how future products will perform, and what technology platforms and material production systems will look like for prescription lenses. This initiative has already generated important new technology research programs in R&D, such as the one on the transition from current subtractive and batch technologies to additive manufacturing and one-piece flow technologies for its lenses (like ink jetting, films transfer).

*Adopting an eco-socio design approach.* EssilorLuxottica aims to create circular products from the very start of its innovation process using eco-design principles. This approach and Life Cycle Assessments (LCAs) are part of the Company's wider vision on how to integrate sustainability into business and operational practices. Starting with the Group's proprietary Sustainability Assessment Methodology (SAM), EssilorLuxottica is developing a comprehensive eco-social design framework and tool to assess the sustainability level of different types of products.

*Increasing renewable content in its products.* Innovative bio-based and recycled materials have been introduced into EssilorLuxottica's portfolio of raw materials for all types of products, enabling the launch of specific collections. Increased collaboration with suppliers has improved the availability of data along the supply chain and allowed quantitative assessments of the environmental impact of raw materials sourcing and production, thereby reducing the risk of business continuity.

*Rethinking packaging.* In 2022, the acquisition of Fedon, a leading company in the production and distribution of eyeglass cases and eyewear accessories, was a step forward in EssilorLuxottica's vertical



integration strategy, allowing the Group to pursue its sustainability commitment and invest in the circularity of its packaging materials.

*Improving process efficiencies to reduce waste generation and increase recycling opportunities.* To mention a few examples, the Slim Fit project for glass sun lenses production aims to decrease input material, which consequently reduces waste generation during the lenses production process. The Group has also 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. The benefits are twofold: reducing the amount of purchased raw materials and, thanks to internal recycling, mitigating the material cost inflation.

Lastly, the Company believes that collaboration with its stakeholders is key to redesign its products and processes, and develop new business models to adopt more bio-based and recycled content, making it easier to disassemble and reuse materials. 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".

More information is available in Section 5.2.2 "Eyes on Circularity" of the 2022 Universal Registration Document.

## Social

### **4. a) How E&S criteria are taken into account in the policies you use to determine short and long-term (if applicable) variable executive compensation to reflect the most material E&S issues to which your business is exposed?**

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 social responsibility to help people 'see more and be more'. Introduced in 2021, the Company-wide Eyes on the Planet sustainability program is founded on five key pillars: carbon neutrality, circularity, world sight, inclusion and ethics.

Since 2021, EssilorLuxottica has been keen to include E&S criteria in the annual variable compensation of corporate officers to reflect EssilorLuxottica's fight against climate change in line with the initial public commitments made in its sustainability program.

In 2022, this Corporate Social Responsibility objective, corresponding to 10% of the annual variable compensation, included two criteria: one relating to carbon neutrality and the other to the circular economy. Specifically, the criteria were based on the:

- Amount (in ktCO<sub>2</sub>eq) of incremental carbon emissions avoided on a year-on-year basis thanks to the implementation of carbon reduction activities;
- Proportion of waste recycled during the year.

As explained in Chapter 3 of the 2022 Universal Registration Document (Section 3.3.1.2), for 2023 the Board of Directors, on the recommendation of the Nomination and Compensation Committee, decided to double the relative weight of the CSR criterion to 20% to reflect the importance of Corporate Social Responsibility in the Group's strategy. This strategy is illustrated in the Group's Eyes on the Planet sustainability program. In accordance with the first pillar of the program, the objective will be measured by assessing the measures taken by the Group to reduce greenhouse gas emissions (Scope 1 & 2) year-on-year, through the independent generation of renewable energy, the purchase of green energy and/or investments in direct power purchasing agreements.

### **b) How does the Board ensure that E&S goals are achieved, and in particular on the basis of which quantitative criteria? Are the required standards systematically re-evaluated when rates**

***of achievement are high?***

To determine the CSR criteria, the Board of Directors relies on the Eyes on the Planet sustainability program, while maintaining its pay for performance philosophy.

At the beginning of each year, on the recommendation of the Nomination and Compensation Committee, the Board of Directors records the achievement rate of the previous year's criteria and defines the criteria to be measured for the following year, while ensuring that the vesting scales remain relevant and demanding in relation to the Group's strategy.

The CSR criteria achievement rates have varied over the last three years, from 14% in 2020 to 178% in 2021 and 200% in 2022. To demonstrate how demanding the CSR criteria are for 2023, the prerequisite in assessing the fulfillment of the CSR objective is Scope 1 and 2 carbon neutrality in Europe at the end of the fiscal year 2023. The 2023 objective, measured by assessing the measures taken to reduce greenhouse gas emissions (Scope 1 & 2), is now stricter, as it is based on the independent generation of renewable energy, the purchase of green energy and/or investments in direct power purchasing agreements. The possibility of purchasing carbon credits is not taken into account in the measurement of the objective.

***c) How environmental and social (E&S) criteria are taken into account when determining compensation (bonuses, long-term compensation, profit-sharing, other compensation) payable to your employees (excluding executives)? Please specify the number of employees concerned and detail as accurately as possible the E&S criteria used and the percentage of employee compensation to which they apply.***

Since 2022, in line with the policy for Executive Corporate Officers, the variable compensation of 15,000 employees (including all Group executives) includes this same CSR criterion.

***d) Are you planning to increase the percentage of long-term variable executive compensation linked to the achievement of E&S criteria? At most other CAC 40 companies, at least 20% of such compensation is linked to the achievement of E&S criteria.***

As previously mentioned, the weight of the CSR criterion in the annual variable compensation has doubled from 10% to 20% for 2023.

When defining the compensation policy and following the recommendation of the Nomination and Compensation Committee, the Board of Directors ensures that the best performance criteria are applied, they are aligned with the interests of shareholders and performance is compensated.

CSR issues remain at the heart of our compensation policy. The Nomination and Compensation Committee will continue to consider the best way to integrate CSR into the compensation of the Company's Executive Corporate Officers.

***5. a) Under your value-sharing policy, what proportion of shares bought back under share buyback programs have you allocated to the benefit of your employees over the last five fiscal years (excluding performance shares)? What proportion of employees did this concern, in France and abroad?***

***b) Over the same period, what was the breakdown of how you allocated shares bought back under share buyback programs (retirement, employee share ownership campaigns, awards of performance shares, awards to other recipients, other uses)?***

***c) More generally, do you have a policy that sets out how shares bought back under share buyback programs are allocated? Is that policy public? If so, can you describe it?***

# EssilorLuxottica

Throughout its history, the Company has been committed to making all employees partners in its development by allowing them to become Group shareholders. This policy is fundamental to its Company culture and has been a key factor in its performance since the very beginning.

Its significant level of employee shareholding boosts the Company's competitiveness and is a source of pride among all EssilorLuxottica employees. The Group's employees have the opportunity to be fully involved in the Group's value creation and success through their significant level of shareholding.

The vast majority of employee share ownership programs are covered by treasury shares.

Excluding performance shares, 31% of the shares purchased were allocated to the Group's international employees under its Boost international employee shareholding plan. In 2022, this plan involved more than 90,000 employees (the Company's French plans are funded through capital increases).

Over the year, treasury shares were used as follows:

- 31% for our employees under the Boost international employee shareholding plan;
- 69% for our employees under our performance share and stock option plans.

There were no cancellations or other uses during the year.

**6. a) *What specific steps have you taken to ensure that all your employees and your suppliers' employees receive a living wage (e.g. working with specialized initiatives, conducting surveys to determine what constitutes a living wage in each country, incorporating living wage criteria into your suppliers' charters, carrying out supplier due diligence, etc.)?***

**b) *Have you set minimum compensation levels for your employees and your suppliers' employees in all countries where you operate, and how do these compare with local minimum wages? If so, do you carry out audits to check that these minimum levels are complied with and revised in line with living costs?***

**c) *Have you taken into account and mapped systemic risks liable to hinder the payment of a living wage to your employees and your suppliers' employees (such as failure to uphold freedom of association)?***

EssilorLuxottica aims to ensure that its activities comply with the International Bill of Human Rights and the principles of fundamental rights set out in the Declaration on Fundamental Principles and Rights at Work of the ILO. In all its businesses and across its supply chain, the Company has a duty to ensure that international standards and local employment laws are always adhered to and that undeclared work, child labor, forced work and any other inappropriate employment conditions are prevented.

Aware that EssilorLuxottica's success is driven by the talent and commitment of its 190,000 employees, the Group has always worked to pay its staff competitive compensation and thereby ensure long-term retention and engagement. A multidisciplinary working group has also been set up to specifically address the concept of a living wage and ways to integrate it into the Company's existing processes.

The Group's compensation policy is, in fact, based on equal pay for equal work and pay for performance principles. The Company has a firm commitment to compensate employees equally for the same work, as professional roles and promotions are evaluated and assigned to guarantee a workplace based on fairness and meritocracy. These efforts are complemented by strong support for employee well-being. As such, all Group entities ensure that the compensation of all Group employees is in line with or exceeds market practices in their benchmark countries. Yearly reporting is conducted in our key locations for blue collar, store associate and customer service jobs. During the salary review, ad hoc measures have been set up to support the purchasing power of our employees most exposed to inflation.

In addition, a pillar of EssilorLuxottica's culture and a key milestone in building a common identity as a truly unified Group, throughout its history, the Company has been committed to making all employees



partners in its development by allowing them to become Group shareholders. In addition to aligning the interests of employee shareholders with those of other shareholders, the Company's governance structure strengthens employee sense of belonging to the Group as well as their commitment to its strategy. In 2022, a total of 72,000 people in 85 countries held a financial interest in EssilorLuxottica and this number is continuing to grow, compared with approximately 67,000 in 2021 and 63,000 in 2020. These schemes represent 4.2% of shares and 4.3% of voting rights. Employee interests are aligned with those of the Group and other shareholders when they are given the opportunity to invest money in the Company's capital on advantageous terms.

Finally, EssilorLuxottica seeks to work with suppliers whose operational practices comply with applicable laws and regulations and, more generally, protect the dignity of human beings, the health and safety of workers, and the environment at large. Supplier risk assessment and on-site audits are at the core of EssilorLuxottica's responsible sourcing program. To ensure this, qualified third parties (e.g. Intertek, BSI, Ecovadis) support supplier compliance with the Company's ethical working principles as well as environmental and social responsibilities. This approach aims to prevent the risk of serious cases of noncompliance with sensitive topics, including child labor and the use of forced labor and corruption, when selecting and monitoring suppliers. Suppliers who do not meet the Company's requirements after a social and environmental audit, refuse to implement the necessary corrective actions, or show no improvement and repeated issues across multiple audits could be evaluated for business interruption or reduction.

**7. a) In France, aside from investments in your Company's own shares, what proportion of the employee savings funds offered to your employees have responsibility labels (ISR, Greenfin, CIES, Finansol or foreign labels)? Please state the names of labelled funds, the percentage of assets under management and of non-employee share ownership funds that they represent, the percentage of Group employees that benefit from them and changes relative to the previous year.**

**b) If not all of your employee savings funds are labelled, please explain why not. If some are not labelled but incorporate ESG criteria, please explain how those criteria contribute to a robust and selective ESG approach.**

**c) In the other countries where you operate: What employee savings arrangements, excluding employee share ownership plans, are in place for your employees outside France? Do they incorporate robust ESG criteria? If so, which ones? If not, why not?**

**d) How do you involve your employees in selecting the funds and checking their commitment to responsibility?**

A pillar of EssilorLuxottica's culture and a key milestone in building a common identity as a truly unified Group, employee shareholding reinforces employee sense of commitment and engagement to the Company's Mission and strategy, fostering responsible and ethical business behaviors. It also aligns their long-term interests with those of the Group and of other shareholders and provides them with an opportunity to participate in the value creation and success of the Company.

More than 99% of its employees' investments are made in EssilorLuxottica shares.

The remaining 1% is invested in one of the four other funds offered, one of which was awarded the CIES label ("Amundi Label Harmonie Solidaire"), which is stable compared to last year. Also, 8% of diversified fund assets are invested in the solidarity fund, an increase compared to last year.

100% of employees in companies eligible for the Company Savings Plan have access to a solidarity fund.

Similarly, in other countries where it operates, investments are made almost exclusively in the Company's own shares.

EssilorLuxottica promotes investment in Company shares, as employee shareholding is a major pillar of the Group's governance and an integral part of its culture.

## Governance

**8. To ensure that the Company's tax responsibility is aligned with its social responsibility, the Board of Directors or Supervisory Board must be fully involved in decisions relating to tax compliance (aligned with principles such as those set out in the "B Team" initiative). In this regard, the FIR expects companies to produce a publicly available tax responsibility report, reviewed and signed by the Board of Directors, including country-by-country reporting details, and aligned with GRI 207.**

**Therefore:**

**a) Do you publish a document detailing your commitments regarding tax responsibility? How does it fit within your corporate social responsibility policy, going beyond simple compliance? Is it reviewed and approved by the Board? (Please provide a link or specify where the document can be found along with a detailed explanation.) Does it specify the tax practices that you consider unacceptable?**

**b) Do you disclose your tax reporting on a country-by-country basis? If not, how are you preparing for the European directive scheduled for 2024 that will require country-by-country reporting for EU member states? Do you plan to disclose country-by-country reporting that exceeds the obligations under the directive?**

The Group does not publish a charter of its commitments in terms of tax responsibility; however, EssilorLuxottica's Tax Department oversees compliance with applicable tax laws and regulations. It commits local subsidiaries to adopt a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which they operate. It also guides subsidiaries on tax matters, provides guidance on the transfer pricing approach, defines Company tax policies, and suggests adequate tax solutions to the Company's business requirements.

In this context, the Tax Strategy of EssilorLuxottica endeavors to comply with all applicable French and international Laws and Regulations, in accordance with its Code of Ethics. It is committed to keeping a cooperative and transparent relationship with the Tax Authorities in the countries where the Group operates. Where available and possible, it looks for tax dispute prevention instruments to ensure advance tax certainty like Rulings or Advance Pricing Agreements.

The Group is part of "Cooperative Compliance" program in Italy and "Horizontal Monitoring" in the Netherlands, and since 2022 "Relation de confiance" in France, demonstrating its long-term commitment with regard to transparency versus tax authorities.

EssilorLuxottica provides its country-by-country reporting to the French tax authorities every year and, where required, informs tax authorities in other jurisdictions that the report has been filed in France. It will be made public in accordance with the rules and schedule determined by the applicable EU directive.

**9. a) What public policy decisions do your lobbying activities target? Please specify those taken over the past two years, particularly those related to human rights (including fundamental social rights), the climate and governance, and do so for the primary jurisdictions in which you carry out your lobbying efforts (including the EU, the United States, emerging markets and other regions).**

Generally speaking, EssilorLuxottica has only very limited lobbying activities, and the issue is dealt with at the level of operational subsidiaries. In accordance with its Mission, some lobbying activities may be conducted in markets where the Company operates, primarily in France and the US. These activities aim at raising awareness in connection with access to visual health, people's needs and the economic and social impact of poor vision as well as receiving reporting on potential or actual legislative

developments related to optometry, opticianry and eyecare in selected jurisdictions that are important from a business perspective and/or tend to be particularly active with respect to regulation in the areas of optometry and opticianry.

In 2021 and 2022, EssilorLuxottica France supported the efforts of its professional organization (e.g. the Groupement des Industriels et Fabricants de l'Optique) to improve access for low-vision patients to high-correction lenses, as the French nomenclature is insufficiently defined for these specific patients. Actions have also been taken to prevent Article 31 of the Social Security Financing Bill (PLFSS) 2023 from compromising the marketing of quality and innovative products and accentuating the desertification of the visual care offer.

The Company is registered as interest representative in the database maintained by France's High Authority for Transparency in Public Life (HATVP). Actions and expenditure falling within the scope of the representation activities of interest are disclosed therein, in accordance with the procedures and criteria specified by the competent authority.

***b) How do you oversee and ensure that your ESG targets are aligned with the positions of professional associations to which you belong, as well as any potential divergence with your own positions? Do you publish a report where you specify the way in which the positions of your business and your professional associations are aligned but also the instances where they may diverge?***

Given the scope in which EssilorLuxottica operates, activities may also be conducted through professional organizations, in which the Company is represented (e.g., the Groupement des Industriels et Fabricants de l'Optique, in France, and the EUROM I in the European Union), acting in favor of the promotion of visual health.

The Company is vigilant that the professional organizations in which it is represented act in a transparent and fair manner. The French professional organization (GIFO) and European Union (EUROM I) are therefore registered as interest representatives, and declare their lobbying activities respectively in the French HATVP database and European Union's Transparency Register.

As of March 31, 2023, GrandVision France has fulfilled its obligation to declare its representation of interests to the HATVP, even though no individual action has been carried out for the past year. The ROF (e.g. Rassemblement des Opticiens de France), the union to which GrandVision France belongs, has produced representation actions in the context of the examination of the Social Security Financing Bill (PLFSS) 2023, the prevention of visual health of the aged, and interests relating to opticians as health professionals and the protection of the optician's profession. The ROF is registered in the HATVP database as an interest representative and has declared these lobbying activities in the register.

***c) What resources do you allocate to your lobbying activities (human and financial resources) for all of your markets around the world?***

[Answer on the scope of EF France] Amount of expenses related to interest representation actions carried out during the last period (2021), according to the HATVP criteria: between Euro 100,000 and 200,000. An employee dedicates part of her time to these activities (French area).

***10. a) What measures are you taking to anticipate the short-term and long-term effects that the ecological transition will have on jobs and the changing skills requirements within your company and in your value chain (subcontractors, suppliers, franchisees, etc.)?***

Our agreement regarding Jobs and Career Management, concluded in 2021, incorporates the issue of ecological transition through the establishment of a GEPP observatory meeting once a year. A report is drafted following this observatory, including actions taken and to be taken in terms of ecological

transition in our professions, skills and organizations. This report is then subject to specific information from the CSEC on the occasion of the consultation of employees representatives on the Company's strategic orientations.

***b) How are environmental issues addressed with labor and management representatives? At what level(s) (local, national, European, global) and in what contexts? Please also indicate if these discussions take place in the form of information sharing, consultations or negotiations. Please be precise with regard to the different cases that may exist.***

As part of recurring information consultations, the CSEC is informed of the environmental consequences of the Company's activities. Moreover, every project for organizational development (at the local or central level) now includes a section regarding the potential environmental consequences of the project (at the local – CSE – or central – CSEC – level).

Additionally, every year we provide social partners (works council) with information in the Economic, Social, and Environmental Database (BDESE) on:

- Water consumption;
- Energy (gas and electricity);
- Waste produced.

Finally, our latest profit-sharing agreement negotiated in 2022 with the Company's trade unions now includes a criterion related to reducing purchased energy consumption.

Thus, the environmental issue is addressed with our social partners through information sharing, consultation, and negotiation.

***c) What resources do you allocate to labor and management representatives so that they may be involved in your group's environmental policy (training programs, specific committees, etc.)?***

As with all Company employees, social partners have the opportunity to participate in regular campaigns or actions to preserve the environment. For example, there are "Climate Fresco" workshops, which are fun, participatory and creative workshops on climate change that allow participating employees to understand the challenges of sustainable development in the Company.

In addition, on Earth Day, EssilorLuxottica calls on all employees to participate in actions that help the planet and take part in a discussion on the Group's sustainable program Eyes on the Planet.

***d) Have the environmental prerogatives explicitly attributed to the CSE by the French Labor Code ("Climate and Resilience" law) led to new environmental practices at your company?***

The environmental prerogatives granted to the CSE (Social and Economic Committee) by the "Climate and Resilience" law have made the handling of environmental issues systematic where it was previously only occasional.

Sender: Yutong LI (Doctoral in FINANCE Université Paris Saclay-Laboratoire RITM)  
 Date: April 6, 2023 (question amended on May 9, 2023)  
 Original language: French - English translation is provided for information purposes only

**1. We know that the company has two ways of returning profits to shareholders: dividends and share buybacks. I noticed that your Company was quite active in the use of share buyback programs over the past few years. Therefore, I would like to know why have you chosen to distribute profits in both ways instead of just distributing dividend? What are the benefits for your Company related to the purchase of its own shares? Moreover, which criteria drive the allocation between share buybacks and dividend distribution? I know you have employee share plans, but can you provide me with other reasons, because I've noticed a significant delta between the number of shares bought back and the needs of your employee share plans.**

The way chosen by the Company to remunerate its shareholders is dividend distribution. Indeed, the Company pursues a balanced dividend policy aimed at ensuring the remuneration of its shareholders and the reinvestment of its earnings to further its development. The distribution of dividends is proposed by the Board of Directors for the approval by the shareholders based on actual results and in accordance with the financial forecast and the Company's business strategies. The proposed dividend distribution for 2022 and the dividends distributed over the past six years are presented in EssilorLuxottica 2022 Universal Registration Document, page 385 (Section 6.6 Dividend distribution – see table below).

## History of the overall dividend distribution and growth

Total dividends for 2022 and the previous six years were as follows:

€ million	Net income Group share	Amount distributed	Pay out ratio	Net dividend (in €)	Pay out date
2022	2,860 <sup>(a)</sup>	1,446 <sup>(b)</sup>	50% <sup>(b)</sup>	3.23 <sup>(b)</sup>	13/06/2023 <sup>(b)</sup>
2021	2,206 <sup>(c)</sup>	1,104	50%	2.51	21/06/2022
2020	788 <sup>(d)</sup>	977 <sup>(e)</sup>	123% <sup>(e)</sup>	2.23 <sup>(e)</sup>	21/06/2021 <sup>(e)</sup>
2019	1,938 <sup>(d)</sup>	– <sup>(f)</sup>	– <sup>(f)</sup>	– <sup>(f)</sup>	– <sup>(f)</sup>
2018	1,871 <sup>(g)</sup>	887	50% <sup>(h)</sup>	2.04	05/23/2019
2017	833	333	40%	1.53	04/30/2018
2016	813	325	40%	1.50	05/19/2017

(a) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 2.3, paragraph Adjusted consolidated statement of profit or loss, of this Universal Registration Document.

(b) Based on the number of shares as of January 31, 2023 and subject to the decision of the Annual Shareholders' Meeting on May 17, 2023.

(c) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 2.3.2.1 of the 2021 Universal Registration Document.

(d) Corresponding to the adjusted Net profit attributable to owners of the parent as presented in Section 3.1.1, paragraph Condensed consolidated statement of profit or loss: reconciliation with adjusted figures of the 2020 Universal Registration Document.

(e) An interim dividend of €1.15 per share (for a total cash-out of €503 million) has been paid on December 28, 2020.

(f) On April 18, 2020, in light of the Covid-19 outbreak, EssilorLuxottica Board of Directors decided not to submit the distribution of a dividend for the 2019 financial year to the Annual Shareholders' Meeting held on June 25, 2020.

(g) Corresponding to the pro forma adjusted Net profit as presented in Section 3.6 of 2018 Registration Document.

(h) Pay-out ratio applied on pro forma adjusted Net profit attributable to owners of the parent.

As regards the share buyback programs, since the creation of the EssilorLuxottica Group on October 1, 2018 (combination between Essilor and Luxottica), those programs have been implemented only for the purpose to award or transfer the shares so acquired to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan as mentioned in the Company's press releases announcing the launch of those programs.

Finally, please note that, as of December 31, 2022, the needs related to, notably, the performance share plans remain significantly higher than the stock of treasury shares held by the Company at the same date (6.8 million outstanding performance shares as of December 31, 2022 – see page 292 of the 2022 Universal Registration Document – versus 2.4 million treasury shares held at the same date).