

Executive officers' compensation

Long-term compensation/2019 grant

Pursuant to the 7th and 8th resolutions approved by the Extraordinary Shareholders' Meeting of November 29, 2018, on October 3, 2019, the Board of Directors of EssilorLuxottica adopted the first long-term incentive plan common to employees of Essilor, Luxottica and the EssilorLuxottica holding company, on the recommendation of the Nomination and Compensation Committee. The plan provides the Group's managers with a common objective of creating lasting value.

The Board of Directors decided to award performance shares and capped performance stock options under the plan to 14,862 employees, corresponding to a maximum of 2,355,563 shares (2,228,446 performance shares and 127,117 capped stock options).

As announced at the Ordinary and Extraordinary Shareholders' Meeting of May 16, 2019 and on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to grant:

- 40,000 performance shares to Leonardo Del Vecchio, Executive Chairman, representing 1.7%¹ of the total number of shares granted and 0.01% of the Company's share capital at September 30, 2019.
- 40,000 performance shares to Hubert Sagnières, Executive Vice-Chairman, representing 1.7%¹ of the total number of shares granted and 0.01% of the Company's share capital at September 30, 2019.

The shares will only vest if the grantee is still employed by or holds a corporate office with the Company on the vesting date, and are subject to the performance conditions described below.

For all grantees, the vesting period will be at least three years. The number of shares that vest will be determined at the end of the performance measurement period (from 3 to 6 years as from the grant date) on the basis of the annualized growth in the EssilorLuxottica share price over said period. For all the shares to vest, the EssilorLuxottica share must grow at an annualized rate of at least 7% per year.

For executive officers only, the number of shares that vest will also depend on the average rate of achievement of their annual variable compensation targets, calculated over the performance measurement period. The average rate of achievement of the annual variable compensation targets is capped at 100%. Therefore, an achievement rate of less than 100% can only lead to a reduction in the number of shares that vest for the executive officers.

Executive officers are required to keep one-third of the vested shares throughout their term of office. This requirement is waived when they permanently hold an aggregate number of shares equivalent to two years' total cash at target (fixed compensation + target variable compensation), through the vesting of shares and the exercise of stock options.

¹ i.e. an award lower than the limit set at 3.5% in the 2019 compensation policy.

EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more, be more and live life to its fullest by addressing their evolving vision needs and personal style aspirations. The company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux® and Transitions®, and world-class retail brands including Sunglass Hut and LensCrafters are part of the EssilorLuxottica family. In 2018, EssilorLuxottica had nearly 150,000 employees and pro forma consolidated revenues of Euro 16.2 billion.

The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP.

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