

## ANSWERS TO WRITTEN QUESTIONS FOR ESSILORLUXOTTICA SHAREHOLDERS' MEETING OF MAY 25, 2022

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**1. Have you explicitly committed to aligning your revenues and investments (Capex/Opex/R&D/mergers-acquisitions, etc.) with the objective of the Paris Agreement that aims to limit global warming to 1.5°C? How will you ensure that these revenues and investments comply with this objective? (Please describe the methodologies used.) What are the main action plans and, if applicable, the associated investment amounts implemented to meet this objective on a short, medium, and long-term basis?)**

In 2021, EssilorLuxottica launched its first integrated sustainability program, "Eyes on the Planet", which includes the Company's commitment on climate change and its first major step to become carbon neutral in its direct operations (Scope 1 & 2) in Europe by 2023 and worldwide by 2025.

To achieve this priority, the Company has been focusing and investing on:

- Optimizing production process and equipment to improve energy efficiency;
- Increasing the use of renewable energy, with more investment in self-produced renewable energy and a formalized renewable energy purchasing roadmap;
- Supporting carbon reduction projects beyond the value chain.

In 2021, following the deployment of the last two photovoltaic systems in Agordo and Sedico (Italy) manufacturing sites, the quota of self-generated clean energy more than quadrupled in Italy between 2015 and 2021. In 2021, 75% and 95% of the electricity used by the Group's sites in France and Italy, respectively, came from renewable energy providers with Energy Attribute Certificates. The residual emissions of the Company's activities in Italy and France are compensated by two reforestation projects in Agordo (Italy) and in the rural Le'an region (China), where the Company is present. These projects have positive impacts by fostering biodiversity and socio-economic development.

Thanks to these actions, in 2021 EssilorLuxottica reached carbon neutrality for Scope 1 & 2 in its two historic home countries, Italy and France.

Regarding indirect carbon emissions (Scope 3), the Company has a team dedicated to "low-carbon supply chain" initiatives with carbon reporting guidelines, engagement with suppliers and action plans to reduce greenhouse gas (GHG) emissions.

Finally, 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,

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Logistics, EHS, R&D, Engineering, HR and Finance. This work will be the base to further improve carbon accounting and prepare a more comprehensive climate roadmap.

More specifically, and with respect to the EU Taxonomy, 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) and has not identified any sales eligible for the EU Taxonomy.

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, considers its core economic activities not included in the Climate Delegated Act.

However, to deploy and achieve its commitments on climate change and circular economy, 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. (e.g., new production process design, energy efficiency, LEED certification program, photovoltaic systems).

Regarding operating expenses ("Opex"), the EU Taxonomy definition is focused on direct non-capitalized 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 EssilorLuxottica 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's total consolidated operating expenses, which include *Cost of sales* and *Total operating expenses* as presented on the consolidated statement of profit or loss (ref. 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.

EssilorLuxottica will continue to improve the connectivity between financial and non-financial reporting, as well as to ensure compliance with the upcoming regulations regarding corporate sustainability reporting.

More information is available in Section 5.1.5 "Protocol and organization of non-financial reporting" and Section 5.2.1 "Eyes on Carbon" of the 2021 Universal Registration Document.

## **2. What percentage of your activities (expressed as sales, net banking income, etc.) depends**

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## ***on biodiversity? What do you spend to support biodiversity?***

In 2021, the Company confirmed its commitment to notably address climate change and preserve the environment through its “Eyes on the Planet” sustainability program. Among the different associated work streams, one is dedicated to key natural resources. Even if biodiversity is among the addressed topics, the EssilorLuxottica Group activities do not directly depend on biodiversity.

The Company does not disclose the financial resources associated to the deployment and evolution of the sustainability program. However, examples of concrete actions aimed at mitigating the environmental impact of the Company’s activities, avoiding any harm to biodiversity and protecting the local territories and ecosystems, include the following:

- Application of environmental best practices that conform to ISO 14001 certification at its manufacturing sites, lens laboratories and distribution sites;
- Development and implementation of new process designs and frequent update of equipment and technologies in the Group’s manufacturing sites which allow the reduction of water and energy consumption in manufacturing process;
- Creation and deployment of the Group’s building guidelines to ensure full respect of the surrounding ecosystem when building a new site;
- Implementation of water stewardship projects;
- Investment in wastewater control systems;
- Development of in-house recycling processes;
- Support to two reforestation projects in Agordo (Italy) and in the rural Le'an region (China), where the Company is present;
- Investment in new circularity initiatives to limit its environmental footprint such as the collaboration agreement with Mazzucchelli 1849 to develop and produce a highly sustainable type of acetate, accessible to all market players. The first comparative Life Cycle Assessment (LCA) on bio-acetate confirmed lower environmental impact compared to industry standard acetate and its full biodegradability.

More information is available in Chapter 5 of the 2021 Universal Registration Document.

## ***3. List the strategic natural resources necessary for your activity and/or your customers’ activities (water, energy, materials, etc.). How do you assess and calculate the impact of the increasing scarcity of resources on your business models? What actions do you take to tackle sourcing difficulties and grasp opportunities to develop “circular business models”? What are your goals in this respect?***

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

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## Climate & Water

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

The Company 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 such as water, loss of license to operate linked to environmental issues or regulatory changes, or climate change 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 to reprocess industrial effluents and extract high quality water.

To know more, please, refer to Section 5.2.1 "Eyes on Carbon" of the 2021 Universal Registration Document.

## 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 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.

This approach has inspired strong innovation, as shown in the examples below:

- Introduction of eco-design principles from the very start of the innovation process. For instance, eco-design innovation reduces 4% to 11% of the input material for lens production, depending on the type of material (polycarbonate and polyamide);

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- Development of an internal "cradle to cradle" Life Cycle Assessment (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 in LCA studies for the most used upstream materials for both frames and lenses;
- Introduction of innovative bio-based materials like bio-acetate and bio-based nylon into the portfolio of raw materials for all types of products, enabling the launch of specific collections;
- Launch of 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. The plant in which the internal recycling process takes place has received International Sustainability & Carbon Certification (ISCC) for the Circular Economy.

Lastly, 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. Different projects have been launched with suppliers such as Bureo to develop new sustainable frames collections, and with 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 2021 Universal Registration Document.

#### **4. What proportion of your corporate officers and employees (broken down by type) have variable remuneration (bonuses, long-term remuneration, incentive payments etc.) partly determined by environmental and social (E&S) criteria?**

***What governance bodies are in charge of selecting and validating these E&S criteria?***

***How do they ensure that the criteria are relevant, provide sufficient incentives and are correlated with targets that need to be hit in order to fulfill the Group's E&S strategy?***

***(Please state the non-financial criteria adopted for corporate officers and employees).***

Sustainability is deeply rooted at the core of EssilorLuxottica, both as an essential part of the Company's DNA today and key to continuing its history of corporate responsibility to help people see more and be more. One of the pivotal moments in 2021 was the introduction of our "Eyes on the Planet" CSR program, which embedded sustainability at the core of our Company.

Since 2020, the compensation policy of executive corporate officers includes 10% of the annual variable compensation linked to measurable corporate social responsibility (CSR) criteria.

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For the fiscal year 2022, in line with the executive corporate officers' compensation policy, the annual variable compensation of 15,000 employees (including all the Group's executives) will include these same CSR criteria.

To define these CSR criteria, the Board of Directors based its decision on the Company's sustainability program "Eyes on the Planet" founded on five pillars: carbon neutrality, circularity, world sight, inclusion, and ethics.

On the recommendation of the EssilorLuxottica Nomination and Compensation Committee, the two following CSR criteria have been set up by the Board of Directors for the 2022 annual variable compensation:

- Carbon neutrality: a reduction in greenhouse gas emissions (Scope 1 & 2) target has been set for 2022 fiscal year; it is in line with carbon neutrality objective to be reached in the Group's direct operations by 2025, starting in Europe from 2023;
- Circular economy: a target for valorized waste has been set for the 2022 fiscal year, reflecting the Group's determination to move toward a circular economy, by leveraging efforts on waste valorization.

The Board of Directors will evaluate the achievement of these CSR objectives after reviewing non-financial results.

***5. What conclusions do you draw from the new ways of working adopted in relation to the COVID-19 pandemic (remote working, digitalization of communication methods, increased flexibility, etc.) within your company in terms of their impact on working conditions? How does your Human Resources strategy now accommodate those new ways of working? What dialogue has taken place between management and employees on this matter (agreements, joint discussions on future ways of working; etc.) across all your business lines and regions?***

Right from the beginning of the pandemic, we put the health and safety of our employees first, closing the offices to make sure we would not put them at risk. We created a Covid-19 committee to monitor the situation, design new policies and provide support to employees.

Over time, we put in place a set of initiatives to support employees and new ways of working:

- Definition of safety protocols;
- Daily assistance from nurse and doctor, including swab testing at the office and in stores;
- Surgical masks production to ensure our employees and the local communities would not lack them;
- Creating a Euro 160 million fund to support employees and their families in need;
- Redesign of the offices to make sure they guarantee safety for those employees who choose to come to the offices;

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- Psychological support and counselling available to employees;
- Focus groups to understand employees' point of view on the return to the office;
- Opening of a new building hosting social areas to foster collaboration and a sense of belonging;
- Review of the welfare offer to meet the evolving needs of our employees;
- Accompanying managers in the evolution of their role through a dedicated learning path.

In offices, we aim at promoting a hybrid work environment, letting our employees choose where to work from and considering that the office should be a tool to use in the most effective way. At the same time, we continue supporting stores and operations employees given the broader impact of the pandemic on the society.

**6. To enable us to assess changes from one year to the next, we are asking again the question we asked in 2021, for which answers did not reach a level deemed satisfactory.**

***Do you have a definition of a “decent salary” that is not limited to the statutory local minimum wage? If so, what is it? How does your company ensure that its employees and its suppliers' employees receive a decent salary?***

As mentioned last year, EssilorLuxottica adopts a remuneration policy aimed to ensure that all the compensation packages of its employees are aligned or above market practices in their reference country. The Company entities have to ensure that compensation and benefits provided to workers are in compliance with local or national laws when they exist or with applicable collective agreements. EssilorLuxottica also has a firm commitment to paying employees equally for the same work; professional roles and promotions are evaluated and assigned to guarantee a fair and meritocratic workplace. All these efforts are complemented by strong support for employees' well-being.

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.

In addition, the Company continued to deploy its employee shareholding programs, which have been fundamental to the Company's culture and performance since the very beginning; in particular, through the "Boost" International Employee Shareholding Plan. In 2021, 54,000 eligible employees subscribed in 78 countries, marking a 3% rise over 2020; As a result, today nearly 67,000 of the Group's employees in 85 countries hold a financial stake in the Company. By allowing employees to take a financial stake in the Company's capital on favorable terms, it aligns their interests with those of the Group and of other shareholders.

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To conclude, 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.

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.

***7. 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 or Finansol labels)? How do you explain the continuing presence of non-responsible funds in the absence of any difference in returns and given that the Paris financial center is a leader in this area?***

***In your other countries, do your savings arrangements for your staff members (retirement savings or other) also factor in ESG criteria?***

***How does the board of directors or supervisory board encourage staff members to subscribe to these types of employee savings funds?***

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.

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

The remaining 1% is invested in one of the 4 other funds offered, 1 of which has the CIES label (AMUNDI LABEL HARMONIE SOLIDAIRE).

Similarly, at international level, investments are almost entirely made in the Company's own shares.

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

**8. Do you publish a charter detailing your commitments to fiscal responsibility? If so, how does this fiscal responsibility fit into your broader social responsibility? Does the board review and approve this charter? Do you report annually on the application of the principles of this charter through a fiscal responsibility report? Does this report provide details of taxes paid in each country?**

EssilorLuxottica's Tax Department, as described on page 77 of the 2021 Universal Registration Document, oversees the compliance with applicable tax laws and regulations. It commits local subsidiaries to adopt a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which they operate. It also guides subsidiaries on tax matters, provides guidance on the transfer pricing approach, defines the Company tax policies and suggests adequate tax solutions to the Company's business requirements.

In this context, the Tax Strategy of EssilorLuxottica endeavors to comply with all applicable French and international Laws and Regulations, in accordance with its Code of Ethics and it is committed to keeping a cooperative and transparent relationship with the Tax Authorities in the countries where it operates.

Where available and possible, it looks for tax dispute prevention instruments to ensure advance tax certainty like Rulings or Advance Pricing Agreements.

In addition, EssilorLuxottica is already part of cooperative compliance regimes in Italy and in the Netherlands and encourages the access to similar ones in other jurisdictions.

EssilorLuxottica files the annual country-by-country report with the French tax authority and, where required, informs tax authorities in other jurisdictions that the report has been filed in France. Pursuant to information sharing agreements/treaties, the French tax authority shares the reports with tax authorities in many other jurisdictions.

**9. Do you publish a responsible lobbying charter?**

**Are you a member of any industry groups that defend certain positions that are controversial from a public interest perspective? If so, what steps are you taking to encourage those groups to change their positions?**

**What consolidated resources (i.e., human and financial resources across your entire geographic scope) do you allocate to the representation of interests?**

Generally speaking, EssilorLuxottica has only very limited lobbying activities, and the issue is dealt with at the level of the operational subsidiaries. In accordance with its Mission, some lobbying

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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.

The Company is registered as interest representative in the database maintained by France's High Authority for Transparency in Public Life (HATVP). The 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.

EssilorLuxottica does not publish a lobbying charter.

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 representative and declare their lobbying activities respectively in the French HATVP database and European Union's Transparency Register.

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).

GrandVision France has also declared its interest representation actions to the HATVP. These were conducted in the context of the examination of the Social Security Financing Bill (PLFSS) 2022, 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 budget allocated is less than Euro 10,000.

***10. France's duty of care act provides for a duty of care plan to be prepared in conjunction with the company's stakeholders, including staff representative bodies. In addition, one of the plan's measures must include setting up a whistleblowing system for raising and receiving alerts about the existence or realization of risks, established in conjunction with representative unions. Unions have grass-roots knowledge, along with the ability to alert the company and pass on useful information to help the company fulfill its duty of care.***

***How does your Group include its staff representative bodies – at the local and global levels – in the various stages of preparing, updating and implementing its duty of care plan?***

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***What resources does the Group provide to them to fulfill that task? How are staff representative bodies involved in reporting on the duty of care plan's effective implementation?***

At EssilorLuxottica, value creation and sustainable growth go hand-in-hand with employee well-being, environmental sustainability, social dialogue and societal impact across regions and businesses. In executing its sustainability program "Eyes on the Planet", the Company has placed particular importance on respect for human rights and the environment across its entire value chain, along with the applicable regulations (e.g., the United Kingdom "Modern Slavery Act") and international standards (e.g., the United Nations Guiding Principles for Business and Human Rights). 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.

In particular, the requirements of the France's duty of care act are covered under the "Eyes on Ethics" pillar of the Group sustainability program "Eyes on the Planet". These are presented in a dedicated section within Chapter 5 of the Group's 2021 Universal Registration Document (ref. Section 5.2.5 of the 2021 URD). Here, in referring to different sections of the 2021 Universal Registration Document, the Vigilance Plan reports on: i) the assessment, prevention and mitigation of risks relating to human rights and fundamental freedoms, individual health, safety and security and the environment; ii) employee health and safety policies and measures globally implemented; iii) the standards of ethics, labor, health, safety and the environment that the Company's suppliers are required to adhere; iv) the alert mechanisms including the whistleblowing systems that can be accessed by all employees.

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. Results and key findings of these audits are shared with function leaders and contribute to adapting Group and local roadmaps. In 2021, 20 entities were audited covering around 12.5% of EssilorLuxottica's global headcount (excluding GrandVision).

The Company 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 to mitigate risks all along its value chain. This commitment is supported by the Board of Directors. During the year, the CSR Committee has been updated on specific topics including the CSR risk assessment and the management of sustainability issues (ref. Chapter 3 of the 2021 URD). 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. 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

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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.

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 social partners (e.g., unions), 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.

To know more, please, refer to Chapter 5 of the 2021 Universal Registration Document and to the Company's Code of Ethics available in EssilorLuxottica website.