Bolagsverket
2024 -07- 16

20240717704069

Årsredovisning

för

Future Eyewear Group Sweden AB

556245-6573

Räkenskapsåret

2023

Fastställelseintyg

Undertecknad styrelseledamot i Future Eyewear Group Sweden AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den Juni / 29 2024. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen, revisionsberättelsen och övriga bifogade handlingar stämmer överens med originalen.

Kungälv den Jul/01/ 2024

Davy De Bondt

Årsredovisning

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Styrelsen för Future Eyewear Group Sweden AB avger följande årsredovisning för räkenskapsåret 2023.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Future Eyewear Group Sweden AB utvecklar egna varumärken inom sol-, sport-, skid- och läsglasögon samt hjälmar för skidåkning och cyhel. Bland de mer kända kan nämnas Bliz, Prestige, Granite, Minibrilla och Dr. Zipe.
Företaget har sitt säte i Kungälv.

Väsentliga händelser under räkenskapsåret

Under 2023 har Bolagets historiska sportvarumärke BLIZ överförts till Luxotticas sportdivision. Avtal med distributörer har avslutats och några anställda har flyttats till en annan enhet inom koncernen.

Bolaget kommer därmed att kunna fokusera på Sun & Readers och fullt ut dra nytta av FGX Groups expertis. En process för portföljoptimering är också på plats, vilket i framtiden kommer att göra det möjligt för Bolaget att i högre grad utnyttja koncernens inköpskraft hos leverantörer samt att dra nytta av globala produkt-, försäljnings- och marknadsstrategier.

Förväntad framtida utveckling

Ur ett kommersiellt perspektiv avser bolaget att fokusera på och investera i Sun & Readers-produkter. Den kommersiella strategin syftar till att introducera varumärket Foster Grant, som redan är ledande i antal sålda enheter i USA, även i Norden. Detta kommer att göra det möjligt för bolaget att stärka och utöka sin närvaro i Norden.

Parallellt kommer en harmoniseringsprocess att inledas för att integrera bolaget i koncernens IT-system. Detta kommer att möjliggöra standardisering och effektivisering av bolagets viktigaste IT-flöden och processer.

Hållbarhetsupplysningar

Gällande bolagets hållbarhetsupplysningar görs hänvisning till hemsida för EssilorLuxottica.

Ägarförhållanden

Bolaget ägs till 100% av Essilor International SAS, reg nr 43976965, med säte i Paris, som i sin tur ägs till 100% av Essilor Luxottica S.A., reg nr 712 049 618, med säte i Charenton-le-Point, Frankrike. Båda moderbolagen är registrerade på Parisbörsen.

Future Eyewear Group Sweden AB är i sin tur moderbolag och äger 100% i det danska dotterbolaget Future Danmark ApS, CVR-nr 20152001, med säte i Köpenhamn, 100% av bolaget Future Norway AS, 912 424 340, med säte i Oslo.

Flerårsöversikt (Tkr)	**2023**	**2021/22** (16 mån)	**2020/21**	**2019/20**	**2018/19**
Nettoomsättning	137 268	229 130	141 978	115 659	125 934
Rörelsemarginal (%)	neg	10	15	4	3
Resultat efter finansiella poster	-9 620	22 410	22 702	6 033	5 597
Balansomslutning	143 119	142 955	129 964	87 882	91 609
Avkastning på eget kap. (%)	neg	21	26	9	9
Soliditet (%)	66	73	67	78	72

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Jämförelseårets räkenskapsår uppgår till 16 månader vilket leder till bristande jämförbarhet.

Förändringar i eget kapital

	Aktie-kapital	**Reserv-fond**	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	900 000	180 000	68 885 913	15 095 600	**85 061 513**
Disposition enligt beslut av årsstämman:					
Balanseras i ny räkning			15 095 600	-15 095 600	**0**
Kostnader direkt mot eget kapital			-1 262 254		**-1 262 254**
Årets resultat				-2 295 199	**-2 295 199**
Belopp vid årets utgång	**900 000**	**180 000**	**82 719 259**	**-2 295 199**	**81 504 060**

Kostnader relaterade till anställds bonus har bokförts direkt mot eget kapital. Justering för detta kommer göras 2024.

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	82 719 259
årets förlust	-2 295 199
	80 424 060
disponeras så att	
i ny räkning överföres	80 424 060
	80 424 060

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

Resultaträkning

	Not	2023-01-01 -2023-12-31	2021-09-01 -2022-12-31 (16 mån)
Rörelsens intäkter			
Nettoomsättning	5	137 268 129	229 130 395
Övriga rörelseintäkter		5 704 800	6 107 381
		142 972 929	**235 237 776**
Rörelsens kostnader			
Handelsvaror		-66 612 352	-112 851 692
Övriga externa kostnader	6, 7	-56 142 826	-38 369 901
Personalkostnader	8	-22 764 615	-46 564 159
Avskrivningar av materiella och immateriella anläggningstillgångar		-4 314 136	-6 415 357
Övriga rörelsekostnader		-3 638 024	-8 204 739
		-153 471 953	**-212 405 848**
Rörelseresultat	9	**-10 499 024**	**22 831 928**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	10	0	-419 301
Övriga ränteintäkter och liknande resultatposter	11	1 019 356	23 967
Räntekostnader och liknande resultatposter	12	-140 027	-26 754
		879 329	**-422 088**
Resultat efter finansiella poster		**-9 619 695**	**22 409 840**
Bokslutsdispositioner	13	7 650 000	-3 020 000
Resultat före skatt		**-1 969 695**	**19 389 840**
Skatt på årets resultat	14	-325 504	-4 294 240
Årets resultat		**-2 295 199**	**15 095 600**

Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	15	2 744 549	3 174 192
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	16	0	13 065
Goodwill	17	0	0
		2 744 549	**3 187 257**
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	18	6 604 017	6 457 443
		6 604 017	**6 457 443**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	19, 20	11 058 254	11 058 254
Andra långfristiga värdepappersinnehav	21	0	533 334
Andra långfristiga fordringar	22	533 334	0
		11 591 588	**11 591 588**
Summa anläggningstillgångar		**20 940 154**	**21 236 288**
Omsättningstillgångar			
Varulager m m			
Handelsvaror		37 140 626	63 955 364
		37 140 626	**63 955 364**
Kortfristiga fordringar			
Kundfordringar		17 834 476	20 040 703
Fordringar hos koncernföretag		54 287 187	4 607 445
Aktuella skattefordringar		4 259 396	0
Övriga fordringar		909 969	1 972 108
Förutbetalda kostnader och upplupna intäkter	23	1 466 299	2 322 394
		78 757 327	**28 942 650**
Kassa och bank		6 281 300	28 820 834
Summa omsättningstillgångar		**122 179 253**	**121 718 848**
SUMMA TILLGÅNGAR		**143 119 407**	**142 955 136**

Balansräkning

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	24, 25		
Bundet eget kapital			
Aktiekapital		900 000	900 000
Reservfond		180 000	180 000
		1 080 000	**1 080 000**
Fritt eget kapital			
Balanserad vinst eller förlust		82 719 259	68 885 912
Årets resultat		-2 295 199	15 095 600
		80 424 060	**83 981 512**
Summa eget kapital		**81 504 060**	**85 061 512**
Obeskattade reserver	26	16 594 000	24 244 000
Kortfristiga skulder			
Leverantörsskulder		12 630 310	20 907 856
Skulder till koncernföretag		407 344	354 606
Aktuella skatteskulder		0	2 844 458
Övriga skulder		2 824 776	2 754 060
Upplupna kostnader och förutbetalda intäkter	27	29 158 917	6 788 644
Summa kortfristiga skulder		**45 021 347**	**33 649 624**
SUMMA EGET KAPITAL OCH SKULDER		**143 119 407**	**142 955 136**

Kassaflödesanalys

	Not	2023-01-01 -2023-12-31	2021-09-01 -2022-12-31 (16 mån)
Den löpande verksamheten			
Resultat efter finansiella poster		-9 619 696	22 409 839
Justeringar för poster som inte ingår i kassaflödet		3 073 482	6 457 681
Betald skatt		-7 429 358	-4 020 722
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**-13 975 572**	**24 846 798**
Kassaflöde från förändring av rörelsekapitalet			
Förändring av varulager		26 814 738	-27 208 158
Förändring av rörelsefordringar		-45 555 280	405 663
Förändring av rörelseskulder		14 216 183	-5 396 719
Kassaflöde från den löpande verksamheten		**-18 499 931**	**-7 352 416**
Investeringsverksamheten			
Investeringar i immateriella anläggningstillgångar		-770 942	-1 521 404
Investeringar i materiella anläggningstillgångar		-3 268 661	-3 470 562
Kassaflöde från investeringsverksamheten		**-4 039 603**	**-4 991 966**
Årets kassaflöde		**-22 539 534**	**-12 344 382**
Likvida medel vid årets början			
Likvida medel vid årets början		28 820 834	41 165 216
Likvida medel vid årets slut		**6 281 300**	**28 820 834**

Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder bör redovisas som finansiella poster. Bolaget har dock redovisat allt i rörelseresultatet.

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Redovisningsprinciper för enskilda balansposter
Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

Immateriella anläggningstillgångar	
Balanserade utgifter för utvecklingsarbeten	20%
Koncessioner, patent, licenser, varumärken	20%
Goodwill	10%
Dataprogram	20%
Materiella anläggningstillgångar	
Inventarier, verktyg och installationer	20%
Bilar	20%
Displayer	20%

Leasingavtal
Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

Varulager
Varulagret har värderats till det lägsta av dess anskaffningsvärde och dess nettoförsäljningsvärde på balansdagen. Med nettoförsäljningsvärde avses varornas beräknade försäljningspris minskat med försäljningskostnader. Den valda värderingsmetoden innebär att inkurans i varulagret har beaktats.

Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Avsättningar

Som avsättning har redovisats förpliktelser gentemot tredje man som är hänförliga till räkenskapsåret eller tidigare räkenskapsår och som på balansdagen antingen är säkra eller sannolika till sin förekomst men oviss till belopp eller till den tidpunkt då de ska infrias.

Ersättningar till anställda

Ersättningar till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitlig uppskattning av beloppet kan göras.

Koncernförhållanden

Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget Essilor International SAS , organisationsnummer 43976965 med säte i Paris upprättar koncernredovisning.

Kassaflödesanalys
Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.

Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut samt kortfristiga likvida placeringar som är noterade på en marknadsplats och har en kortare löptid än tre månader från anskaffningstidpunkten. Förändringar i spärrade medel redovisas i investeringsverksamheten.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Rörelsemarginal (%)
Rörelseresultat i procent av omsättningen.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Avkastning på eget kap. (%)
Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt).

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Uppskattningar och bedömningar
Upprättandet av bokslut och tillämpning av redovisningsprinciper, baseras ofta på ledningens bedömningar, uppskattningar och antaganden som anses vara rimliga vid den tidpunkt då bedömningen görs. Uppskattningar och bedömningar är baserade på historiska erfarenheter och ett antal andra faktorer, som under rådande omständigheter anses vara rimliga. Resultatet av dessa används för att bedöma de redovisade värdena på tillgångar och skulder, som inte annars framgår tydligt från andra källor. Det verkliga utfallet kan avvika från dessa uppskattningar och bedömningar. Uppskattningar och antaganden ses över regelbundet.
Det här året är dessa uppskattningar och bedömningar kopplade till främst distrubutionsavtal och till viss del bedömning av inkurans i varulager.

Not 2 Uppgifter om moderföretag

Moderföretag i den minsta koncern där företaget ingår och som upprättar koncernredovisning är Essilor International SAS med organisationsnummer 43976965 med säte i Paris.

Moderföretag i den största koncern där företaget ingår och som upprättar koncernredovisning är Essilor Luxottica S.A med organisationsnummer 712 049 618 med säte i Charenton-le-Point.

Not 3 Ställda säkerheter

	2023-12-31	2022-12-31
För företagets egen räkning:		
Företagsinteckningar	27 000 000	27 000 000
Deposition garantibelopp Tullverket	533 334	533 334
	27 533 334	**27 533 334**

Not 4 Eventualförpliktelser

	2023-12-31	2022-12-31
Garanti Tullverket	533 334	533 334
Bankgaranti	130 000	0
	663 334	**533 334**

Borgensförbindelse till förmån för koncernföretag Future Norway AS: 4 653 000 SEK (4 700 000 NOK) f år 4 971 660 SEK (4 700 000 NOK)

Not 5 Nettoomsättningens fördelning

	2023	2021-09-01 -2022-12-31
Nettoomsättningen per geografisk marknad		
Sverige	72 244 042	115 352 903
EU	54 215 863	90 663 554
Export	10 808 224	23 113 938
	137 268 129	**229 130 395**

Not 6 Leasingavtal

Årets leasingkostnader avseende leasingavtal, uppgår till 1 251 870 (f år 1 955 008) kronor.

Not 7 Arvode till revisorer

Med revisionsuppdrag avses granskning av årsredovisningen och bokföringen samt styrelsens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

	2023	2021-09-01 -2022-12-31
Grant Thornton		
Revisionsuppdrag	278 990	228 583
	278 990	**228 583**

Not 8 Anställda och personalkostnader

	2023	2021-09-01 -2022-12-31
Medelantalet anställda		
Kvinnor	15	20
Män	17	20
	32	**40**
Löner och andra ersättningar		
Styrelse	1 882 010	0
Övriga anställda	12 232 049	31 363 946
	14 114 059	**31 363 946**
Sociala kostnader		
Pensionskostnader för styrelse	223 790	623 532
Pensionskostnader för övriga anställda	727 137	3 265 686
Övriga sociala avgifter enligt lag och avtal	5 263 628	10 601 381
	6 214 555	**14 490 599**
Totala löner, ersättningar, sociala kostnader och pensionskostnader	**20 328 614**	**45 854 545**

Not 9 Inköp och försäljning mellan koncernföretag

	2023	2021-09-01 -2022-12-31
Andel av årets totala inköp som skett från andra företag i koncernen	15,22 %	16,95 %
Andel av årets totala försäljningar som skett till andra företag i koncernen	12,64 %	15,06 %

Not 10 Resultat från andelar i koncernföretag

	2023	2021-09-01 -2022-12-31
Nedskrivningar	0	-419 301
	0	**-419 301**

Not 11 Övriga ränteintäkter och liknande resultatposter

	2023	2021-09-01 -2022-12-31
Utdelningar	1 228	0
Ränteintäkter från koncernföretag	869 405	0
Övriga ränteintäkter	148 723	23 967
	1 019 356	**23 967**

Not 12 Räntekostnader och liknande resultatposter

	2023	2021-09-01 -2022-12-31
Räntekostnader till koncernföretag	-138 851	0
Övriga räntekostnader	-1 176	-26 754
	-140 027	**-26 754**

Not 13 Bokslutsdispositioner

	2023	2021-09-01 -2022-12-31
Avsättning till periodiseringsfonder	0	-6 500 000
Återföring av periodiseringsfonder	7 650 000	3 480 000
	7 650 000	**-3 020 000**

Not 14 Aktuell och uppskjuten skatt

	2023	2021-09-01 -2022-12-31
Skatt på årets resultat		
Aktuell skatt	-325 504	-4 294 240
Totalt redovisad skatt	**-325 504**	**-4 294 240**

Avstämning av effektiv skatt

	2023		2021-09-01 -2022-12-31	
	Procent	**Belopp**	**Procent**	**Belopp**
Redovisat resultat före skatt		-1 969 695		19 389 840
Skatt enligt gällande skattesats	20,60	405 757	20,60	-3 994 307
Ej avdragsgilla kostnader	-2,73	-53 773	1,18	-228 659
Ej skattepliktiga intäkter	0,15	2 976	0,00	905
Övrigt	-24,84	-489 356	0,00	0
Skattemässiga justeringar	-4,80	-94 554	0,22	-43 012
Schablonränta på periodiseringsfonder	-4,90	-96 554	0,15	-29 167
Redovisad effektiv skatt	**-16,53**	**-325 504**	**22,15**	**-4 294 240**

Not 15 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	16 177 703	14 673 697
Inköp	770 942	1 521 405
Försäljningar/utrangeringar	-764 846	-17 399
Utgående ackumulerade anskaffningsvärden	**16 183 799**	**16 177 703**
Ingående avskrivningar	-13 003 511	-11 509 284
Försäljningar/utrangeringar	764 851	16 676
Årets avskrivningar	-1 200 590	-1 510 903
Utgående ackumulerade avskrivningar	**-13 439 250**	**-13 003 511**
Utgående redovisat värde	**2 744 549**	**3 174 192**

Not 16 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	109 270	109 270
Utgående ackumulerade anskaffningsvärden	**109 270**	**109 270**
Ingående avskrivningar	-96 205	-67 097
Årets avskrivningar	-13 065	-29 108
Utgående ackumulerade avskrivningar	**-109 270**	**-96 205**
Utgående redovisat värde	**0**	**13 065**

Not 17 Goodwill

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	47 822 779	47 822 779
Utgående ackumulerade anskaffningsvärden	**47 822 779**	**47 822 779**
Ingående avskrivningar	-47 822 779	-47 822 779
Utgående ackumulerade avskrivningar	**-47 822 779**	**-47 822 779**
Utgående redovisat värde	**0**	**0**

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	32 708 698	29 635 585
Inköp	3 268 661	3 470 562
Försäljningar/utrangeringar	-360 984	-397 449
Utgående ackumulerade anskaffningsvärden	**35 616 375**	**32 708 698**
Ingående avskrivningar	-26 251 255	-21 731 756
Försäljningar/utrangeringar	339 378	372 531
Årets avskrivningar	-3 100 481	-4 892 030
Utgående ackumulerade avskrivningar	**-29 012 358**	**-26 251 255**
Utgående redovisat värde	**6 604 017**	**6 457 443**

Not 19 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	11 058 254	11 058 254
Utgående ackumulerade anskaffningsvärden	**11 058 254**	**11 058 254**
Utgående redovisat värde	**11 058 254**	**11 058 254**

Not 20 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Bokfört värde
Future Danmark ApS	100%	100%	5 955 099
Future Norway AS	100%	100%	5 103 155
			11 058 254

	Org.nr	Säte
Future Danmark ApS	20152001	Köpenhamn
Future Norway AS	912424340	Hvalstad

Not 21 Andra långfristiga värdepappersinnehav

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	533 334	533 334
Omklassificeringar	-533 334	0
Utgående ackumulerade anskaffningsvärden	**0**	**533 334**
Utgående redovisat värde	**0**	**533 334**

Not 22 Andra långfristiga fordringar

	2023-12-31	2022-12-31
Omklassificeringar	533 334	0
Utgående ackumulerade anskaffningsvärden	**533 334**	**0**
Utgående redovisat värde	**533 334**	**0**

Not 23 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Upplupna intäkter	0	150 000
Hyror	180 117	487 500
Övriga förutbetalda kostnader	1 286 182	1 684 894
	1 466 299	**2 322 394**

Not 24 Antal aktier och kvotvärde

Namn	Antal aktier	Kvot-värde
Antal A-Aktier	1 875	480
	1 875	

Not 25 Disposition av vinst eller förlust

	2023-12-31
Förslag till vinstdisposition	
Styrelsen föreslår att till förfogande stående vinstmedel:	
balanserad vinst	82 719 259
årets förlust	-2 295 199
	80 424 060
disponeras så att	
i ny räkning överföres	80 424 060
	80 424 060

Not 26 Obeskattade reserver

	2023-12-31	2022-12-31
Periodiseringsfonder	16 594 000	24 244 000
	16 594 000	**24 244 000**

Not 27 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Löner	4 776 216	4 090 802
Sociala avgifter	1 276 762	1 100 096
Övriga upplupna kostnader	23 105 939	1 597 746
	29 158 917	**6 788 644**

Kungälv den Jun/28 2024

Davy De Bondt
Ordförande

Matteo Lo Duca

Marco Polinelli

Vår revisionsberättelse har lämnats den Jun/29 2024

Grant Thornton Sweden AB

Helen Elonsson
Auktoriserad revisor

Urgent: Annual report Future Eyewear 2023 - Step 1

Final Audit Report 2024-06-29

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By:	Lisa MANNING (lmanning@fgxi.com)
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Signature Date: 2024-06-29 - 9:01:21 AM GMT - Time Source: server- IP address: 194.14.78.10

Agreement completed.

2024-06-29 - 9:01:21 AM GMT

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Revisionsberättelse

Till bolagsstämman i Future Eyewear Group Sweden AB

Org.nr. 556245 - 6573

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Future Eyewear Group Sweden AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Future Eyewear Group Sweden ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Future Eyewear Group Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om

årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Future Eyewear Group Sweden AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Future Eyewear Group Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet.

Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg, enligt datum som framgår av elektronisk signering.
Grant Thornton Sweden AB

Ewelynne Helen Elonsson
Auktoriserad revisor

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2023

EssilorLuxottica

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The Universal Registration Documents, Registration Documents and releases cited as well as this Universal Registration Document are available at www.essilorluxottica.com @ Investors/Publications and Downloads

* Includes the Report on the compensation policy of Executive Corporate Officers subject to the approval of shareholders at the Shareholders' Meeting on April 30, 2024.

The information from the Annual Financial Report (AFR) is clearly identified in the table of contents by the symbol AFR

2023 Universal Registration Document

Including
the Annual Financial
Report

This document is a non-certified translation into English of the Universal Registration Document (including the Annual Financial Report) issued in French, prepared in ESEF format (European Single Electronic Format) and filed on March 8, 2024 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said Regulation.

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2023

Message from the Chairman and CEO and the Deputy CEO

Dear Shareholders,

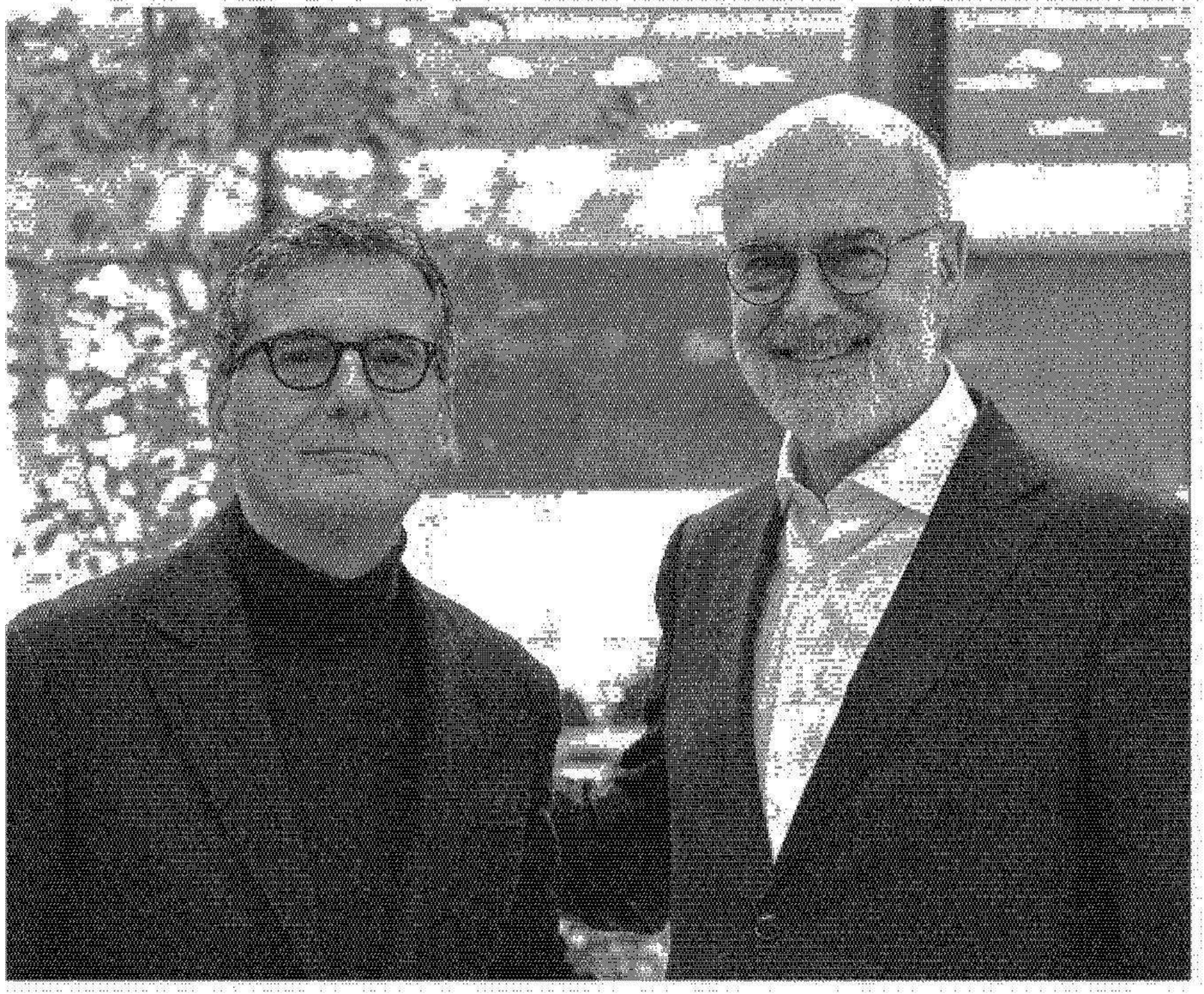
Each year, we cherish this opportunity to share EssilorLuxottica's remarkable accomplishments and to reinforce our commitment to the journey we are on together.

2023 was another record year, our sixth year as a unified Company – a truly European champion and a global leader in the eyecare and eyewear industry built with an eye toward the future. Despite a challenging macroeconomic and geopolitical environment, for the third year in a row, our Group recorded sound revenue growth above 7% to €25.4 billion, with an adjusted operating profit nearing €4.2 billion, an adjusted Group net profit close to €3 billion and a proposed dividend up 22% over last year.

This past year was above all a year of major investments delivering the richest pipeline of innovation to date. We grew new product categories, added beloved brands to our portfolio, enhanced our manufacturing capabilities and reinforced our retail presence globally, while further digitizing our business model across every step of the value chain.

With our bold and transformational initiatives at the intersection of multiple categories – from med-tech and digital to luxury and now hearing solutions, we are becoming the Company of our late Chairman's dreams – a catalyst for change and a beacon of possibilities that shines for the entire industry.

Three initiatives stand out as part of our innovation journey: Vision(X), Ray-Ban Meta and Nuance Audio. Managed by the Group's newly created HELIX division, Vision(X) is an integrated data-driven ecosystem



Francesco Milleri, Chairman and CEO, and **Paul du Saillant,** Deputy CEO

for eyecare professionals, a digital suite offering all services related to practice management – from booking and ordering to teleoptometry and managed vision care, designed to revolutionize the entire optical store experience. Offering consumers the first ever eyewear with live streaming and artificial intelligence built-in, Ray-Ban Meta is the next step in our quest to make eyewear a gateway into the future. And then, in our first appearance at the Consumer Electronics Show in Las Vegas, we previewed Nuance Audio to the world, our disruptive proposition in the hearing solutions space combining a beautiful pair of glasses with proprietary advanced open-ear technology built in seamlessly and invisibly. As we removed the stigma of wearing glasses over 50 years ago by turning a medical necessity into a must-have fashionable and desirable accessory, Nuance Audio will do the same for hearing devices, bridging two industries and filling a void for over a billion people suffering from mild to moderate hearing loss.

"2023 was another record year, our sixth year as a unified Company."

By placing creative and visionary thinking at the heart of our strategy, our pipeline runs deep with truly life-enhancing innovations designed to shape the future of vision care. They include Varilux XR series, the first eye-responsive progressive lens powered by artificial intelligence, as well as the latest generation of Transitions lenses – Transitions Gen S – setting the new standard for prescription glasses. We also made important steps forward in our fight against myopia in children with Stellest,

"From med-tech and digital to luxury and now hearing solutions, we are a catalyst for change."

our revolutionary lens technology slowing down the progression of myopia in children, now available in over 35 countries, and the SightGlass Vision's Diffusion Optics Technology spectacle lens, which has just been granted a Breakthrough Device designation by the US Food and Drug Administration.

We also continued to build long-lasting relationships with our trusted partners. After launching new exciting eyewear collections with iconic brands such as Swarovski, Brunello Cucinelli and Ferrari, we continued to strengthen our luxury positioning adding beloved brands like Jimmy Choo and Moncler to our portfolio, signed an exclusive eyewear collaboration with Roger Federer for Oliver Peoples and renewed our license agreement with Michael Kors.

Bringing together our vision of frames and lenses under the same roof, we expanded our operations infrastructure to support our ambitions. With new state-of-the-art facilities in Thailand and Mexico as well as key investments to expand our presence in France and Italy – our two home countries – we are in great shape to better address the evolving vision care needs through an increasingly integrated, diversified, and geographically balanced footprint. Also, to address the world's growing demand for high-quality eyecare and eyewear and continue growing our retail footprint globally, we signed a joint venture with Chalhoub Group in the GCC region. Moreover, we successfully progressed in the integration of GrandVision across all regions, consolidating our growing optical retail business in Europe while laying the groundwork for future expansion.

Living up to our responsibility as a leader, we continued to open up new avenues by digitizing the industry from the ground up. Expanding our teleoptometry offering and further leveraging artificial intelligence, machine learning, analytics and big data to benefit our patients, we are solidifying a leading place for EssilorLuxottica beyond the boundaries of eyecare and eyewear. Our med-tech journey, well underway, will continue to be an open, collaborative and inclusive one where our products and services are accessible to all industry players and partnerships with our peers are a lever of success. Leonardo, our learning ecosystem, is key to supporting this transformation offering next-level education for the industry at large.

Our strong and dedicated leadership team as well as our talented teams around the world are at the heart of our collective success. Over the past six years, we have built a robust, fully unified and integrated organization of nearly 200,000 employees now connected by a common culture and shared values, which will be woven into the fabric of EssilorLuxottica and everything we do. With employee shareholding being a cornerstone of this culture, close to 80,000 employees in 86 countries now hold a financial stake in our Group, reflecting their strong confidence in the Company and its powerful Mission to help people 'see more and be more'. Continuing our journey to help eliminate uncorrected poor vision by 2050, through the OneSight EssilorLuxottica Foundation we scale up and accelerate global actions to bring vision care to everyone around the world, including people in underserved communities. Since 2013, we are proud we have created permanent access to vision care for over 750 million people, equipping close to 72 million people in underserved regions with eyeglasses and creating rural livelihoods through almost 28,000 optical points.

At the same time, we have advanced on our sustainability roadmap making progress in key areas that are essential components of our long-term vision. We achieved our Scopes 1 and 2 carbon neutrality target for our direct operations in Europe, after meeting it in Italy and France at the end of 2021, and we are now setting the stage to become carbon neutral globally by 2025 as we continue improve energy efficiency across facilities and increase the use of renewable energy. Our commitment to setting near-term emissions reduction target according to the Science-Based Targets initiative are a testament to our tangible efforts of addressing climate change through our Eyes on the Planet corporate responsibility program.

From the dawn of our journey as EssilorLuxottica, the root of our success has been our relentless pursuit of innovation and excellence, a desire to improve lives and the world around us, to create better experiences, to explore new business models and open doors for the industry that will deliver greater possibilities for everyone. Today, we have everything we need to achieve this work and more.

Thank you as always for standing by our side as we continue this inspiring and promising journey together.

1

Chapter 1

Presentation of EssilorLuxottica

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1.1 EssilorLuxottica Group Profile

EssilorLuxottica is a global leader in the **design, manufacture and distribution of ophthalmic lenses, frames and sunglasses.** Established in 2018, its Mission is to **help people around the world 'see more and be more'** by addressing their vision needs and style aspirations while creating value for employees and communities.

The Company operates an open, collaborative business model, partnering with key industry players who share its passion for elevating quality vision care through superior products and services. With its vertically integrated business model and a leading presence across all regions, all business segments and trade channels, EssilorLuxottica is uniquely positioned to address the world's evolving vision needs. The innovation, design and quality of its products and its strong, well-balanced brand portfolio allow the Company to respond to the global demand of a growing industry.

Proprietary eyewear brands include Ray-Ban, the most loved eyewear brand in the world, Oakley, one of the leading global sport performance brands, Persol, Oliver Peoples, Vogue Eyewear, Arnette, Alain Mikli, Costa, Bliz, Bolon and Foster Grant. Licensed eyewear brands include Giorgio Armani, Brunello Cucinelli, Burberry, Chanel, Coach, Dolce&Gabbana, Ferrari, Jimmy Choo, Michael Kors, Moncler, Prada, Ralph Lauren, Starck Biotech Paris, Swarovski, Tiffany & Co., Tory Burch and Versace for eyewear. The Group's portfolio also includes a range of innovative lens technologies, including Varilux, the number one progressive lens brand recommended by eyecare professionals [1], Transitions, the photochromic brand worn by over 60 million people worldwide, Crizal, Eyezen, Xperio and most recently, Stellest.

Key Figures

Revenue
€25.4 bn

Employees
Over 190,000

Countries
Over 150

Patents
Approximately 13,000

Major brands
Over 150

Stores
Approximately 18,000

Employee shareholders
Approximately 77,500
in 86 countries

Leonardo training hours
Over 5,500,000
since 2021

Mass production facilities
48 between lenses (35)
and frames (13)

Prescription laboratories and edging-mounting facilities
583 between Industrial (79)
and Proximity Labs (504)

Worldwide frame production
112 million prescription glasses
and sunglasses frames

Worldwide lens production
550 million
prescription lenses
and 160 million
non-prescription sun lenses

(1) Global Eye Care Professionals (ECP) Lens Brand Tracking – Quantitative study conducted among a representative sample of 2,006 ECPs in France, the UK, Italy, the US, Canada, China, Brazil and India – AplusA – 2022.

A fully integrated player addressing the world's evolving vision needs. From creative thinking to distribution, the Group covers every step of the value chain, starting with a powerful R&D platform made up of 44 R&D facilities across the world committed to making EssilorLuxottica a laboratory for med-tech, design and innovation. A global manufacturing network relentlessly brings this culture of excellence to life to offer the best visual experience to consumers and customers everywhere in the world. With its 35 corrective and plano lens mass production facilities, 583 prescription laboratories and edging-mounting facilities, 13 eyewear mass production plants and a capillary network of distribution centers and stock points, EssilorLuxottica's global footprint is well balanced and diversified, and it guarantees proximity service.

Manufacturing at EssilorLuxottica is backed by a wide-reaching Professional Solutions[1] network that allows the Group to serve wholesale customers with a unique combination of high-quality vision care products, iconic brands that consumers love, and cutting-edge digital services and solutions, including those provided by the recently announced HELIX. Its dedicated partnership programs, such as EssilorLuxottica 360, Essilor Experts and STARS, as well as alliances elevate independent eyecare practices and put patient care at the center.

Professional Solutions are complemented by an extensive global Direct to Consumer[2] network that offers the Group a unique understanding of consumer trends, both globally and locally, by cultivating relationships with millions of consumers every day, offering them high-quality vision care products, expert advice and iconic brands. With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group's Direct to Consumer network includes about 18,000 stores worldwide. EssilorLuxottica is a leader in the optical retail business with LensCrafters and Pearle Vision in North America; Apollo, Vision Express, Pearle, Générale d'Optique, Atasun Optik, Salmoiraghi & Viganò, David Clulow and Synoptik in EMEA; OPSM and Mujosh in Asia-Pacific; MasVisión, GMO and Óticas Carol in Latin America; as well as banners present on a global scale such as Sunglass Hut, Ray-Ban and Oakley. The Group also operates its licensed optical retail brand Target Optical in North America as well as one of the fastest-growing managed vision care companies in the US, EyeMed Vision Care.

EssilorLuxottica's distribution channels are complemented by its branded e-commerce platforms, including Ray-Ban.com, Oakley.com, SunglassHut.com and OliverPeoples.com as well as pure digital players like EyeBuyDirect and FramesDirect.com in North America, VisionDirect, Lenstore and Glasses direct in EMEA as well as Clearly in Asia-Pacific. A true omnichannel approach to distribution replicates the magic of the Group's stores in the digital space, enabling consumers to enjoy everything from product customization to an endless aisle of frames.

Corporate Social Responsibility. Taking an important step toward a more sustainable future, in 2021 the Group introduced its Corporate Responsibility program titled Eyes on the Planet, which outlines its strategy for sustainability with commitments toward carbon neutrality, circularity, world sight, inclusion and ethics. Marking a new chapter in its journey to accelerate its unique Mission activities and help eliminate uncorrected poor vision by 2050, in 2022 the Group also launched the OneSight EssilorLuxottica Foundation, the largest foundation in the world leading efforts for inclusive vision access. This plays a major role in supporting its sustainability strategy and its commitment to advocate for good vision as a basic human right.

In 2023, EssilorLuxottica had consolidated revenue of Euro 25.4 billion. EssilorLuxottica 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.

A unique, diverse and inclusive community

EssilorLuxottica's diverse and talented people are at the core of the organization's ongoing success and long-term sustainability. A global community of over 190,000 dedicated employees around the world work together to help the Company thrive every day.

Investing in the skills and well-being of its people, EssilorLuxottica offers long-term growth, career development and equal opportunities as well as extensive, high-quality education programs through its Leonardo learning ecosystem. Drawing on its long history of caring for its people, the Group also actively promotes social programs, benefits, services and initiatives that help improve quality of life for its employees (See Chapter 5, Section 5.2.4).

In 2023, EssilorLuxottica continued to strengthen its global community by building a common culture with the creation of shared values and the launch of a new Company-wide Code of Ethics that support the Group's actions as an ethical industry leader. Employee shareholding continues to be a cornerstone of the Group culture. Constantly expanding employee ownership across the world, today over 100,000 employees in 80 countries have access to EssilorLuxottica's employee shareholding plans, including its international Boost plan. In 2023, a total of 77,500 EssilorLuxottica employees in 86 countries held a financial stake in the Group, up from 72,000 employees in 2022 and nearly 67,000 in 2021, reflecting their confidence in the Company's strategy and their endorsement of its Mission to help people 'see more and be more'.

(1) It represents the wholesale business of the Group, including the supply of its products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry.
(2) It represents the retail business of the Group, including the supply of EssilorLuxottica products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar activities) or the online channel (e-commerce).

A deeply rooted commitment to innovative vision care and eyewear solutions

By investing heavily in R&D for cutting-edge lens and frame technologies, as well as reimagining the design, form and function of eyewear, EssilorLuxottica constantly sets new industry standards for vision care, eyewear and the consumer experience surrounding it (see Section 1.4.2). Beyond the products it makes, the Group is deeply committed to elevating the importance of vision as both a basic human right and a key lever for global development.

1.1.1 A rich portfolio of eyecare and eyewear brands and products

EssilorLuxottica is home to some of the most loved and well-recognized eyecare and eyewear brands in the world. With a portfolio of proprietary and licensed brands that cover a wide range of market segments, the Company taps into the needs and desires of consumers, offering a strong pipeline of innovation to deliver superior quality products and services that raise the standard of excellence across the industry.

Eyecare: world-class lens technologies

Backed by decades of R&D, EssilorLuxottica's advanced lens technologies have led to the creation of brands that rank among the highest levels for consumer satisfaction.

Today, the Company's unparalleled portfolio includes globally respected lens brands such as Essilor with Varilux, Crizal, Eyezen, Stellest, Xperio and Transitions. Further enriching the portfolio are Ray-Ban, Oakley, Barberini and Shamir Optical, now fully part of the Group's lens technologies portfolio following the acquisition of the remaining 50% interest in 2022. The perpetual global license agreement signed with Eastman Kodak last year and partnerships with leading companies such as Nikon also allow EssilorLuxottica to distribute specialized technologies to best serve specific consumer eyecare needs.

Whether designing solutions to correct vision, protect the eyes or improve comfort and performance, each of the Group's eyecare brands is driven by a shared goal to develop groundbreaking ophthalmic lenses that enhance lives through better vision.

By expanding into contact lenses with brands such as Eyexpert and iWear, the Company is also broadening its field of expertise while staying true to its core business.

EssilorLuxottica also has a long history of leading the design of vision equipment and solutions used by opticians, optometrists, ophthalmologists and optical manufacturing labs worldwide. This includes innovation in lens surfacing and coating equipment as well as instruments for refraction, diagnostics, imaging, measurement, edging and mounting.

To offer highly intuitive and intelligent solutions for low vision and blindness, in 2013 EssilorLuxottica acquired a majority interest in HumanWare, the world leader in assistive technology designed for blind and low vision individuals.

Eyewear: visionary design and detailing

EssilorLuxottica's unique vision, inventiveness and expert craftsmanship have helped eyewear become a category of its own over the past few decades. Evolving from a necessary medical device that improves vision to a desirable fashion accessory, frames have now gained standing among consumers for enabling self-expression and enhancing self-confidence.

The Group offers exclusive eyewear based on highly skilled artistry and creativity through an unparalleled portfolio including Ray-Ban, Oakley, Persol, Oliver Peoples, Vogue Eyewear, Arnette, Alain Mikli, Costa, Bliz, Native Eyewear and Bolon. Prestigious licensed brands are also part of the EssilorLuxottica family, including Giorgio Armani, Brunello Cucinelli, Burberry, Chanel, Coach, Dolce&Gabbana, Ferrari, Jimmy Choo, Michael Kors, Mondler, Prada, Ralph Lauren, Starck Biotech Paris, Swarovski, Tiffany & Co., Tory Burch and Versace.

Driven by a continuous pursuit of excellence down to the smallest detail combined with its ongoing investments in R&D, new technologies, equipment, materials and processes, EssilorLuxottica has earned a reputation as a product and brand trailblazer for iconic global eyewear. Taking a step forward in its vertical integration strategy, in 2022 the Group also acquired Giorgio Fedon & Figli S.p.A., leading company in the production and distribution of spectacle cases as well as luxury, handcrafted and customized eyewear accessories.

Transforming the industry with new categories and digital solutions

Living up to its responsibility as an industry leader, EssilorLuxottica delivers expertise and innovation for a range of new products and categories to expand industry boundaries.

Making eyewear a gateway into a world of possibilities. Throughout its smart eyewear journey started more than 10 years ago, the Group has developed R&D, manufacturing and distribution capabilities in the field through key partnerships and product releases. In 2021, the creation of Ray-Ban Stories – the first generation of smart glasses offering consumers a new way to capture, share and listen to their most authentic moments – was a key milestone for EssilorLuxottica. Sharing a passion for creating products and experiences that enhance millions of lives every day, the Group partnered with Meta to engineer wearable smart technology, without compromising on style, comfort or esthetic. Following the successful launch of Ray-Ban Stories, last year EssilorLuxottica renewed its collaboration with Meta to launch Ray-Ban | Meta, the first ever eyewear with live streaming and Meta Artificial Intelligence built-in, offering consumers truly wearable and life-enhancing technology. With the aim to make eyewear a gateway into new worlds, the Group continues to accelerate its expertise regarding the development of new categories to enhance user experience for augmented and extended reality.

In 2023, EssilorLuxottica also announced that it will expand into the hearing solutions industry with Nuance Audio, a disruptive technology at the intersection of sight and sound. Seamlessly embedding proprietary advanced hearing technology into a pair of beautiful, fashionable eyeglasses that improve vision, the Group aims to enhance quality of life for the over 1.2 billion consumers across the world suffering from mild to moderate hearing loss[1]. The product is expected to launch in the second half of 2024. As it did in the vision space more than 50 years ago, the Company aims to remove the stigma that has historically stood in the way of consumer adoption of traditional hearing solutions, replacing it with comfort and style.

Bringing together the best of the Group's innovation to continue digitizing the industry from the ground up. Rooted in its origins, innovative thinking is an important cornerstone of the Group's strategy. For decades, EssilorLuxottica has invested heavily in going digital from the ground up, establishing digital platforms that connect its operations with its customers and consumers. Today, technology is the backbone of every area of its business, from manufacturing to distribution and sales in all markets and channels – Professional Solutions, brick and mortar activities and e-commerce.

Last year EssilorLuxottica made another important step in the digitization of the eyecare industry with the launch of HELIX, a new division of the Group focused on serving eyecare professionals (ECPs)' digital needs in one smart, interconnected, data-driven digital ecosystem – from booking and ordering to teleoptometry and Managed Vision Care (MVC). The launch of HELIX is part of EssilorLuxottica's strategy to offer a broad portfolio of products and services to further improve the eyecare experience for patients and help ECPs run their practice more effectively. The first offering from HELIX, a new generation of practice management platform called Vision(X), will be available in North America in 2024.

HELIX | nuance audio in tune with life | Ray-Ban | Meta

(1) World Health Organization, *World Report on Hearing*, 2021; 40.

Direct to Consumer: superior online and offline eyecare and eyewear experience

EssilorLuxottica's Direct to Consumer network includes approximately 18,000 stores that offer consumers high-quality vision care and best-in-class shopping experiences, from digital eye exam technology to the latest eyewear trends curated for every style preference. A true omnichannel approach to distribution replicates the magic of the Group's stores in the digital space, enabling consumers to enjoy everything from product customization to an endless aisle of frames. This approach provides a connected experience across all touchpoints and allows EssilorLuxottica to reach a greater number of consumers with quality optical products.

The Company has a widespread brick and mortar retail network with banners such as LensCrafters, Target Optical and Pearle Vision in North America; Apollo, Vision Express, Pearle, Générale d'Optique, Atasun Optik, Salmoiraghi & Viganò, Synoptik and David Clulow in EMEA; OPSM, Mujosh and Laubman & Pank in Asia-Pacific; MasVisión, GMO, Óticas Carol in Latin America; as well as global banners such as Sunglass Hut, Ray-Ban and Oakley stores.

The Group's brick and mortar network is complemented by leading e-commerce platforms including Ray-Ban.com, Oakley.com, SunglassHut.com and OliverPeoples.com as well as EyeBuyDirect, Clearly, VisionDirect, Lenstore and Glasses direct.

Optical

alain mikli paris · aOJO · Apollo · Atasun Optik · BOLON · brilleland · David Clulow · Econolentes · For Eyes · Generale d'Optique · GMO · GrandOptical · GrandVision · GrandVision · GrandVision · ILORI Optical · ASPEN · instrumentarium · interoptik · JOHN&AUDREY · KEOPS · KOCH Optik · Lafam · Laubman&Pank · LensCrafters · Линзмастер · LUXOPTICA · +Vision · MẮT VIỆT · McOptic · MOLSION · MUJOSH · MultiOpticas · NISSEN · Ofotért · OLIVER PEOPLES · OPSM · OPTICA2000 · OpticalCenter · ÓPTICAS LUX · PLACE VENDÔME · ÓPTICAS VISION · ÓTICAS CAROL · Pearle · PEARLE VISION · Persol · Robin Look · salmoiraghi & viganò · smarteyes · SPECTACLE HUT · Synoptik · OPTICAL · TRENDY OPTICIANS · VISIIAB · VISIONCENTER · VisionExpress

Non optical

OAKLEY · Ray-Ban · Solaris · sunglass hut

Pure Online

BRILLE24 · Charlie Temple · clearly · contactsdirect · COSTA · eyelens · EOTICA · eyebuydirect · FOSTER GRANT · FRAMESDIRECT · GLASSES.COM · glasses direct · LENSBEST · lenstore · LENSWAY · LINSEN MAX · NATIVE EYEWEAR · READERS.COM · VisionDirect · vogue eyewear · ZONNEBRILLEN.COM

As of December 31, 2023, EssilorLuxottica operated 17,589 stores as follows:

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Licensing	Total Store Count
Sunglass Hut	1,652	572	314	411	2,949	232	3,181
LensCrafters	1,014		87		1,101	5	1,106
Vision Express		855			855	152	1,007
Apollo		682			682	223	905
Target Optical	574				574		574
MasVisión		71		469	540	7	547
Pearle		509			509	218	727
Générale d'Optique		392			392	291	683
OPSM			377		377	25	402
GMO				351	351		351
GrandOptical		326			326	76	402
GrandVision		275		47	322	31	353
Oakley	187	13	78	25	303	79	382
Atasun Optik		299			299	33	332
Ray-Ban	37	53	131	44	265		265
Synoptik		248			248		248
Salmoiraghi & Viganò		247			247	24	271
Luxoptica		221			221		221
Mujosh			144		144	363	507
Aojo			109		109	151	260
Pearle Vision	108				108	462	570
MultiÓpticas		108			108	112	220
Bolon			72		72	182	254
Óticas Carol				24	24	1,426	1,450
All Others[a]	260	1,113	132	735	2,240	131	2,371
TOTAL STORE COUNT	**3,832**	**5,984**	**1,444**	**2,106**	**13,366**	**4,223**	**17,589**
TOTAL SUN & OTHER	**1,878**	**759**	**538**	**517**	**3,692**	**326**	**4,018**
TOTAL OPTICAL	**1,954**	**5,225**	**906**	**1,589**	**9,674**	**3,897**	**13,571**

(a) Banners with less than 200 total store count including: Ópticas Lux, Ópticas Visión, Instrumentarium, Optica2000, For Eyes, Ofotert, David Clulow, Smarteyes, Lafam, Team Vision, Solaris, LensMaster, Visilab, Brilleland, McOptic, EconoLentes, OCFYT, Econópticas, Ópticas Place Vendôme, Nissen, Robin Look, Laubman & Pank, Vision Center, Oliver Peoples, Spectacle Hut, Triangle Vision, Mat Viet, Interoptik, Kochoptik, Sunglass Island, Optica Popular, Optique Mathieu, Luxottica Korea, Molsion, Miramàs, Trendy Opticians, Clearly, Alain Mikli, MY I, John&Audrey, Spex, Ilori Optical & Optical Shop of Aspen, Persol, Keops, Nikon and Optic Master.

1.1.2 Mission and Sustainability

To help people 'see more and be more'

EssilorLuxottica's legacy is rooted in a commitment to vision care innovation and a deep understanding of the transformative power of good vision. The Group's Mission is to help people around the world 'see more and be more'. It drives its strategy and inspires its approach to sustainable development as well as its ambition to help eliminate uncorrected poor vision in a generation.

The Group's groundbreaking products correct, protect and frame the beauty of the most precious and powerful sensory organ: the eyes. By combining expertise in lens technology and eyewear manufacturing with a portfolio of brands consumers love and global distribution capabilities, EssilorLuxottica enables people everywhere to learn, work, express themselves and fulfil their potential.

A lack of awareness and access has led to a global vision crisis with severe social and economic consequences for billions of people. Beyond serving the evolving needs and changing lifestyles of the 2 billion people[3] who wear eyeglasses today, EssilorLuxottica is inventing new ways to reach the 2.7 billion people[2] who suffer from uncorrected poor vision and the 6.2 billion people[1] who do not protect their eyes from harmful rays. Moreover by 2050, over 50% of the world's population[3] is expected to suffer from myopia, a figure likely to be reinforced by multiple years of pandemic-related lifestyle changes.

As a powerful advocate for vision care, passionate campaigner for greater awareness and pioneering innovator with solutions and styles that bring ever-greater improvement, EssilorLuxottica is deeply dedicated to elevating the importance of good vision as both a basic human right and a key lever for global development. The socio-economic implications of uncorrected poor vision are profound. Without access to vision care and eyeglasses for those who need them, individuals face barriers to education and employment, perpetuating cycles of poverty and limiting potential.

Following the launch of its landmark roadmap 'Eliminating Poor Vision in a Generation', EssilorLuxottica remains committed to advocating for the fundamental 'Right to See' recognizing its crucial role in global progress. This aligns with the 2021 UN resolution, 'Vision for Everyone', which unanimously aims to achieve global accessibility by 2030. The inclusion of eyecare in UN Sustainable Development Goals (SDGs) supports the Group's own goals and sustainable actions to help eliminate poor vision in a generation. To make this ambition a reality, in 2023 EssilorLuxottica remained focused on:

Powering vision. The Group continued to make strides toward the 'Vision for Everyone' resolution and its goal to help eliminate uncorrected poor vision in a generation through its OneSight EssilorLuxottica Foundation, which unites the Group's global advocacy and philanthropic actions, and the power and commitment of EssilorLuxottica, its employees and partners. Last year, the OneSight EssilorLuxottica Foundation radically scaled up and accelerated global actions to bring vision care to everyone around the world, including people in underserved communities. Since 2013, the Group, along with its partners, has created permanent access to vision care for over 762 million people, equipping 71.8 million people in underserved regions with eyeglasses and creating rural livelihoods in vision care through 27,700 rural optical points. Critical milestones in 2023 also included the establishment of the Foundation in Latin America, uniting the Group's long-standing philanthropy and advocacy initiatives in the region. Based in Bogotá, in Colombia, the Latin American affiliate of the Foundation and its partners focus on executing vision care programs and forging high-impact alliances to serve the estimated 190 million underprivileged people across the region. Alongside the United Nations General Assembly (UNGA), the OneSight EssilorLuxottica Foundation raised awareness on the global lack of access to eyeglasses and the commitment to deliver high-quality vision care services, reinforcing how vision correction is a catalyst for social and economic development. On World Sight Day 2023, the OneSight EssilorLuxottica Foundation drew global attention to the significance of vision care. More than 270,000 beneficiaries were screened through vision clinics in 49 countries, resulting in the distribution of approximately 110,000 pairs of eyeglasses. Facilitating these efforts, on World Sight Day and throughout the year, more than 3,800 dedicated EssilorLuxottica volunteers actively contributed to the screening process by dispensing glasses and interacting with beneficiaries, ensuring a seamless and impactful vision care experience, among other contributions. Also, to elevate awareness on the importance of good vision, the Foundation continued to partner with influential ambassadors. These included Oakley athletes Diamond DeShields from Dallas Wings of the Women's National Basketball Association (WNBA); Rohit Sharma, the captain of the Indian cricket team; Kylian Mbappé, the French football superstar; Li Zhixuan, the Chinese National Marathon runner; as well as Italo Ferreira, a Brazilian surfer and Olympic gold-medalist. Their support has proven instrumental in driving the Mission forward, especially in regions where awareness on the importance of wearing glasses is low, and stigma around wearing glasses is high. In realizing EssilorLuxottica's ambition to eliminate uncorrected poor vision in a generation, the OneSight EssilorLuxottica Foundation plays a crucial role. By aligning with global goals set out by the United Nations (UN) and the World Health Organization (WHO), the Foundation contributes to creating a clearer future for millions, emphasizing the critical need for clear sight in the Group's journey toward a more equitable world.

(1) EssilorLuxottica estimates.
(2) Essilor International, *Eliminating Uncorrected Poor Vision in a Generation*. Essilor International. 2019: 15.
(3) Brien Holden Institute.

Powering style. Combining the best in advanced lens technology with beautifully crafted and branded frames turns a necessary medical device into an accessory that not only fits and functions well, but also serves as a true expression of personal style. Eyewear, worn up to 18 hours a day, is the most visible fashion accessory and has become part of our cultural fabric. From the moment frame meets face, there is a sense of authenticity, creativity and confidence that consumers have come to love. Because of the power they exert, each pair of EssilorLuxottica frames is considered a work of art, from its first sketches to final handcrafted details. Every frame illustrates the passion, skill and commitment of EssilorLuxottica's people who are dedicated to making the best eyewear possible.

Approach to Sustainable Development: Eyes on the Planet

In 2021, EssilorLuxottica launched its ambitious, forward-looking Group-wide Corporate Sustainability program, titled **Eyes on the Planet**, aimed at embracing sustainability across its entire ecosystem, including employees, suppliers, partners and customers. This program includes concrete actions that support five strategic pillars – Carbon, Circularity, World Sight, Inclusion and Ethics (see Chapter 5).

- **Eyes on Carbon:** While setting the stage to achieve carbon neutrality for its global direct activities (Scopes 1 & 2 emissions) by 2025, last year EssilorLuxottica reached its target in Europe, after meeting it in its two historic home countries, Italy and France, at the end of 2021. This achievement is thanks to its strategy of improving energy efficiency across facilities, increasing self-production and use of renewable energy through a corporate Power Purchase Agreement (PPA) for the sourcing of wind electricity in Italy, and ultimately supporting carbon reduction projects beyond its value chain, such as the protection and restoration of natural ecosystems. To reinforce its efforts to address climate change, in 2023 the Company committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi). This represents another step forward to deploy its carbon strategy by reducing the carbon footprint across its operations and along its value chain.
- **Eyes on Circularity:** EssilorLuxottica's climate commitment is deeply intertwined with its circularity goal throughout the value chain, leveraging its sustainable innovation expertise across its materials, processes, products and services. In 2023, the Group continued to work on the technical levers that support the circularity of sources, such as a continuous shift from fossil-based materials to bio-based materials, along with its ability to recycle industrial waste internally or through external partners, resulting in further enrichment of its sustainable product offering. EssilorLuxottica's approach to circularity encompasses its Direct to Consumer business as well. The Company's brick and mortar activities are becoming central in encouraging consumers to extend product life through circular services like in-store repairs, subscription models and the possibility of bringing used eyewear back to be recycled or repurposed. To advance in-store sustainability, EssilorLuxottica has embarked on an ambitious roadmap that includes major investments in its brick and mortar activities related to energy efficiency, and circularity in the use of materials and waste management as well as the implementation of a three-year plan aimed at obtaining WELL certification for 400 stores in Europe and the US.
- **Eyes on Ethics:** The Group's vertically integrated business model is key to delivering and ensuring a fair and ethical business approach wherever it operates. Reinforcing its ethics efforts, in 2023 EssilorLuxottica updated its Code of Ethics and developed a Code of Conduct for business partners to establish harmonized practices, clarify expectations and ethical principles, along with protecting human and labor rights across the entire value chain. Furthermore, EssilorLuxottica launched its internal reporting system SpeakUp where both employees and external stakeholders can report potential concerns and violations. Supply chain efficiency is a constant priority and to further enhance it, the Group integrated existing initiatives into one single EssilorLuxottica Responsible Sourcing program based on pillars like Labor and Human Rights, Health and Safety, Environment, Governance and Ethics.
- **Eyes on Inclusion:** The Company's employees are leading players and contributors to EssilorLuxottica's sustainable development and value creation efforts. EssilorLuxottica seeks to develop a collective culture that fosters learning, nurtures diversity and prioritizes safety along with a working environment that offers everybody equal opportunities based on merit, fairness and without discrimination. In 2023, many initiatives were launched through the Leonardo learning ecosystem and in different regions to promote open dialogue among employees and cultivate an inclusive work environment, with education and learning being key enablers. These efforts are complemented by a strong culture of health, safety and well-being in the workplace, and are extended to the communities where employees and their families live through a consistent welfare program.
- **Eyes on World Sight:** In 2022, the launch of the OneSight EssilorLuxottica Foundation marked a new chapter in EssilorLuxottica's journey to accelerate its Mission and bring vision care to those in need. The Company's responsibility toward vision and society also includes corporate citizenship initiatives that cover different areas, including a partnership with the United Nations Special Envoy for Road Safety to promote better vision for better road safety. To address its responsibility toward vision and society, EssilorLuxottica also continued to deploy corporate citizenship initiatives aimed at preserving cultural heritage and making art accessible to the wider public in innovative ways, from the use of its broadcasting capabilities as an 'open air' museum to creating tactile exhibits in partnership with renowned museums.

1.2 History

EssilorLuxottica

More than 170 years of excellence

- Essilor Events
- Luxottica Events

2017
EssilorLuxottica combination announced

2018
Combination completed

2020
Launch of Ray-Ban Authentic (first joint product offering)
Launch of EssilorLuxottica 360 (first joint commercial program)

2021
Acquisition of GrandVision
Launch of Ray-Ban Stories (in partnership with Meta)

2022
Launch of OneSight EssilorLuxottica Foundation
Acquisition of Giorgio Fedon & Figli S.p.A.
Acquisition of the remaining 50% interest in Shamir Optical

July 2023
Expansion into the hearing solutions market announced

September 2023
Launch of Ray-Ban | Meta (in partnership with Meta)

2019
- Acquisition of Brille24 (online)
- Acquisition of Barberini

2018
- Acquisition of Fukui Megane

2017
- Acquisition of Óticas Carol

2016
- Acquisition of VisionDirect UK, MyOptique (online) and Photosynthesis Group (sunglasses)
- Acquisition of Salmoiraghi & Viganò

2015
- Acquisition of Vision Source, PERC/IVA

2014
- Acquisition of Transitions Optical

2013
- Acquisition of Costa and Bolon
- Acquisition of Alain Mikli

2012
- Acquisition of Tecnol

2010
- Acquisition of Shamir Optical, Signet Armorlite and FGX

2008
- Acquisition of Satisloh (Equipment)

2007
- Acquisition of Oakley

2004
- Acquisition of Cole National

2003
- Acquisition of OPSM

2001
- Acquisition of Sunglass Hut

2000
- Essilor and Nikon decided to combine their R&D capabilities in creating a joint-venture
- Listing on Milan Stock Exchange

1999
- Acquisition of Ray-Ban

1998
- Acquisition of EyeMed

1995
- Acquisition of Gentex Optics (polycarbonate plastic lenses)
- Acquisition of Persol
- Acquisition of LensCrafters

1991
- Joint-venture with PPG to launch the first organic photochromic lens

1990
- Acquisition of Vogue Eyewear
- Listing on NYSE

1988
- First license agreement with Giorgio Armani

1975
- Listing on Paris Stock Exchange

1972
- Essilor, a merger of two leading names (ESSEL and SILOR)

1961
- Luxottica founded by Leonardo del Vecchio

1959
- Launch of Varilux, the first Essilor progressive lens

1954
- Launch of the first plastic lens, Orma

1849
- Creation of the Société des Lunetiers, known as SL then ESSEL

EssilorLuxottica's roots are anchored in a centuries-old history covering all aspects of the eyecare and eyewear industry: design, production, distribution and innovation. With brands such as Essilor (1849), Salmoiraghi & Viganò (1865), Persol (1917), Ray-Ban (1937), Luxottica (1961), GrandVision (1891) and now Giorgio Fedon & Figli S.p.A. (1919), EssilorLuxottica brings together extraordinary entrepreneurial stories that make it unique. This union of long-standing expertise and know-how, along with a legacy of great leadership and design, inspires the Group today and carries it into the future.

Creation of a global leader

Created in 2018, EssilorLuxottica is the culmination of two very complementary and inspiring business stories, both of which are equally rich in their success, and have revolutionized an entire industry more than once, changing the very nature of eyewear and how we care for our eyes. Where the stories overlap is in vision and values, including an entrepreneurial spirit and a shared desire to create the very best products for all consumers around the world and to do so responsibly.

Essilor and Luxottica were two companies using their individual strengths to explore the potential of eyecare and eyewear around the world; today, EssilorLuxottica combines those strengths as one fully integrated, end-to-end Group addressing the world's evolving vision needs and leading the transformation of the industry with new categories and groundbreaking products. Announced in 2019 and finalized in 2021, the acquisition of GrandVision completed the visionary project of unifying the three champions of the global eyecare and eyewear industry. With leading global optical retailer GrandVision part of EssilorLuxottica, the Group has expanded its Direct to Consumer footprint in Europe and consolidated its presence in eyecare and eyewear retail on a global scale.

A Company deeply rooted in innovation

EssilorLuxottica brings together two highly respected, innovative groups, both deeply rooted in the history of the optics industry.

Essilor was formed in 1972 from the merger of two technological and marketing pioneers, Essel and Silor. The first traces its origins to the *Association Fraternelle des Ouvriers Lunetiers* (renamed *Société des Lunetiers*, or S.L. and then ESSEL), an eyewear makers' cooperative founded in 1849 in Paris. It quickly became a key player in vision correction and started to grow internationally as early as 1868. Essel's original operating structure, which was inspired by workers' cooperatives and involved employees in corporate governance, is at the heart of a strong employee shareholding culture that is still part of EssilorLuxottica today. The second company, Silor, dates back to the 1930s when Georges Lissac founded Lissac Frères. In 1938, he created the revolutionary concept of an optical department store on Rue de Rivoli in Paris, where customers could have a free eye test. He also introduced modern promotional techniques to the world of optics. Silor, its industrial division, merged with Essel to form Essilor with the ambition of becoming the world leader in the optics industry. Its successful IPO on the Paris Stock Exchange in 1975 allowed Essilor to undertake an ambitious international expansion strategy focused on global manufacturing and distribution. The decision in the 1990s to move away from frames and focus on lenses, as well as strategic acquisitions and joint ventures in key markets and its strong commitment to R&D in technically advanced lenses, allowed the Group to gain a global leadership position.

Luxottica was founded by Leonardo Del Vecchio in 1961. It started out as a small workshop and operated throughout the 1960s as a contract producer for the optical industry. It gradually widened its range of offerings until it had an integrated manufacturing structure capable of producing a finished pair of glasses. In 1970, Luxottica's first collection of prescription eyewear was presented at the international optics trade fair in Milan (MIDO), marking its definitive transition from contract manufacturer to independent producer. In 1974, Leonardo Del Vecchio sensed the importance of selling products directly and started a vertical integration strategy with the acquisition of Scarrone S.p.A, a professional solutions distributor with important know-how of the Italian eyewear market. Luxottica's expansion in professional solutions took on international importance with the opening of a subsidiary in Germany, and continued in 1981 with the acquisition of Avant-Garde Optics Inc., one of the largest distributors at the time in the US market. With great visionary capacity, Leonardo Del Vecchio saw the potential of working with the best fashion designers and anticipated a trend by signing a license agreement with the Armani Group, marking the evolution of eyeglasses from a tool for correcting eyesight to a fashion accessory. In 1995, Luxottica was the first manufacturer to enter the optical direct to consumer business with the acquisition of LensCrafters, one of the major optical retail banners in North America.

Eyecare: pioneering lens technologies

Technological innovations have allowed the Group to distinguish itself and acquire a leadership position in advanced ophthalmic lens technologies. Looking back to the mid-20th century, two major leaps transformed the entire ophthalmic industry: the invention of the Orma plastic lens and Varilux progressive lens. These two products gave rise to a unique R&D model, placing the wearer at the heart of the experimentation process. The search for comfort and protection has since led to new products, such as the Crizal lens with anti-reflective, anti-smudge and anti-scratch properties as well as Transitions photochromic lenses. Research accelerated at the turn of the 21st century with a growing number of innovations beneficial to consumers: increasingly effective designs, such as Varilux Comfort and its latest addition Varilux XR series; UV protection, with the launch of the E-SPF index(1); blue-violet light filtering, with Crizal Prevencia lenses; and products intended for new consumer behaviors and habits, such as the new Eyezen lens line for digital device users. The latest addition to this series is the Stellest lens, designed to slow down myopia progression in children.

Strategic acquisitions also allowed the Group to broaden its scope of activities in the optics world. Brands such as Ray-Ban, Oakley and Persol carried a distinctive know-how for sun lenses. This category was developed by new state-of-the-art production facilities in Italy, the US and Greater China to increase the production capacity for both sun and ophthalmic lenses, reinforced in 2019 through the acquisition of Barberini, the world's leading optical glass lens manufacturer. With Essilor's acquisition of Satisloh, the world leader in prescription laboratory equipment, in 2008, and FGX International, the North American leader in non-prescription reading glasses, in 2010, the Group extended its scope in specific markets such as equipment for eyecare professionals and reading glasses.

Eyewear: a new frontier of fashion

With a history of more than 170 years in the creation of frames, the Group has an exceptional heritage, including some of the world's most emblematic designs and best-known fashion brands. From its beginnings in 1849, the Société des Lunetiers produced eyeglasses, pince-nez and binocles, from iron to gold and acetate to tortoiseshell. From the late 1980s, eyeglasses began to evolve into eyewear. An esthetic focus on everyday objects and designer interest in the emerging accessories market led Luxottica to embark on its first collaboration with the fashion industry in 1988 by entering into a licensing agreement with Giorgio Armani. This initial collaboration was followed by numerous others, and with the acquisition of new brands, the Group gradually began building its current world-class brand portfolio. Over the years the Group has launched collections with fashion leaders such as Chanel (1999), Prada (2003), Versace (2003), Dolce&Gabbana (2006), Burberry (2006), Ralph Lauren (2007), Tiffany & Co. (2008), Tory Burch (2009), Coach (2012), Giorgio Armani (2013), Michael Kors (2015), Brunello Cucinelli (2022), Swarovski (2022), Jimmy Choo (2023) and Moncler (2023). Following the renewal of its historic licensing agreement with Giorgio Armani for 15 years as well as the renewal and expansion of its existing partnership with Ferrari, in 2023 the Group also signed an exclusive global eyewear collaboration between Oliver Peoples and the Roger Federer brand.

In 1995, Luxottica acquired Persol and in 1999, Ray-Ban, one of the world's best-known sunglasses brands. In 2007, California-based Oakley, a leading sport and performance brand, joined the Group bringing Oliver Peoples with it. In 2013, the acquisition of Alain Mikli International, a French luxury and contemporary eyewear company that owned the Alain Mikli brand and the Starck Eyes license, strengthened both the Group's luxury brand portfolio and prescription offering. In the last few years, the Group acquired Fukui Megane Co. Ltd, a leading Japanese manufacturer that specializes in the production of luxury eyewear frames made of titanium and solid gold. The acquisitions of Costa and Bolon by Essilor in 2013 brought two other leading names in high-performance sunglasses and fashion frames to the Group.

(1) E-SPF was developed by the Group and endorsed by third-party experts. The E-SPF index relates to lens performance only and excludes direct eye exposure that depends on external factors (wearer's morphology, frame shape, wearing position).

Vertical integration: from global manufacturing to global distribution

EssilorLuxottica owes its extraordinary destiny to a well-designed global manufacturing and distribution network.

Vertical integration has been a key pillar of Luxottica's business approach from the very beginning. Having oversight on the entire production process makes it possible to verify and deliver the highest level of quality. Vertical integration of manufacturing was gradually accompanied by the expansion of distribution, starting with the wholesale channel and later on, with direct to consumer and a key presence in the high value-added lens finishing business. The wholesale expansion focused on customer differentiation, customized service and new sales channels globally. On the direct to consumer side, the Group acquired LensCrafters in 1995, followed by Sunglass Hut (2001 – North America), OPSM (2003 – Australia and New Zealand), Cole National with Pearle Vision and Target Optical (2004 – North America), GMO (2011 – Latin America), Salmoiraghi & Viganò (2016 – Italy), Óticas Carol (2017 – Brazil) and Spectacle Hut (2018 – Singapore). In 2006, the Company started to expand the LensCrafters brand in Greater China by acquiring and then rebranding local retail banners, while growing Sunglass Hut globally in high-potential markets, such as the Middle East, South Africa, India, Southeast Asia, Mexico, Brazil, Europe and Greater China.

After Essilor's successful IPO in 1975, the expansion of lens manufacturing and distribution began in 1979 with the construction of a large plastic lens manufacturing plant in the Philippines. In the 1980s, to continue growing its competitiveness, other major mass production sites were set up in Brazil and Thailand. The 1990s were focused on creating a truly global network. The Group put down roots in Greater China and India, and also acquired more independent prescription laboratories, mainly in the US and Europe, to ensure that its network reached local customers. Production was also set up in Greater China with the opening of a lens manufacturing site near Shanghai in 1998. In 2015, the Group strengthened its ties with independent eyecare professionals in the US with the acquisition of Vision Source, a network that provides services to independent optometrists, and PERC/IVA, a group purchasing organization. In 2016, the Group accelerated the development of online sales, notably through two major acquisitions in Europe (VisionDirect and MyOptique Group) and expanded in Greater China with a 50% stake in Photosynthesis Group, which markets sunglasses and corrective lenses under a range of banners, including Mujosh.

In 2021, the integration of GrandVision was a major milestone in the completion of EssilorLuxottica's strategy. With GrandVision operating a strong retail banner network in over 40 countries in EMEA and Latin America, including more than 7,200 stores, this integration helps the Group provide consumers all over the world with an unparalleled optical experience. The acquisition of a 35% minority stake of the share capital in Mazzucchelli 1849 and the acquisition of Giorgio Fedon & Figli S.p.A, respectively in 2021 and 2022, also marked a step forward in the Group's vertical integration strategy, aimed at achieving the highest-quality standards throughout the entire value chain and optimizing service for the benefit of all industry players. Furthermore, they are an important asset for EssilorLuxottica to pursue its sustainability commitment.

Smart Eyewear: a gateway into new worlds

Drawing on its heritage of exceptional craftsmanship, unwavering spirit of innovation and dedication to providing the most cutting-edge technology, over the past decade EssilorLuxottica has led the industry forward in a new way, shaping an era of products poised to revolutionize the way consumers perceive and engage with the world.

Aiming to combine its iconic, must-have eyewear with a powerful array of seamlessly built-in technology to offer consumers a stylish, avant-garde eyewear experience, EssilorLuxottica has, throughout the years, expanded its R&D, manufacturing and distribution capabilities in the wearables category, also through collaborations with leading tech companies designed to explore new frontiers for marrying technology and fashion. To bring its vision to life by delivering products that straddle the line between lifestyle and pioneering technology, in 2014 the Group announced two strategic partnerships, with Google for Glass and Intel for Oakley Radar Pace, before teaming up with Meta in 2020 to launch Ray-Ban Stories (2021) and Ray-Ban | Meta (2023).

Driving momentum for the future, in 2023 EssilorLuxottica made another bold move in the wearables and med-tech segments, announcing its expansion into the hearing solutions industry with Nuance Audio, its new disruptive proprietary technology at the intersection of sight and sound. Seamlessly pairing high-quality hearing solutions and prescription lenses with fashionable, stylish eyewear, the Group is uniquely positioned to revolutionize the hearing space, removing the stigma that has historically stood in the way of consumer adoption of traditional hearing aids. As a result, the Group will improve the lives of over one billion consumers suffering from mild to moderate hearing loss (see Section 1.3), while opening a new avenue for the industry at large. Nuance Audio will launch in 2024 in the US, with a progressive rollout in other markets across the world in 2025 and beyond.

1.3 The eyecare and eyewear industry

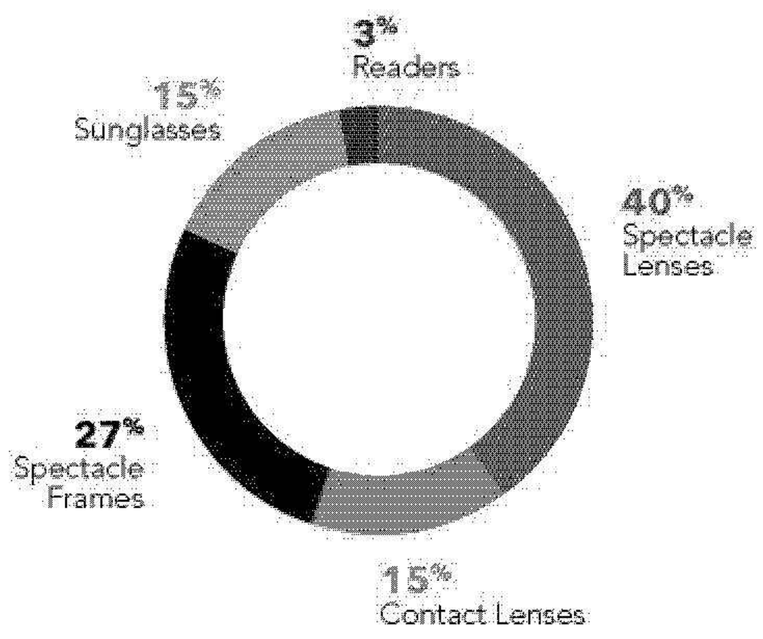
A unique and resilient industry worth around €120 billion

The global eyecare and eyewear industry is worth around €120 billion[1] (price to consumer), with an over-the-cycle low-to-mid single digit growth trend estimated for the foreseeable future.

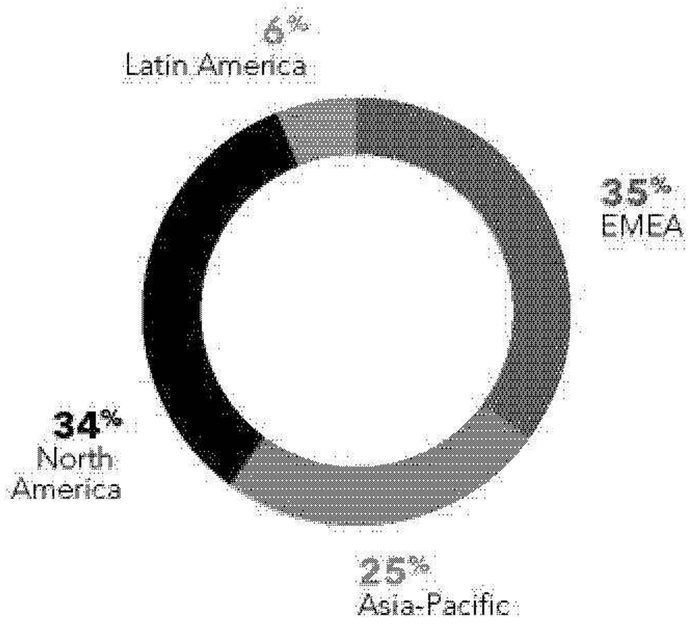
The industry comprises five segments: spectacle lenses, spectacle frames, contact lenses, sunglasses and readers.

Demand for optical products proved to be and is expected to remain structurally strong, supported by an aging population, increasing incidence of myopia and presbyopia, and growing need for eye correction due to consumers of all ages spending more time in front of digital devices.

Eyecare and eyewear industry, 2023 retail value by product category(1)



Eyecare and eyewear industry, 2023 retail value by region(1)



Top 10 countries by retail value

1. US
2. GREATER CHINA
3. FRANCE
4. GERMANY
5. JAPAN
6. UNITED KINGDOM
7. BRAZIL
8. CANADA
9. ITALY
10. INDIA

The US remains the largest national market for the eyecare and eyewear industry, whereas in EMEA, France, Germany and the UK stand out as the most relevant countries[1].

Among developing markets, Greater China is characterized by demographic factors that lead to soaring myopia rates as well as increasing disposable income, triggering a premiumization trend in eyewear.

The pandemic accelerated the pace of digitalization for the eyecare and eyewear industry, and the e-commerce channel now accounts for around 8%[1] of global industry value, with digital penetration differing significantly across product segments.

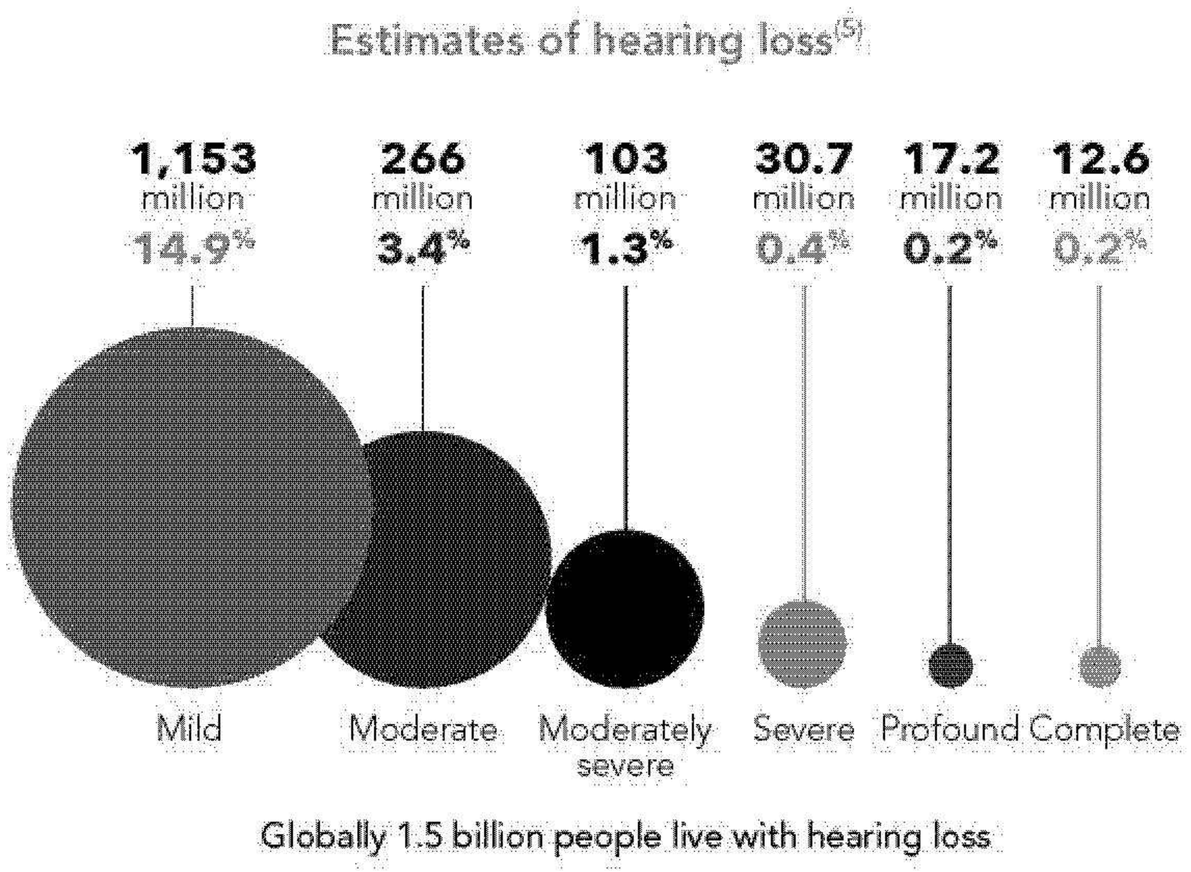
(1) Restated EssilorLuxottica and Euromonitor estimates at 2023 exchange rate.

A solid industry driven by major socio-demographic and lifestyle changes

The global eyecare and eyewear industry has grown at a steady pace over the long term, buoyed by structural demand based on a combination of several factors including:

- **Rising market demand for vision care.** Vision care needs are evolving, particularly due to the growing aging population and changing lifestyles. With an aging population, vision impairment has risen to the forefront as a public health concern with more consumers in need of ophthalmic solutions related to myopia and presbyopia expected by 2050. Myopia is predicted to reach epidemic levels with half of the world's population affected[1], or around 4.7 billion people in 2050, up from 2.8 billion people today. With the proportion of the world's population aged 45+ years expected to rise to nearly 40%[2], or around 4 billion people in 2050, up from 2.4 billion people today, the number of people affected by presbyopia is set to increase significantly. Moreover, the increased intensity of digital-screen exposure following the pandemic outbreak has created new needs for prevention and protection against harmful UV rays.
- **Growing category penetration.** Vision impairment is the world's biggest unaddressed disability with large untapped opportunities in terms of vision correction and protection. Today 2.7 billion people[3] around the world suffer from uncorrected refractive errors (URE) due to barriers to awareness and access, with 90% living in base-of-the-pyramid economies[3], and 6.2 billion people[4] who do not protect their eyes from harmful rays.
- **Increasing awareness of health-related issues.** Consumers are more conscious of the importance of eye health and, in particular, the health benefits of wearing sunglasses to help protect eyes from sun damage as well as to filter out blue light.
- **Shifting eyewear perceptions and category premiumization.** Eyewear and especially sunglasses are perceived as desirable fashion accessories that enable self-expression and enhance self-confidence. Buying eyeglasses is shifting from a purely functional purchase to a more emotional one. Factors such as increasing disposable income and better standards of living in developing markets, have created a growing appetite and demand for luxury or high-quality premium branded eyewear. Furthermore, consumers are more receptive to changing their lenses, frames and sunglasses in tune with changing fashion trends. This shift toward high-end, branded frames and innovative designs contributes to reducing the average life of a pair of glasses, and product and brand popularity often trigger consumer desire to own a range of sunglasses and eyeglasses for any occasion.

The synergies of optical and hearing care. Several trends traditionally underlying the eyecare and eyewear industry may also be observed in the hearing solutions space that EssilorLuxottica is now exploring, including the increasing prevalence of hearing impairment due to the growing aging population and changing lifestyles. In addition to industry trends, the optical and hearing care markets also bear other analogies making them two complementary businesses.



(1) Global prevalence of myopia, high myopia and temporal trends from 2000 to 2050. Brien Holden Vision Institute (BHVI).
(2) World Bank Population estimates and projections.
(3) Essilor International, *Eliminating Uncorrected Poor Vision in a Generation*. 2019: 15.
(4) EssilorLuxottica estimates.
(5) World Health Organization, *World Report on Hearing*. 2021: 40.

Examples where the two industries meet include their target consumer bases, which are often perfectly aligned in demographics, needs and aspirations, along with market penetration. Like vision care the hearing solutions market is underpenetrated for a number of reasons, including the visibility of traditional hearing aids, discomfort and price. According to the World Health Organization, globally there is an 83% service gap[1].

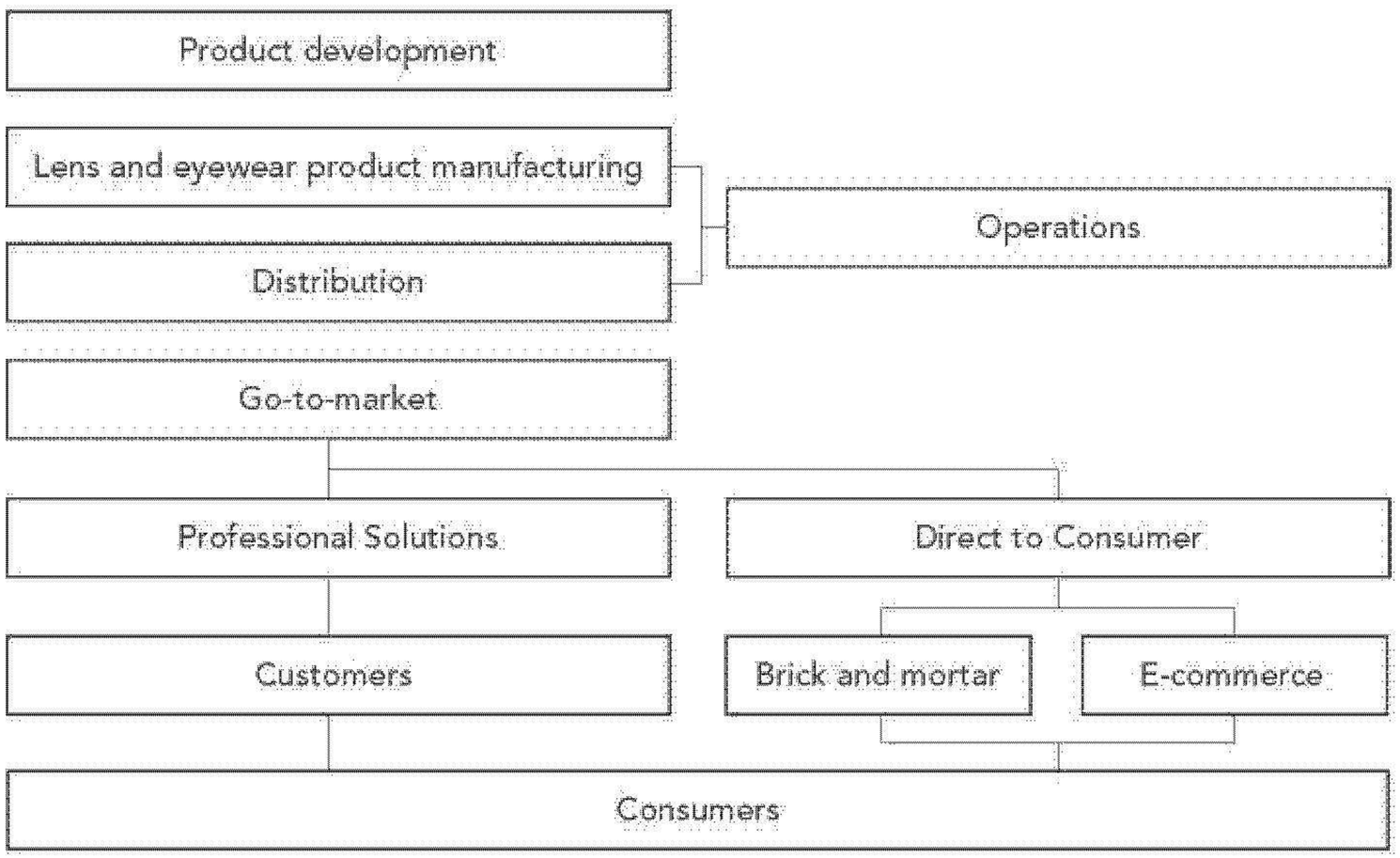
Hearing loss currently affects over 1.5 billion people, or 20% of the global population, and is predicted to reach nearly 2.5 billion people by 2050[2]. Most people currently affected (1.16 billion) suffer from mild hearing loss. However, a substantial portion, or 430 million[2] people (*i.e.*, 5.5% of the global population) experience moderate or higher levels of hearing loss which, if unaddressed, will most likely impact their daily activities or quality of life. Indeed, untreated hearing loss and subsequent reduced cognitive performance come with the risk of the onset of dementia or depression[4]. Besides the 1.16 billion people worldwide with mild hearing loss, approximately 400 million[3] live with hearing loss ranging from moderate to severe and nearly 30 million[3] suffer from profound or complete hearing loss.

1.4 Meeting global demand for eyecare and eyewear

1.4.1 Group Strategy

EssilorLuxottica leverages more than 170 years of pioneering innovation, operational excellence, entrepreneurial spirit and international mindset. The Group develops groundbreaking eyecare and eyewear solutions that meet the world's growing vision care demands and changing consumer lifestyles, while inventing new ways to reach the billions of people who suffer from uncorrected vision. It is the combination of two highly complementary and inspiring companies, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, which leveraged their individual strengths to revolutionize the industry and explore the potential of eyecare and eyewear around the world.

The Group's vertically integrated business model covers the industry's entire value chain. It is the result of a visionary choice made by the founder of Luxottica and late Chairman of EssilorLuxottica, Leonardo Del Vecchio, who understood the potential of a vertical integration strategy when he decided to make complete frames rather than just their components. Vertical integration in manufacturing was gradually accompanied by distribution, first with professional solutions, then in 1995 with physical direct to consumer and later *via* e-commerce. Finally, with the combination of Essilor and Luxottica in 2018 came the creation of a fully integrated, all-round champion in the eyewear industry combining lenses and frames under the same roof.



(1) World Health Organization, *World Report on Hearing*. 2021: 178 fig. 3.9a.
(2) World Health Organization, *Deafness and hearing loss*. 2023: World Health Organization institutional website.
(3) World Health Organization, *World Report on Hearing*. 2021: 40.
(4) John Hopkins Bloomberg School of Public Health, *Hearing Loss and Incident Dementia*, 2011.

1 Presentation of EssilorLuxottica

Meeting global demand for eyecare and eyewear

EssilorLuxottica operates an open, non-exclusive business model (network company), that creates value for all stakeholders, including customers, consumers, employees, shareholders, business partners and suppliers as well as the communities in which the Company operates. This business model is in line with the Group's core business activities, by providing centralization when required (particularly for global frame brands and retail banners) and decentralization when appropriate (for prescription lenses, which cater to multiple individual patient needs at a local level). It is built on the following strategic pillars that enhance EssilorLuxottica's competitive edge and support its determination to accelerate industry growth in the coming years.

Global footprint. The geographical footprint of EssilorLuxottica's manufacturing and logistics facilities, distribution networks and human capital is well balanced and diversified across more than 150 countries where the Company operates, shielding it from volatility in single economic areas.

World-famous brands. EssilorLuxottica has a portfolio of more than 150 renowned brands spanning various categories from frames, lenses and instruments to brick and mortar and digital distribution as well as the mid-range to premium segment. Featured among them are some of the industry's most recognized brands, whose equity is protected by strong investments to fight counterfeit products and the parallel market.

Comprehensive go-to-market. EssilorLuxottica has implemented a comprehensive multi-channel go-to-market strategy, including professional solutions, physical direct to consumer and e-commerce as well as inclusive last-mile models. Professional solution distribution remains crucial in the still highly fragmented eyecare and eyewear market, while through its direct to consumer platforms the Company offers consumers high-quality products and services while gaining valuable insights into their needs, behaviors and preferences. With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group has expanded its direct to consumer footprint in EMEA and strengthened its reach in Latin America, consolidating its presence in eyecare and eyewear retail on a global scale. EyeMed Vision Care, one of the fastest-growing managed vision care companies in the US, complements the business model in optical direct to consumer. Finally, innovative inclusive business models make last-mile distribution a reality in developing markets.

Unique innovation capabilities. A drive for excellence coupled with an innovative spirit stand at the forefront of the Group's aspirations. Living up to its responsibilities as a global leader, EssilorLuxottica is committed to lead the transformation of the industry. To make this a reality, the Group has built a powerful innovation platform that delivers pioneering technologies and a rich pipeline of bold and transformational initiatives, paving the way for an innovation process that will benefit all industry stakeholders. Supported by leading scientific, industrial and academic communities, the Company's innovation initiatives are centered on four main streams: bringing vision to new heights, powering style, making eyewear a gateway into new worlds and digitizing the industry from the ground up. The Group owns approximately 13,000 patents and produces more than 3,500 new eyewear models every year.

Powerful supply chain. EssilorLuxottica operates a vertically integrated business model directly covering every single step of the value creation process, from product development and manufacturing to end-consumer sale. Balancing speed, efficiency and proximity, the Company manages a global supply chain based on centralization for frames, and on a capillary network for lens finishing and prescription laboratories.

Mission. EssilorLuxottica responds to the world's growing vision needs with a large portfolio of innovative eyecare and eyewear products accessible to everyone, everywhere. By combining its expertise in lens technology and eyewear manufacturing, a portfolio of brands consumers love, and global distribution capabilities, EssilorLuxottica enables people everywhere to 'see more and be more'.

Sustainability. Doing good for its customers, consumers and communities while doing good for the planet is at the heart of EssilorLuxottica's integrated and forward-looking Corporate Responsibility program, titled Eyes on the Planet. The program, which outlines the Group's ambition and strategy for sustainability, includes commitments toward carbon neutrality, circularity, world sight, inclusion and ethics.

Talented people. At the very core of EssilorLuxottica are its people, who work together relentlessly to unleash the full potential of the Group and make it better every day. With over 190,000 talented and dedicated employees in 150 countries, EssilorLuxottica brings diverse perspectives, experiences, backgrounds and cultures within its community to inspire fresh insights, challenge conventional thinking and empower breakthrough innovation. This helps the Group constantly push the boundaries of what is possible, giving it a competitive edge and driving its success. In 2023, about 45% of employees were below 35 years old and 60% were women. EssilorLuxottica invests in its people by promoting, among other things, subsidized employee shareholding programs that enable an innovative style of governance and foster dialogue by involving employees in the Company's major decisions. Last year, a total of 77,500 EssilorLuxottica employees in 86 countries held a financial stake in the Group.

Fostering eyecare awareness. Leonardo is EssilorLuxottica's learning ecosystem that offers high-quality education to all players in the eyecare and eyewear industry in a community setting. It is made of a global team and a global platform available in all markets where EssilorLuxottica operates. Thanks to a blended approach, it spreads knowledge via a variety of formats, including on-demand content, live sessions, and face-to-face events earning a strong reputation as the educational point of reference across the industry. Since its launch in 2021, it has delivered more than 5.5 million hours of education, including over 50,000 live sessions with 2.3 million participants.

By putting these distinctive pillars at play, EssilorLuxottica is uniquely positioned to drive the evolution and growth of the global industry for the benefit of all its stakeholders, while making its business profitable and sustainable in the long-term.

1.4.2 Innovation and Design

Innovation, a cornerstone of the Group's strategy

Rooted in its origins, innovative thinking has been a strategic focus and decisive competitive advantage for EssilorLuxottica. The future of the industry with all its untapped opportunities is a source of inspiration that drives the Group to create, experiment, refine and implement new ideas and technologies, from breakthrough innovation in vision care and eyewear, research of new materials and product development to manufacturing, distribution and digital platforms.

Sustainability, a key driver of the Group's innovation and growth story. Honoring its deep-rooted sense of responsibility, innovation and sustainability are strongly intertwined at EssilorLuxottica. As a leading global Company with a Mission to help people around the world 'see more and be more' and in support of its Eyes on the Planet (see Chapter 5) program, the Group is focused on delivering on both its innovation and sustainability goals. To make this a reality, focus is put on reducing its product environmental footprint with thorough consideration of environmental impact along every step of the product development process and life cycle.

With eco-design being a cornerstone of the Group's innovation strategy, EssilorLuxottica places sustainability at the heart of product development. To create circular products from the very start of the innovation process, in recent years the Company has prioritized eco-design in product launches, aiming to embed it in all product development by 2025. In particular, leveraging the Sustainable Assessment Methodology (SAM) deployed in 2021 for its prescription lens R&D activities, last year the Group developed an eco-design framework focusing on both social and environmental sustainability and extended its perimeter to eyewear R&D activities. With this framework in mind, the Group is now finalizing the development of a fully comprehensive proprietary eco-design tool that assesses the impact of new products (see Chapter 5, Section 5.2.2) to offer consumers high-quality products, truly life-enhancing technologies and unique styles, with an ever-lower impact on the environment.

A consumer-focused approach to innovation

From product and design innovation to reimagining the consumer experience to establishing new far-sighted business models, EssilorLuxottica's approach to innovation focuses on understanding evolving consumer needs from initial research to product development and wearer testing. Longer life expectancy, changes in consumer lifestyles, evolving vision needs linked to major socio-demographic factors (including intensive digital-screen exposure) and heightened awareness of health-related issues all present both considerable R&D challenges and opportunities for the industry.

EssilorLuxottica's R&D activities are organized into four areas: bringing vision to new heights; powering style; making eyewear a gateway into new worlds; and digitizing the industry from the ground up. To bring its vision to life, it has built a network of thousands of forward-thinking researchers, engineers and designers committed to making the Group a laboratory for med-tech, innovation and growth.

Bringing vision to new heights. EssilorLuxottica's vision care-related R&D activities target innovations to outperform wearer needs, and create and grow categories in three fields: myopia management and advanced single vision; presbyopia and near-vision management; and light management and lens-conveyed eye protection. Innovative methodologies for testing its technologies and solutions with consumers have also been developed, including HouseLab, which makes it possible to observe wearers in real-life situations and learn from their experiences, as well as Movis Lab, designed to study wearer visual and postural behaviors with tools developed in-house. In addition, the Company has implemented a revolutionary way to digitally define, test and validate new concepts thanks to human modeling. Based on vision science knowledge, data collection from millions of wearers and advanced mathematical algorithms, the goal of this patented technology, called Avatar, is to model as thoroughly and precisely as possible what it means for an individual to wear ophthalmic lenses. To stand by its sustainability commitments, EssilorLuxottica continues to leverage its Lab of the Future initiative. It supports the Group's R&D goal to deliver breakthrough innovations and technologies by quantifying the environmental impacts of its manufacturing processes and identifying improvement strategies. With an initial focus on plastic waste, the Lab of the Future has progressively extended its scope to raw material consumption, and energy and water consumption reduction as well as raw material sourcing and chemical components.

1 Presentation of EssilorLuxottica

Meeting global demand for eyecare and eyewear

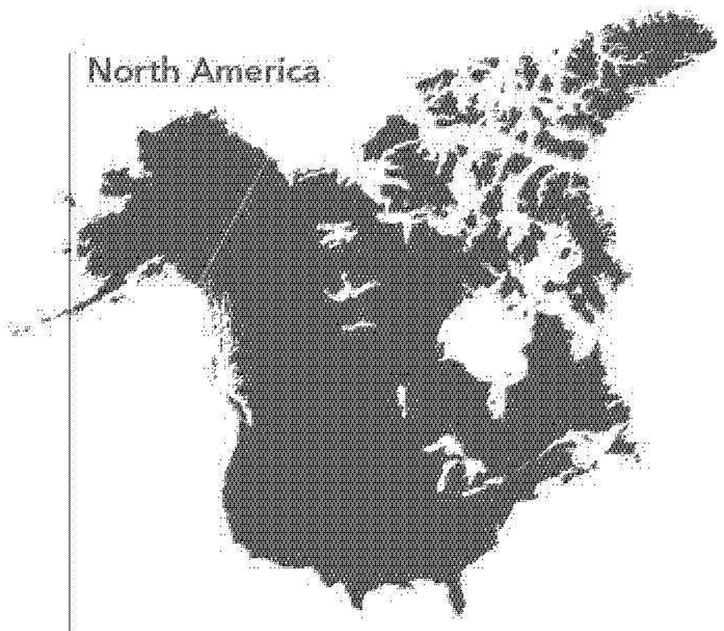
From its presence on the US West Coast to Europe and further East to Asia-Pacific, EssilorLuxottica leverages a powerful global innovation and R&D network, which includes its Centers for Innovation and Technologies (CI&T) in Europe and Asia as well as its US R&D Center and its Transitions and Shamir Optical R&D Centers. CI&T Europe is based in Créteil (France), with two satellite facilities respectively in Paris-Bastille, specializing in vision sciences and neurosciences, and Toulouse, focusing on active optics and lenses, advanced materials and nanofabrication. CI&T Asia is spread across three facilities in Singapore, Shanghai and Bangkok. At the heart of the myopia pandemic, the Center for Innovation and Technologies in Singapore was accredited as a Research Institution by the Singaporean Ministry of Health, granting a unique capability to conduct in-house clinical investigations and assess the clinical efficacy of new vision care solutions in children. Three other R&D facilities complement this footprint, including the US R&D Center, spread across Dallas (Texas) and Dudley (Massachusetts) and focusing respectively on new product development and thermoplastic substrates, film materials and technologies; the Transitions R&D Center in Tuam (Ireland) dedicated to photochromic lenses; and the Shamir Optical R&D Center in Kibbutz Shamir (Israel), specializing in lenses and technologies beyond products.

This global R&D network lets EssilorLuxottica gain a unique understanding of consumer needs and market structure in key regions; optimize its innovation capacity thanks to proximity with local engineering and operations teams; and develop strong R&D partnerships with leading industrial experts. These include HumanWare, specialized in the design and manufacture of highly intuitive and intelligent solutions for people living with vision loss or visual impairment and focusing on technology for visual impairment and blindness; Nikon, via a joint venture whose continued research activities have produced a series of innovations in materials, coatings, designs and processes applicable in the fields of myopia, presbyopia and light protection filters; and CooperCompanies through a joint venture finalized in 2021 for the acquisition of SightGlass Vision, a US-based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children.

To pave the way for innovation and develop its products, EssilorLuxottica works alongside many universities, public and private research centers, as well as innovation clusters. Ongoing partnerships span the whole range from upstream research to applied concepts and the go-to-market stage, including: a long-established research partnership with both Vision Institute and Sorbonne Université in Paris (France) including the *Silversight* eight-year research committee dedicated to vision aging and the *MyopiaMaster* research committee focusing on the neurobiological mechanisms of myopia in the retina; a research collaboration with the Inria CentraleSupélec Center for Visual Computing in Saclay (France), specializing in Artificial Intelligence algorithms for innovative digital tools for screen related-visual disorders; a collaboration with the University of Valencia (Spain) focusing on night vision refraction protocols and visual performance in night driving; a collaboration on myopia in children with two universities at the forefront of this field – Wenzhou Medical University in China and Hong Kong Polytechnic University; an academic partnership with Sankara Nethralaya, a leading tertiary eyecare research center in Chennai (India), to study the prevalence of myopia in South India; and a research collaboration with Flinders University in Adelaide (Australia) focusing on the role of light in myopia progression. Since 2008, EssilorLuxottica has also leveraged a collaboration with Polytechnique Montréal (Canada), participating in a multisectoral industrial consortium within the *Holistic Approach to Multifunctional Coatings and Surface Engineering for Sustainable Future* committee, in collaboration with the Natural Sciences and Engineering Research Council of Canada (NSERC) and Prima, an advanced materials research and innovation hub in Québec.

Furthermore, EssilorLuxottica takes part in several cooperative networks aiming to make a positive impact in healthcare, such as: European consortia funded by the European Commission, most notably EIT Health, a private-public community of about 150 best-in-class partners who combine their complementary assets and strengths to generate innovative solutions addressing some of Europe's biggest health challenges; along with Oberon, the Opto-Biomechanical Eye Research network, coordinated by University of Minho (Portugal), working to create a unique modelling platform for eye and visual optics by supporting and connecting an interdisciplinary cohort of PhD researchers across eight leading institutions.

R&D network: Bringing vision to new heights



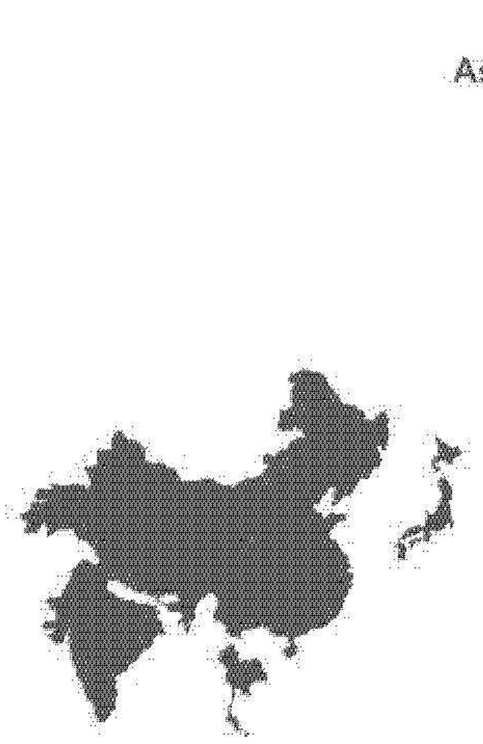
North America

- **US R&D Center**
  Dallas and Dudley
- **Joint ventures**
  HumanWare
  SightGlass Vision
- **Scientific collaborations**
  Polytechnique Montréal

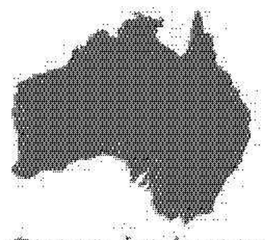


EMEA

- **Center for Innovation and Technologies Europe**
  Créteil, Paris-Bastille and Toulouse
- **Transitions R&D Center**
  Tuam
- **Shamir Optical R&D Center**
  Kibbutz Shamir
- **Scientific collaborations**
  Inria CentraleSupélec Center
  University of Valencia
  Vision Institute and Sorbonne Université[1]
- **Cooperative networks**
  EIT Health
  Oberon, Opto-Biomedical Eye Research



Asia-Pacific



- **Center for Innovation and Technologies Asia**
  Singapore, Shanghai and Bangkok
- **Joint venture**
  Nikon-Essilor
- **Scientific collaborations**
  Flinders University
  Hong Kong Polytechnic University
  Sankara Nethralaya
  Wenzhou Medical University

(1) Silversight and MyopiaMaster research committee

In 2023, the Group launched Varilux XR series, its latest generation of progressive lenses that responds to the wearer's visual behavior predicted by Artificial Intelligence based on exclusive real-life data. The five years of conception and development of Varilux XR series lenses involved the study of more than 6,500 consumers to enrich presbyopes' lifestyles and visual challenges, analysis of more than one million exclusive pieces of real-life data, and real-life wearer tests conducted by an independent institute. Special attention was also given to minimizing environmental impact, with a 19% plastic consumption reduction compared to previous Varilux X series lenses for a 6% decrease in CO_2 emissions[1]. Varilux XR series lens was recognized with a Silmo d'Or award in the vision category at the 2023 edition of Silmo in Paris.

(1) RDC Environment Life cycle analysis – 2022 vs. Varilux X series.

SHAPING NEW CATEGORIES FOR THE INDUSTRY: MYOPIA MANAGEMENT

Reaffirming its leadership in myopia management, EssilorLuxottica's commitment to tackle this rapidly growing visual impairment gained further momentum in 2023.

Essilor Stellest lenses – the culmination of 30 years of research to slow myopia progression in children – continue to show strong efficacy in slowing down myopia progression and axial elongation in children thanks to their Highly Aspherical Lenslet Target (H.A.L.T.) technology, as successfully confirmed by the four-year clinical follow-up study conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, China. Released last April at the 2023 Annual Meeting of the Association for Research in Vision and Ophthalmology (ARVO) in New Orleans (US), its results demonstrated conclusive evidence, saving more than one and a quarter diopters of myopia over four years[1]. This follows the three-year clinical follow-up study findings released in 2022 that showed strong efficacy of the lens in slowing down myopia progression in children over three years[2]. Previously the two-year 'myopia control with spectacle lenses with aspherical lenslets' clinical trial made public in 2021, demonstrated that Essilor Stellest lenses slow down myopia progression by 67% on average, compared to single vision lenses, when worn at least 12 hours a day[3]. After making their debut in Greater China in 2020 and following their successful launch in Singapore, Europe and Canada two years ago, Stellest lenses were rolled out in other markets in 2022 and 2023, and are now available in more than 35 countries globally. Last year, the Group was particularly active in participating in major medical congresses and sharing the latest findings of Essilor Stellest lenses on several occasions, including WSPOS subspecialty day; the O=MEGA23/4th World Congress of Optometry in Melbourne (Australia); and the Global Orthokeratology and Myopia Control Conference in Singapore. The Group also participated in the European Society of Cataract and Refractive Surgeons (ESCRS) iNovation Day 2023 and the Ophthalmology Futures Forums 2023 in Vienna (Austria) to raise awareness and share scientific knowledge and insights on myopia management in children.

To improve vision care access and expand the myopia management category, in 2021 the Group finalized a joint venture with CooperCompanies for the acquisition of SightGlass Vision, a US-based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children. This collaboration accelerated the commercialization of SightGlass Vision's Diffusion Optics Technology (D.O.T.) in several countries, including the Netherlands and Greater China under the brands Nikon and Kodak, as well as with commercial pilots currently ongoing in selected markets. Creating a comprehensive vision care system, in 2023 EssilorLuxottica rolled out a new Expert Myopia Care solution empowering eyecare professionals at all levels to grow their expertise and better detect, monitor and manage myopia. Connected to a wide range of instruments, it collects key data and features a patient-friendly interface to explain clinical results in a meaningful way. Finally, the Group has also expanded its portfolio of eyewear for kids and teens, with more than 10 brands offering models for younger generations and providing constant innovation for designs and functionalities.

In Greater China, which is the leading myopia management market in the world, the Company is ideally positioned with a full set of total solutions for myopia management, distributing lenses, contact lenses and frames, as well as shaping the market with its educational platform and measuring instruments. This serves as a base for building up the category in other key markets, including Asia, EMEA, Latin America and Canada where myopia management is gaining momentum.

To make this vision come full circle, the Group also prioritizes medical and professional affairs by: providing ECPs with the latest evidence-based scientific, medical and clinical product knowledge and education; building strong partnerships with external experts, professional organizations and associations; disseminating and sharing scientific and clinical expertise at key professional congresses and events; developing evidence-based scientific and medical communications for key stakeholders; and conducting Phase 4 studies to collect real-world evidence and novel data relevant to clinicians. With a focus on advancing myopia awareness and knowledge, sharing expertise and guiding discussions on a global scale, the Group continues to strengthen its partnerships with key international organizations and professional associations, including Review of Myopia Management, the International Myopia Institute (IMI), Global Myopia Awareness Coalition, Myopia Profile and the World Society of Paediatric Ophthalmology and Strabismus (WSPOS). Last year, EssilorLuxottica was a gold-level supporter of the WSPOS independent medical education program on myopia management; a platinum sponsor of the IMI, a consensus body of global myopia experts, and co-sponsor of its white papers on myopia; and a key sponsor of the first-ever global Myopia Action Month championed by Myopia Profile in 2023, a collective effort to combat childhood myopia by taking immediate action.

(1) Drobe B., Xue L., Huang Y., Lim E. W., Bao J. *Spectacle Lenses with Highly Aspherical Lenslets for Myopia Control: Four-Year Clinical Trial Results*. Invest. Ophthalmol. Vis. Sci. 2023; 64(8):4162.

(2) Li X, et al. *Myopia Control Efficacy of Spectacle Lenses with Aspherical Lenslets: Results of a Three-Year Follow-up Study*. Am J Ophthalmol. 2023; 253:160-168.

(3) Compared to single vision lenses, when worn by children at least 12 hours per day every day. Bao J., Huang Y., Li X., Yang A., Zhou F., Wu J., Wang C., Li Y., Lim E.W., Spiegel D.P., Drobe B., Chen H., 2022. *Spectacle Lenses with Aspherical Lenslets for Myopia Control vs Single-Vision Spectacle Lenses: A Randomized Clinical Trial*. JAMA Ophthalmol. 140(5), 472–478.

Powering style. Innovation in fashion accessories requires a delicate balance between staying on trend and anticipating future shifts in consumer preferences. At EssilorLuxottica, consumer management insights (CMI) are a strategic tool for forecasting that allows the Group's R&D teams to proactively adapt color, material and finishing (CMF) choices to meet evolving tastes and lifestyles. Insights gained from market research enable the Company's fashion accessory innovators to incorporate cutting-edge features into eyewear products without compromising on style. With consumers increasingly seeking personalized and unique styles, understanding individual preferences becomes crucial. Therefore, the ability to collect and analyze data on consumer behavior empowers the Group to offer customizable options, elevating the consumer experience and fostering brand loyalty. In this sense, CMI form the bedrock of strategic decision-making in the Group's innovation process for fashion accessories. From color palettes to material selection and finishing details, aligning with consumer preferences ensures that products are not only esthetically appealing but also resonate with the values and expectations of the target audience, ultimately driving success in the competitive fashion landscape.

EssilorLuxottica's analog eyewear-related R&D activities cover three main segments: frame design and technologies; eyeglass cases and accessories; and plano solutions for sun protection.

- **Frame design and technologies.** Every new collection and frame are the result of an ongoing R&D process that anticipates and interprets the needs, desires and aspirations of consumers, while embracing a commitment to sustainability and eco-conscious design in line with the Group-wide Eyes on the Planet sustainability program (see Chapter 5). To help people around the world 'be more', the Company's designers and engineers are constantly exploring new possibilities to expand the boundaries of the eyewear world, creating models where stylistic innovation is harmoniously combined with cutting-edge technologies and new materials to redefine styles and functionalities. Studying other sectors – from fashion and jewelry to design and sport performance – inspires ideas that can be applied to eyewear. This process has become even more valuable as sun and prescription eyewear are increasingly perceived as desirable, fashionable accessories. Emphasis on product design and the continuous development of new styles are key to the Group's success. In 2023, EssilorLuxottica added over 3,500 new models to its eyewear collections.

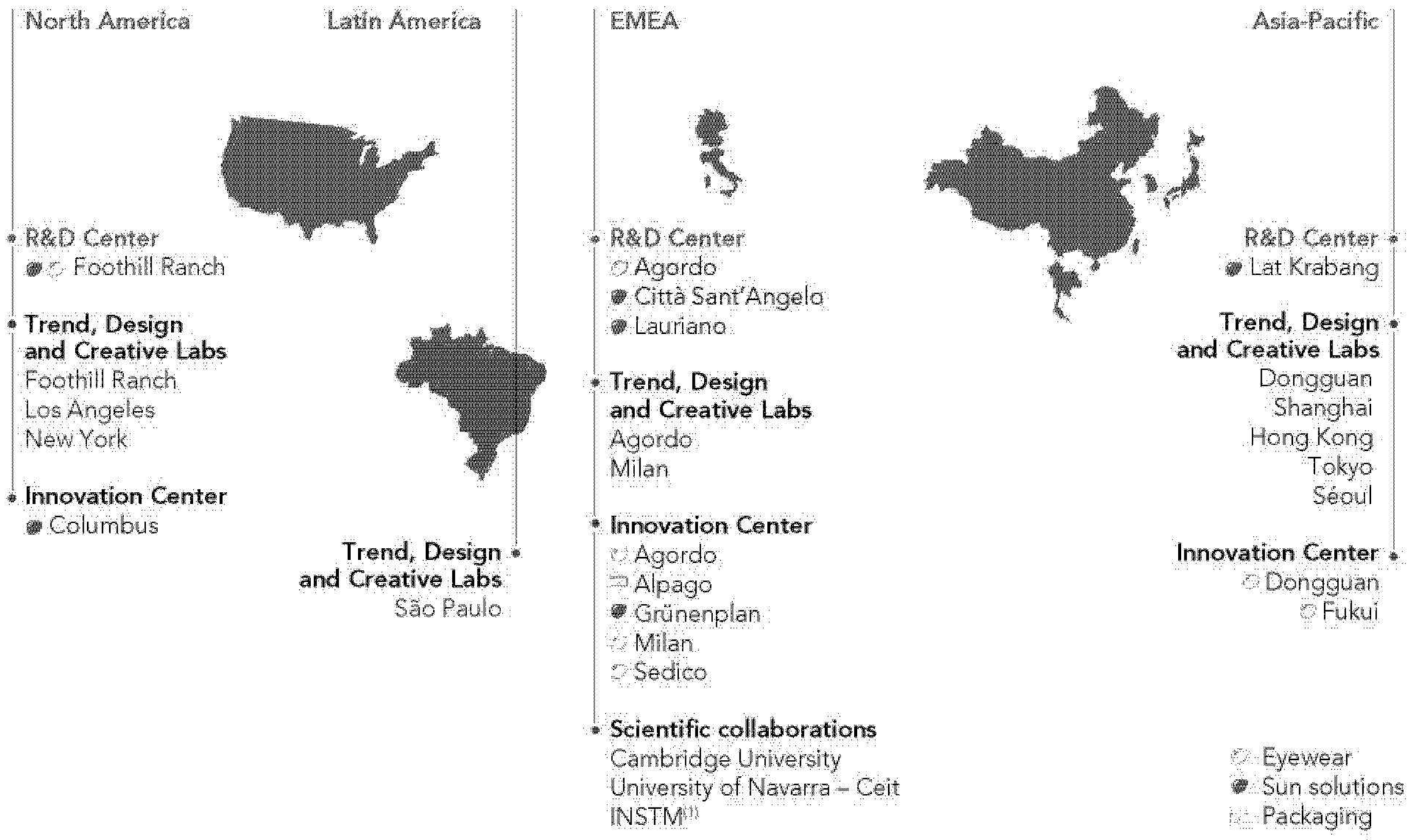
EssilorLuxottica has an innovation model that combines the most advanced technologies available on the market with highly skilled teams to create a robust innovation pipeline that can be directly transferred to the product. Leveraging innovative technologies including metal and plastic 3D printing, metal micro-hammering and advanced lasering techniques, the Company reaches precision and finishing levels comparable to that of jewelry, representing a strong competitive advantage for EssilorLuxottica. In total, the Group leverages two R&D Centers in North America (Foothill Ranch, California) and Europe (Agordo, Italy), five Innovation Centers in Europe (Agordo, Milan and Sedico, Italy) and Asia-Pacific (Dongguan, Greater China; and Fukui, Japan) as well as 11 Trend, Design and Creative Labs in different regions. The R&D facilities in Foothill Ranch and Agordo focus respectively on sport performance technologies and lifestyle and luxury, while the Innovation Centers mainly focus on materials science and engineering. For example, the Innovation Centers in Agordo and Sedico develop R&D activities on polymers and metal alloys, while the Innovation Center in Fukui specializes in titanium and solid gold. In addition, the Innovation Centers in both Agordo and Dongguan also focus on integrating the application of robotics, automation, computing and big data into its manufacturing processes. With a focus on quality product development, the Group also establishes international collaborations with respected, well-known universities, including Cambridge University, University of Navarra through its Ceit | Advanced Technologies for Industry Research Center, and the Interuniversity National Consortium of Materials Science and Technology (INSTM) drawing on the expertise of 52 universities. Scientific excellence generated from these partnerships helps influence the creation of new products, materials and technologies, opening up new opportunities to constantly expand the consumer experience. Highlights include working with: Cambridge University on designing new polymer compounds with unique material properties to increase the performance and value of the Group's products; University of Navarra on applied research and technological development; and the Interuniversity National Consortium of Materials Science and Technology on advanced materials and technologies.

In 2023, the Group continued to enrich its innovation pipeline and reaffirm its leadership in the field of eyewear with state-of-the-art collections. Building on Swarovski's luxury credentials, the Lucent eyewear collection featured sophisticated, sparkling designs celebrating the brand's jewelry tradition and craftsmanship, appealing to crystal enthusiasts poised to take pleasure in brightening up their personal style. Last year, the Oakley gaming-inspired collection was also enriched with new models, such as Helux: hardwired for passionate gamers, it featured bold frames made of O Matter material combined with ultra-thin and headset-compatible temples for an elevated gaming experience. Committed to reducing its impact on the planet and in line with consumers' growing demand for eco-conscious eyewear, the Company strengthens responsible materials sourcing for both its house and licensed brands' eyewear collections. Last year Ray-Ban extended its offering with bio-based materials such as bio-acetate for frames and bio-nylon for lenses. Also, Arnette leveraged internal recycling processes for injected nylon to create frames featuring 95% recycled plastic. This paradigm shift toward bio-based and recycled materials is now becoming the new standard for the Group, with new brands joining its portfolio embracing it by default in their collections.

- **Eyeglass cases and accessories.** The recent acquisition of Giorgio Fedon & Figli S.p.A., a leading company in the production and distribution of spectacle cases as well as luxury, handcrafted and customized eyewear accessories, represented a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards along its entire value chain and optimizing service for the benefit of industry players. It also represented an important asset for the Group to pursue its sustainability commitment. For instance, it allowed the Company to invest in the recyclability and circularity of its packaging materials, with the progressive elimination or conversion of single-use plastic elements and alternative material explorations, proving that EssilorLuxottica's vertically integrated business model is a major sustainability accelerator.

Following the acquisition, the Group established a dedicated team of designers and researchers working at its Innovation Center in Alpago (Italy), where research activities in eco-design, innovative manufacturing technologies, new concept engineering and feature integration are carried out to offer all industry players and consumers accessories synonymous with exclusivity, refined elegance, environmental attention and best user experience. Last year, over 3,000 new accessories and cases were developed.

R&D network: Powering style



(1) Interuniversity National Consortium of Materials Science and Technology.

- **Plano solutions for sun protection.** With more than four decades of experience and research in the field of sun lenses, EssilorLuxottica reinvents the magic of the sun with cutting-edge solutions focused on fashion, style trends, high-end quality and technological innovation to offer consumers an unrivalled sun experience. Committed to expanding visual experiences for its consumers, the Group leverages a research network across North America, Europe and Asia-Pacific, with four R&D Centers in the US (Foothill Ranch, California), Italy (Lauriano and Città Sant'Angelo) and Thailand (Lat Krabang), as well as two Innovation Centers based in the US (Columbus, Ohio) and Germany (Grünenplan). The R&D Center in Foothill Ranch conducts research activities for plastic sun solution technologies related to sport performance eyewear. The R&D Centers in Lauriano and Città Sant'Angelo specialize in sun lens technologies for luxury and lifestyle eyewear, with a particular focus on plastic lenses for the R&D Center in Lauriano and mineral lenses for the R&D Center in Città Sant'Angelo. The three of them also run research activities on the exclusive Prizm CE (contrast enhancing) lens dye filter technology designed for sport, military and prescription applications. The Innovation Centers in Columbus and Grünenplan complement this network, respectively specializing in organic dyes chemistry for vision science, and colors development and light management features for mineral lenses. Lastly, the R&D Center in Lat Krabang specializes in advanced technology for casting optical materials.

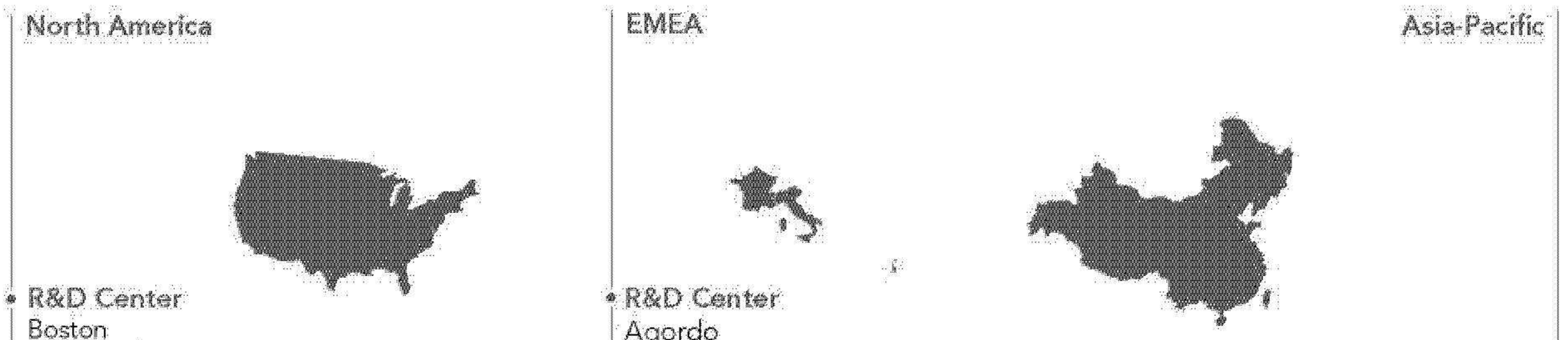
From first freeform visors to goggles and eyewear, for decades the Group has been expanding its sun lens portfolio, constantly creating and delivering groundbreaking sun solutions that offer enhanced performance, style and designs. Today, it continues to bring innovation and disruption to every category, including: goggles, through a dedicated development workstream investigating laminated films; industrial design concepts for freeform shapes, with optical design research for off-axis optical correction; and sunglasses, with a focus on innovative esthetics effects and decorative shapes thanks to the introduction of specific coloring techniques and technologies, such as plasma treatments.

Leveraging the full strength of its global eyewear and vision care R&D teams, in 2023 EssilorLuxottica unveiled Ray-Ban Reverse, marking one of the biggest innovations for the brand. A feat of advanced engineering, the Reverse collection features a sun lens shifting from traditional convex to concave without sacrificing on optical precision and resulting in a disruptive design signature that optimizes its refractive, astigmatic, prismatic and resolving powers. In line with the Group's paradigm shift toward bio-based and recycled materials now becoming the new standard for its eyewear collections, Reverse features bio-based nylon lenses with 41% bio-based carbon content and bio-based acetate frames boasting 67% bio-based carbon content. Building on the sporty attitude of Prada Linea Rossa, last year the Group also added new models to its Impavid collection which includes ultra-modern wraparound active sunglasses featuring a single lens with clean, functional cuts serving as an innovative lateral ventilation system to blend contemporary, with high performance. Last but not least, leveraging Barberini technologies, new Ray-Ban Gradient Chromance mineral glass lenses have also been developed, modulating light for sharper and more vivid colors.

Making eyewear a gateway into new worlds. Combining decades of superior craftsmanship, a dedicated spirit of innovation and a commitment to delivering only cutting-edge technology, EssilorLuxottica continues to pave the way for a new generation of products destined to change the way consumers look and experience the world around them. Throughout its smart eyewear journey, started more than 10 years ago, the Group has developed its R&D, manufacturing, and distribution capabilities in the field through strategic partnerships and product releases. Driving momentum for the future, in 2023 it accelerated its vision to make eyewear a gateway into a world of new possibilities, with truly wearable and life-enhancing technologies that address evolving consumer needs and fully capture the potential of the fast-growing wearables segments.

Building this nascent category from the ground up, EssilorLuxottica is redefining expectations for smart eyewear, offering consumers the fashion-forward style of its iconic, must-have eyewear with a powerful universe of technology seamlessly built-in, yet guaranteeing the best of vision correction and protection. Building on this vision, the Company is focusing on three main use cases for the future of smart eyewear and wearable devices: health and wellbeing, opening up new avenues for the industry at large; social and entertainment, offering consumers a new way to fully enjoy and share their most authentic moments; and performance, empowering user performance in several fields including sport and professional contexts. To pursue its vision and bring physical and digital worlds closer together, the Group continues to invest in technologies such as e-filters, e-focus, e-chromic, lens display, eye-tracking, waveguide and optical integration. It leverages a robust global network with seven R&D facilities in North America (Los Angeles and Boston, US) and Europe (Agordo and Milan, Italy; Créteil and Toulouse, France; Tel Aviv, Israel) and two Prototyping and Industrialization facilities across Europe (Dijon, France) and Asia-Pacific (Dongguan, Greater China). The R&D Centers in the US and Israel specialize in audio technologies, while the R&D Centers in France and Italy focus respectively on smart lens and smart frame technologies, with the two Prototyping and Industrialization facilities in France and Greater China serving as development platforms. To reinforce its expertise in smart eyewear and wearable technologies, EssilorLuxottica has built strong bonds with leading academic institutions and public organizations, including the Stanford Center for Image Systems Engineering (SCIEN) in the US, which develops imaging systems for the enhancement of human communication; Huddersfield University in the UK, which develops new chemicals for active smart functions in lenses; the European Photonics Industry Consortium (EPIC) in Paris, France, working in the field of photonics; and the French National Center for Scientific Research (Centre national de la recherche scientifique, CNRS) – Laboratory for Analysis and Architecture of Systems (LAAS) through OPALE, a joint research laboratory based in Toulouse, France, focusing on lenses and eyeglasses with active and connected functions. Involving investment worth 50 million euros and over 100 researchers and scientists, in 2022 the Group also established its Smart Eyewear Lab in partnership with Politecnico of Milan. It hosts industrial research and experimental development of devices underlying a new generation of wearables capable of combining the benefits of vision correction with enhanced user experience in augmented and extended reality. To make this happen, it focuses on the analysis, development and integration of electronic and photonic components as well as algorithms to acquire, process and offer real-world information to wearers via augmented and extended reality. To strengthen its expertise in this field, last year the Group also joined the AR Alliance, an ecosystem of leading firms in the global digital and electronics landscape collaborating to accelerate the development of augmented reality eyewear applications and processes.

R&D network: Making eyewear a gateway into new worlds



(1) National Centre for Scientific Research – Laboratory for Analysis and Architecture of Systems

In 2023, leveraging the strength of its R&D teams across the world EssilorLuxottica continued to develop its transformational approach with truly wearable, life-enhancing initiatives and entirely new segments and categories meant to change the way consumers sense the world around them. Following the successful launch of Ray-Ban Stories, last year the Group renewed its collaboration with Meta to launch Ray-Ban | Meta, the next generation of smart glasses, opening up a new level of authenticity and relatability in content being created and shared. Ray-Ban | Meta is the first-ever eyewear with live streaming function and Meta Artificial Intelligence built-in, an ultrawide 12 MP camera, discreet open-ear speakers for a complete audio experience and five built-in microphones to support seamless switching between music and calls while still allowing wearers to stay attuned with the world around them. Last year, EssilorLuxottica also continued to make bold moves in the med-tech space announcing its expansion into the hearing solutions market with a new disruptive technology at the intersection of sight and sound. Supported by proprietary hardware and software and enabled by its 100% acquisition of Israeli startup Nuance Hearing, the Group is also finalizing its first product to seamlessly pair high-quality hearing technology and fashionable prescription glasses, aiming to remove the stigma of traditional hearing solutions and replace it with comfort and style.

Digitizing the industry from the ground up. The Group is tirelessly committed to operational excellence, tapping into new technologies and digital tools to enhance internal processes and consumer-facing solutions. As a vertically integrated player, the Company continues to heavily invest in going digital from the ground up and develop the way it operates in the industry, also integrating the power of Artificial Intelligence and Machine Learning along its value chain, from design and engineering to in-store and online experience. Serving as a strategic growth driver, AI technologies are at the core of the Group's processes. In consumer management insights, algorithms are able to leverage big data and Machine Learning technologies to sophisticatedly predict product demand and exceed consumer expectations. In product innovation, they contribute to analyzing visual behaviors and translating them into modeling to optimize optical design. In process engineering, AI-powered prototyping tools predict the results of production process implementation to reduce testing cycles and improve processes and productivity, while in eyewear manufacturing, AI algorithms contribute to ensuring product quality down to the smallest detail. Finally, in marketing activities, Generative AI brings a new world of creative and tailored digital communications to life.

EssilorLuxottica's data scientist community also pays great attention to reinventing the consumer experience. From online interactions to teleoptometry and in-store experiences, the Group's digital transformation has changed the way it connects with millions of consumers and patients around the world. It allows EssilorLuxottica to propose digital opportunities and services that support the entire eyecare and eyewear sector, paving the way for a process of innovation that will benefit all industry stakeholders.

Harnessing the power of Artificial Intelligence, bold moves have recently been made in the visual health dimension with the development of proprietary AI-powered pre-diagnostic components designed to unlock early disease detection and customized treatment recommendations, along with Apps leveraging Machine Learning for fast, accurate and autonomous pupillary distance measurements. Sensing the tremendous innovation potential of further integrating AI into its digital infrastructure to offer consumers superior service, the Group has also introduced innovative in-store and online sales tools, including Face Scanner and Frame Advisor along with real-time Virtual Try-On. Benefiting from algorithms derived from AI applied to data, genuine and personalized recommendations are made for the best eyewear fit based on key facial features and personal preferences. In 2023, the Virtual Try-On experience further evolved with the introduction of innovative functionalities. These include the Transitions Lens Virtual Try-On option, designed to allow users to experiment and play with photochromic lenses in different colors across the full range of activation tints; the Frame Removal tool that digitally removes eyewear worn by users in real time and replaces it with a 3D frame; and the Photo-From-Gallery Virtual Try-On for users to choose the best gift for their loved ones. To bring these technologies to life, the Group leverages specialized expertise from its centralized Render Factory, offering consumers the opportunity to discover eyewear from different angles as well as intricate design elements, materials and craftsmanship, thanks to 3D real-time renderings. Setting the tone for the future, in 2023 EssilorLuxottica took another important step in the digitization of the eyecare industry with the launch of HELIX, a new division of the Group that will provide a modern and holistic technology focused on serving all ECP digital needs in one data-driven, interconnected platform. From booking and ordering to teleoptometry and Managed Vision Care, HELIX will help them improve efficiency in their practices. The HELIX open model will bring the optical industry to new heights, combining medical expertise, AI-driven technologies and consumer experience to deliver access to comprehensive and medically informed high-quality eyecare worldwide.

A long-standing pioneer in leading the transformation of the industry, EssilorLuxottica was the first to implement large-scale digital window technology in the optical industry, making the consumer experience more engaging and richer in content. In a short time, the Group has become one of the largest private digital broadcasters globally, with approximately 21,000 digital windows installed in its own stores and customer optical practices all over the world. The management of real-time visual communication is centralized in the internal Digital Factory in Milan (Italy), to guarantee flexibility, speed of execution and distribution of content (by location, country, and timing) as well as proximity to the needs of customers and consumers.

Intellectual Property

At the end of 2023, the Group, including all of its subsidiaries, held:

- **2,483** patent families, each representing an invention protected in several countries around the world (**12,985** patents, pending or granted);
- **2,227** designs;
- **4,616** trademark families, each representing a trademark protected in several countries around the world (**22,816** trademarks pending or registered).

During 2023, the Group applied for **193** new patent families, **45** new design families and **166** new trademark families.

Protecting intellectual property and consumers. With about 13,000 patents owned, intellectual property is one of EssilorLuxottica's most important assets, and ensures the excellence, uniqueness, and superiority of its products. The Group's approach to innovation is supported and strengthened by proactive intellectual property management, both upstream to drive innovation, and downstream to enhance the protection of patents, trademarks, designs and copyrights while combating online and offline counterfeiting.

To minimize consumer exposure to fake products, EssilorLuxottica collaborates with local institutions and authorities around the world, to intercept counterfeit eyewear products and combat the entire illegal production chain as best permitted by law. The Group also monitors websites, online marketplaces, social media and mobile applications. In 2023, both online and offline initiatives to protect EssilorLuxottica's proprietary eyewear brands led to the seizure of 9.5 million units of counterfeit products. Last year, the Group also closed more than 2,000 domains, took down 127,400 profiles and posts on social media, and removed 512,300 marketplace listings selling counterfeit products. Moreover, as a result of its dedicated program to attack counterfeiting and other intellectual property violations, EssilorLuxottica recovered over US$ 3.8 million in damages and settlements from those who infringed its intellectual property rights.

For greater effectiveness battling counterfeiting and the expansion of parallel markets that divert goods into unauthorized sales channels, the Group developed GLOW (Guaranteed Luxottica Origin Worldwide). GLOW is a traceability system based on RFID technology that verifies the authenticity of eyewear products and the suitability of resellers through a sensor (RFID Tag) embedded in the frame, with the device containing key information to precisely identify each pair of glasses, from production to sales destination. The technology is passive and safe for health, as it emits no radio waves and does not record personal data.

To maximize brand protection efforts, EssilorLuxottica has adopted a Minimum Advertised Price (M.A.P.) policy. Applicable in the US and Canada only, it prohibits all advertising or marketing activities that may damage the brand equity of the Group's eyewear brands without affecting the price at which the products are sold. In 2022, the Group also developed a process for the protection of special projects that allows rigorous surveillance of IP Protection, Asset Protection and Info Security elements with the aim to avoid idea leakage before the products launch.

1.4.3 Operations

EssilorLuxottica delivers on its Mission through a vertically integrated business model covering every single step of the value creation process, with a strong focus on manufacturing excellence, service and a geographically diversified footprint. This offers uncompromised quality and greater efficiency, flexibility and speed in product design, engineering, manufacturing, supply chain and logistics.

The Company oversees every aspect of both its lens and frame businesses, from production plants to prescription labs through to retail eyecare locations. It has an unrivalled ability to provide centralization for eyewear manufacturing and a decentralized approach for prescription lens production, simultaneously managing flows of stock lenses (finished lenses completed in the Group's production plants) and custom prescription lenses (semi-finished lenses produced in plants and sent to prescription labs for surfacing and coatings). Direct oversight of the entire production platform makes it possible for the Company to verify the quality of products and processes, introduce innovations and identify synergies and new operating methods, as well as optimize service, quality and costs. Finally, direct distribution enables EssilorLuxottica to offer its products in major mature and emerging markets, and achieve a unique understanding of consumer needs and tastes both globally and locally. This capability is viewed as a strength by fashion houses that seek out the Group to produce their eyewear collections and access its widespread global distribution network.

Leading the way in sustainable manufacturing with Eyes on the Planet. Placing great emphasis on sustainability initiatives across its entire operations network, EssilorLuxottica focuses on reducing and neutralizing the carbon footprint of its direct operations (Scopes 1 & 2 emissions). To improve energy efficiency while reducing both resource input and waste generation, EssilorLuxottica invests in new process designs, guaranteeing a frequent update of equipment and technologies. For example, last year the introduction of high efficiency industrial electric motors in major lens mass production plants allowed the Company to continuously reduce its annual energy consumption (see Chapter 5, Section 5.2.1). Also, to significantly reduce its reliance on fossil fuels and consequently reduce greenhouse gas emissions, the Group has progressively increased its use of self-generated clean energy, investing in photovoltaic panels and biomass heating and cooling systems. For example, in 2023 new solar panels were installed in Italy and Portugal. As well, thanks to these initiatives, EssilorLuxottica reached carbon neutrality in its direct operations in Europe in 2023 (Scopes 1 & 2 emissions), following goals reached in 2021 in Italy and France, its two historic home countries, and is now on track to achieve carbon neutrality worldwide by 2025. In addition, the Company's commitment to the Science-Based Targets initiative (SBTi) represents another step forward in its long-term goal to address climate change by reducing the carbon footprint in its operations and value chain (see Chapter 5, Section 5.2.1).

Enhancing the Group's manufacturing capabilities across the world. Bringing together its vision of frames and lenses under the same roof, EssilorLuxottica has been demonstrating the power of vertical integration to pioneer the next generation of eyecare and eyewear offerings for the benefit of customers and consumers. Last year, the Company continued to expand its wide-reaching manufacturing footprint in several parts of the world, with the opening of state-of-the-art facilities in Rayong (Thailand) and Tijuana (Mexico), plus increasing the manufacturing capacity of its Chihuahua (Mexico) plant. The goal is to better address growing global vision care needs through an increasingly integrated, diversified and geographically balanced footprint. The plant in Rayong, one of the Group's largest globally, combines end-to-end manufacturing capabilities at a single campus for the production of ophthalmic lenses, prescription frames and sunglasses, plus the assembly of complete pairs. In Mexico, the facility in Tijuana includes both optical operations and a distribution center. It is expected to produce over 20 million optical lenses per year and ship up to 25 million frames per year. In Chihuahua, where a plant was first established in 1985, a new mass production smart factory has been developed, producing semi-finished ultra-high index lenses for prescription lens laboratories. In 2023, the Group also laid the groundwork for its Excellence Laboratory in Greater Paris (France), to better meet the needs of a constantly changing market.

Last year, EssilorLuxottica also continued to work on enhancing its operational excellence to deliver superior quality products that raise the standard across the industry by strengthening its existing capabilities across the world. In Italy, it invested in its 'Made in Italy' manufacturing by expanding its historic plant in Agordo, and increasing its production of Barberini lenses. In Japan, it continued to highlight the importance of its 'Made in Japan' manufacturing in the Fukui eyewear district by further investing in Fukui Megane, a unique manufacturing capability embodying the excellence and quality of an eyewear tradition renowned throughout the world for its high craftsmanship, design and fine materials.

1.4.3.1 Creating innovative eyecare

EssilorLuxottica designs, manufactures and customizes corrective and plano lenses adapted to each person's unique vision requirements and preferences. With an extensive range of lenses, the Group delivers innovative solutions that help address and correct visual health issues, such as myopia, hyperopia, astigmatism and presbyopia. Its lens technologies are respected worldwide for improving vision, preserving and protecting eyesight, and offering a comfortable wearing experience.

The Group serves every segment of the ophthalmic lens market with globally recognized brands: the most renowned being Varilux with its progressive lens range; Crizal with its range of antireflective, anti-smudge and antistatic lenses; Transitions with its photochromic lenses; Eyezen with its line of lenses for digital device users; Stellest, a new generation of spectacle lens solutions for slowing down myopia progression in children; and Kodak with its corrective lens brand used under a perpetual worldwide licensing agreement with Eastman Kodak.

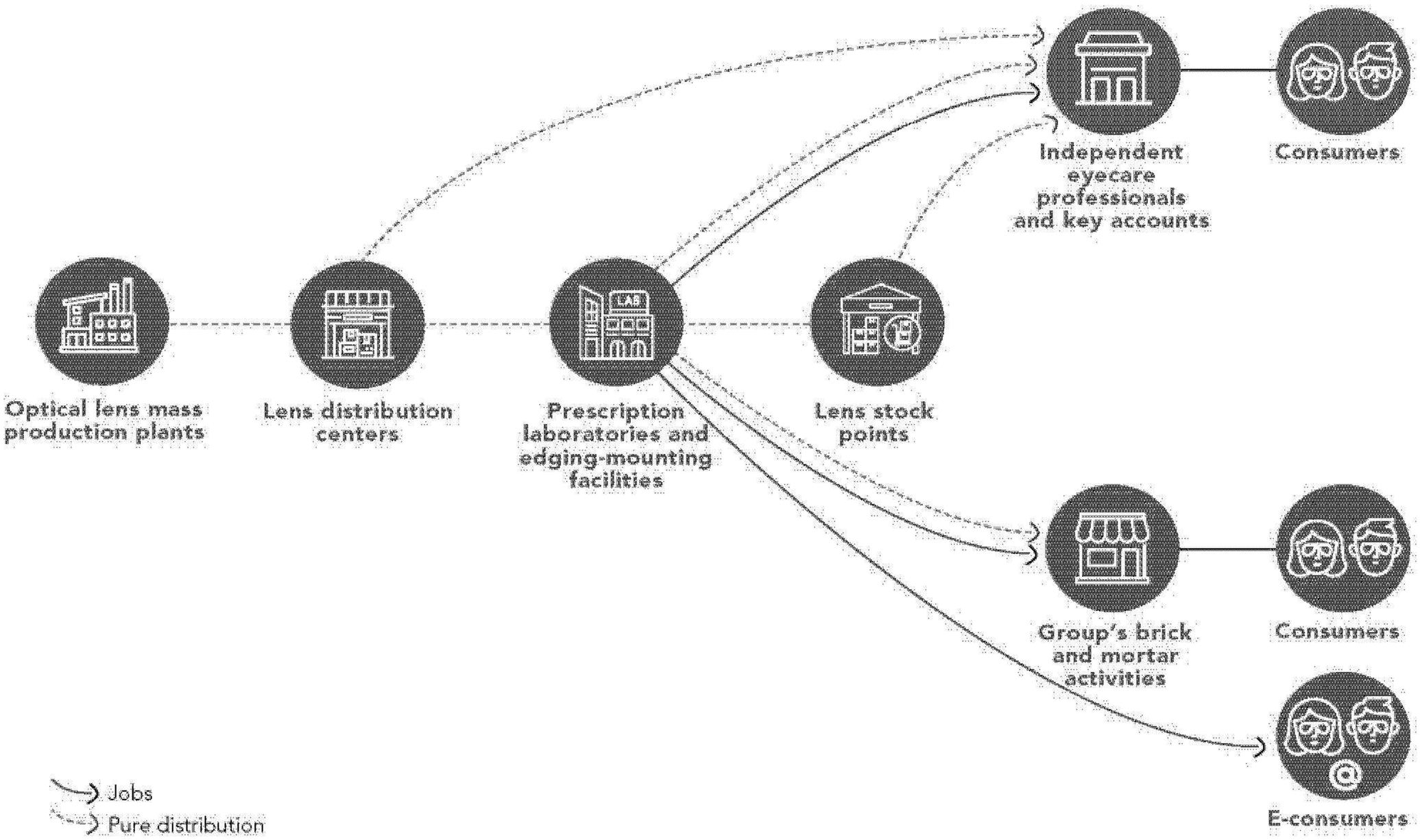
EssilorLuxottica also produces its own sun lenses, backed by skilled expertise gained through the acquisition of Persol, Ray-Ban and Oakley. It leverages know-how in producing the best mineral lenses from Barberini, the world's leading optical glass lens manufacturer, part of EssilorLuxottica since 2019. Relevant innovations include Oakley Prizm and Ray-Ban Chromance sun lenses, which are designed to enhance color and contour as well as contrast and visibility. Both innovations were created using unique lens technology from Exciton, the world leader in the design and production of high-purity and high-performance dyes, acquired by the Group in 2016. Following the acquisition of Barberini, EssilorLuxottica also owns a minority stake of approximately 33% of the share capital in Triapex, a leading company in the production of dye-based polarized films for use in glass as well as CR39 polarized lens applications. Also, the Group owns a 51% stake in Onbitt, a South Korean manufacturer of polarized films for ophthalmic lenses and other purposes, acquired in 2013.

Lens production process. EssilorLuxottica's production plants produce lenses that are finished, semi-finished or plano. In general, finished lenses are produced for simple eyesight corrections such as myopia, hyperopia and some astigmatisms. Semi-finished lenses are intended for more complex corrections including presbyopia, while plano lenses without corrective power are typically used for sunglasses. EssilorLuxottica is also well-versed in developing and manufacturing a wide range of plano and prescription sun lenses, with plants in Senai (Malaysia), Foothill Ranch (US), and Dongguan (Greater China) as well as in Lauriano and Città Sant'Angelo (Italy), performing a key role in the Group's sun lens operations.

The Group's prescription laboratories transform the semi-finished lenses, only the front surface of which is finished at the plants, into finished lenses meeting the exact patient specifications for eyecare professionals. Leveraging a full range of state-of-the-art equipment and cutting-edge technologies, they handle surfacing, polishing, coatings (multilayer and antireflective) and frame integration for the edging and mounting process, creating a vital link between the Group's production plants and eyecare professionals, who place orders for personalized lenses. This customization helps address a very large number of correction combinations, particularly when it comes to presbyopia. In the latter case, the labs surface multiple correction areas into the lenses for vision at different distances.

Finished and semi-finished lenses manufactured in the production plants are sent to distribution centers. The latter ship the lenses either to EssilorLuxottica-owned businesses (distribution subsidiaries, prescription laboratories and edging-mounting facilities) or third parties (certain distributors when the Group does not have its own subsidiaries, prescription labs, retailers and optical brands).

Plano lenses are manufactured in dedicated plants and then shipped either to EssilorLuxottica frame manufacturing plants or sold directly to other frame manufacturing and distribution players.



Lens manufacturing and supply chain. Overseeing every aspect of its lens business across all stages of the value chain, from design and engineering to store delivery, the Group continues to relentlessly pursue operational excellence to provide consumers everywhere in the world with the best visual experience. It has a network of production plants, prescription laboratories, edging and mounting facilities and distribution centers that serve eyecare professionals across the globe, including independent opticians as well as optometrists, cooperatives, central purchasing agencies and retail optical banners.

As of December 31, 2023, EssilorLuxottica and its partners operated 35 production facilities across the world. Of these 35 plants, 27 produce prescription lenses and eight specialize in non-prescription sun lenses.

Operations: Global eyecare network



The Group has a network of 583 prescription laboratories and edging-mounting facilities worldwide, of which 504 are proximity laboratories and 79 are industrial laboratories. Of these industrial laboratories, 16 are integrated lens and frame laboratories that produce complete-pair offerings. Approximately 150 stock points complement this capillary global network to guarantee proximity service.

These platforms were developed to support the integrated services offered to key accounts, including lens production, frame management on behalf of customers, and the edging-mounting of lenses in frames.

Geographical distribution of the global lens network owned by EssilorLuxottica and its partners as of December 31, 2023

Lens asset types	Total	North America	Latin America	EMEA	Asia-Pacific
Optical lens mass production plants	27	3	2	7	15
Sun lens mass production plants	8	1		4	3
Industrial labs	79	22	17	21	19
of which are integrated labs	*16*	*4*	*3*	*2*	*7*
Proximity labs	504	103	173	62	166

	As of December 31, 2023
Output from EssilorLuxottica lens base plants and partner facilities[a]	• c. 550 million prescription lenses • c. 160 million non-prescription sun lenses
Lenses manufactured in prescription laboratories[b]	• c. 214 million lenses (107 million jobs)

(a) Includes photochromic lenses made by Transitions Optical and sold to other lens manufacturers.
(b) Lenses surfaced or coated in owned or partner laboratories.

1.4.3.2 Designing iconic eyewear

Frame design, development and manufacturing take place in EssilorLuxottica's production sites across the world, which include: six production sites in Italy, two in Greater China, one in Thailand, one in Brazil, one in the US (devoted to sports and performance eyewear) and two in Japan and India, the latter serving the local market.

In 2023, the Group's worldwide frame production reached approximately 112 million prescription glasses frames and sunglasses frames.

Part of the Group's supply comes from third-party vendors. In addition to the premium, high-end eyewear segment, the Group also delivers affordable eyewear and non-prescription reading glasses mainly distributed in the US under the Foster Grant brand, with approximately 140 million units sold in 2023 and an optimized sales distribution.

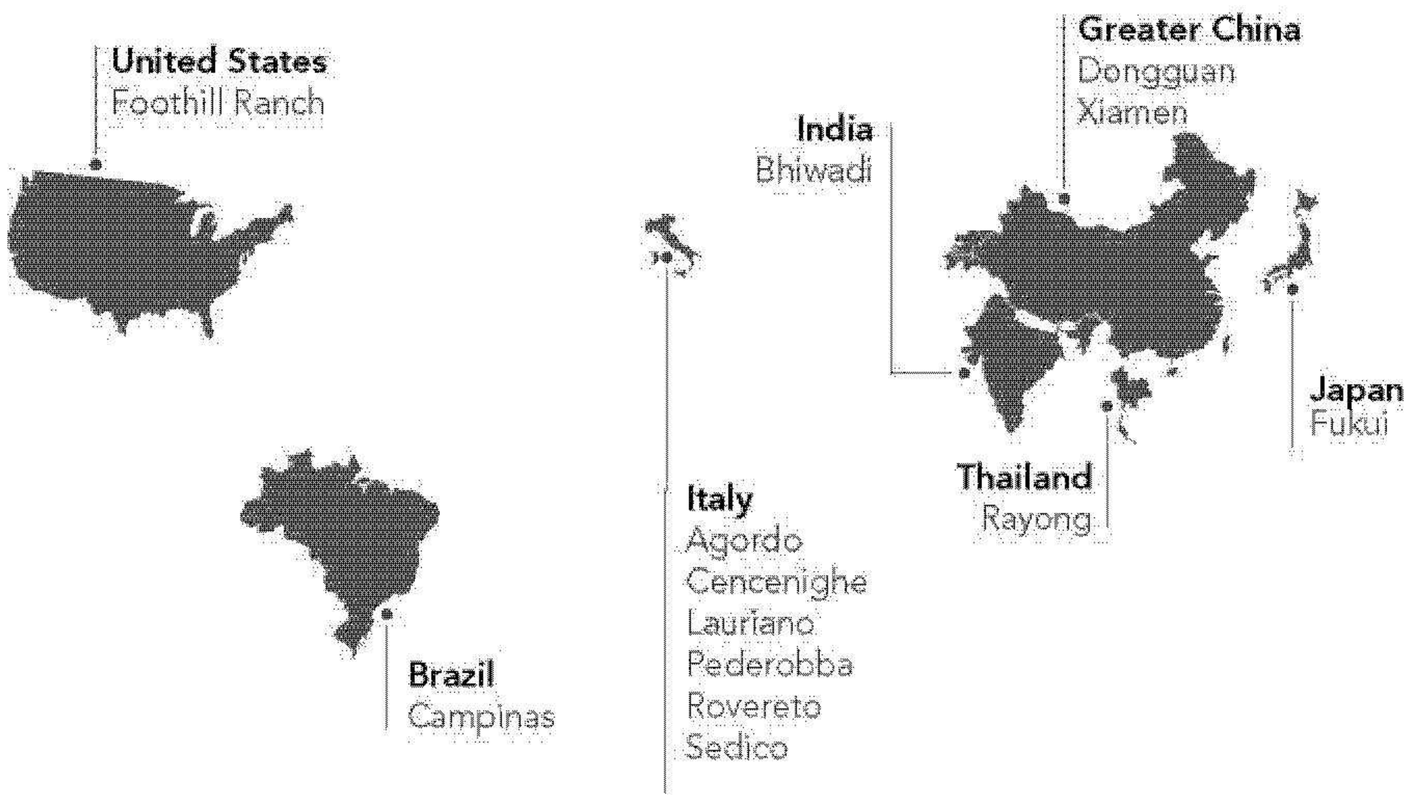
Eyewear product development. R&D activities conducted by EssilorLuxottica's engineering teams play a crucial role in the development process. Engineers continuously source new materials, concepts and technology innovations to apply to products and processes in an effort to differentiate EssilorLuxottica in the eyewear market. During the initial phase of the development process, prototype makers meticulously transform designs into one-off pieces, leveraging the unique tradition of the Group's craftsmanship and cutting-edge 3D technologies. These frame prototypes are then shared with the product department, which analyzes the necessary steps to bring the prototype to mass production.

In the first phase of the cycle, the product department uses visual rendering and 3D software to design new models and the necessary equipment. Afterward, the Group determines which of its plants is best suited to manufacture the product for large-scale production. The mold workshop then assembles the equipment needed to make components for the new model. Finally, the very first samples are assembled and undergo a series of rigorous tests required by internal quality control. After quality certification, sale samples are produced and subjected to a new intensive series of tests to verify the quality of engineering and production. By using a launch calendar that focuses on consumer and regional demand, EssilorLuxottica has been able to shrink product development timelines in recent years.

Also, specific internal manufacturing capabilities for the Group's smart eyewear offering were developed in Dongguan (Greater China).

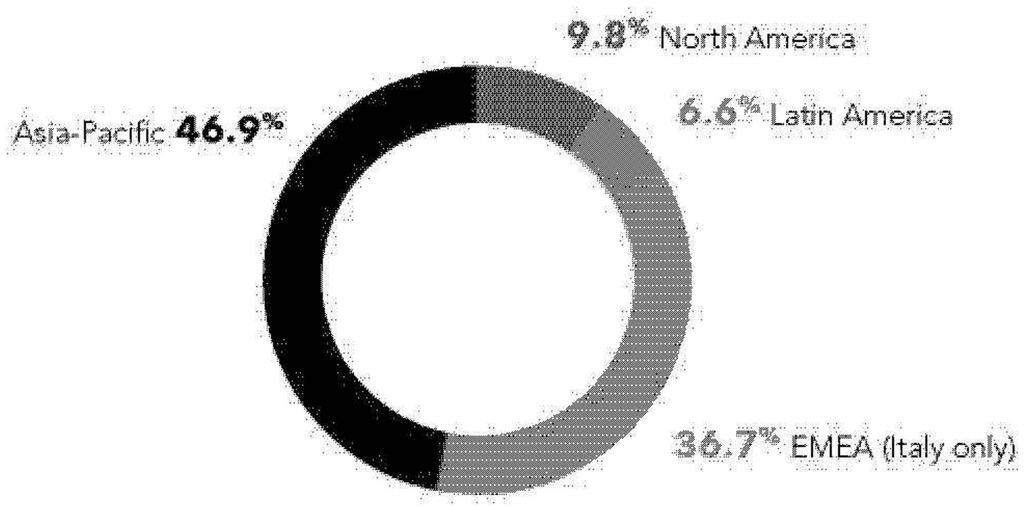
Eyewear manufacturing. EssilorLuxottica's manufacturing footprint includes six sites in Italy, the center of the Group's luxury eyewear production, all of which combine the tradition of Italian superior craftsmanship with the speed and efficiency of modern automation. Five facilities are located in Northeastern Italy, where most of the country's eyewear industry is based, and one near Turin. These factories represent 58% of EssilorLuxottica's global production value and specialize in luxury collections and high-end brands.

Operations: Global eyewear network

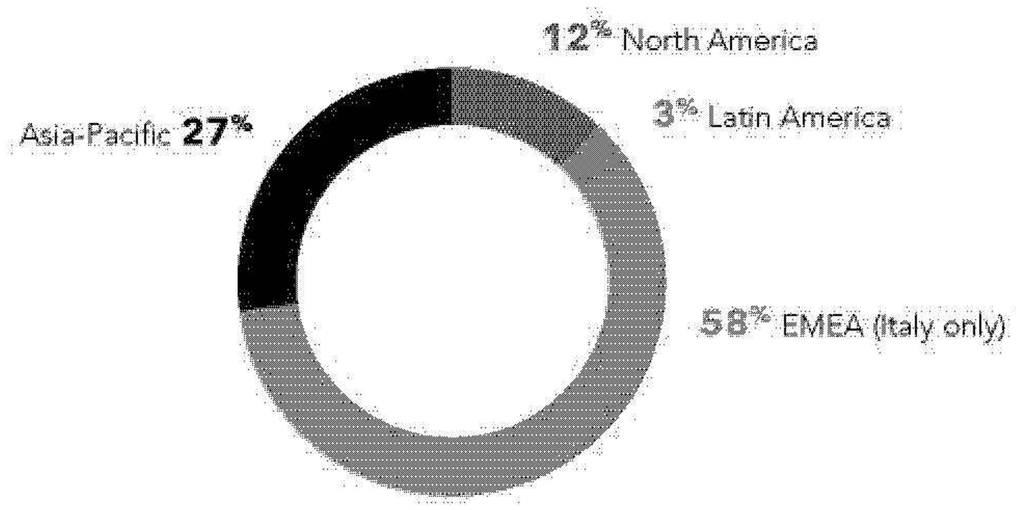


Other manufacturing facilities also exist in Greater China, Thailand, India and Japan, along with factories in the US and in Brazil, producing the remaining global eyewear output. The Fukui (Japan) factory focuses on the production of titanium and solid gold eyewear whereas the Foothill Ranch (California) facility manufactures high-performance sunglasses, prescription frames and sun lenses, as well as assembles most of Oakley's eyewear products. Oakley apparel, footwear and certain goggles are produced by third-party manufacturers. In Latin America, EssilorLuxottica also has a manufacturing facility in Campinas (Brazil), producing both plastic and metal frames for the local market. Shortly after the Group acquired the facility in 2012, it launched the first locally designed and produced Vogue Eyewear collection for Brazilians, followed by select Ray-Ban, Arnette, Oakley and A|X Armani Exchange collections plus a few for smaller local brands.

Production Units by Region



Production Value by Region

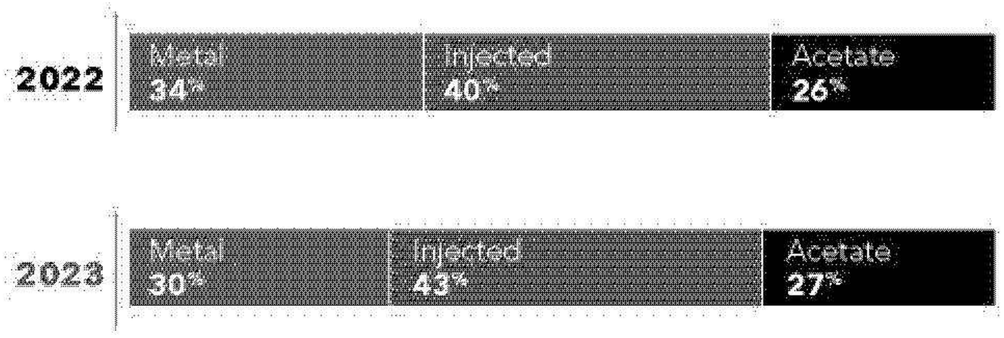


Specific production lines dedicated to custom products, including Ray-Ban Remix and Oakley Custom, also exist within the Group's operations.

Eyewear products and materials. Over the years, the Group has gradually diversified its technology mix from traditional metal, plastic injections and acetate slabs to include aluminum, wood, die casting and fabric inserts. At the same time, to pursue its ambitious goal of switching from fossil to bio-based sources in line with its sustainability commitment (see Chapter 5, Section 5.2.2), EssilorLuxottica is progressively introducing bio-based and recycled materials, including those coming from internal recycling opportunities. For example, in 2023 the Company expanded its in-house process, already launched in its Agordo (Italy) plant, to its Dongguan (Greater China) plant, which allowed the recycling and compounding of nylon plastic scraps derived from the injection manufacturing of frames into black raw nylon.

As consumer needs evolve continuously, the Group quickly adapts and adjusts its technologies to best meet demands. As part of this, EssilorLuxottica continues to focus on expanding its technology capabilities within its facilities dedicated to luxury eyewear production. For example, the Group has developed capabilities to produce horn frames in Lauriano (Italy), while in Fukui (Japan) it has both fully capitalized on Japan's exceptional mastery of engraving precious metals – such as titanium and solid gold – and created a new acetate handcrafting line.

EssilorLuxottica's manufacturing process for metal frames has close to 70 different phases, beginning with the production of basic components, such as rims, temples and bridges using a molding process. These components are then welded together to form frames over numerous stages of detailed assembly work. Once assembled, the metal frames are treated with various coatings to improve their resistance and finish, and then prepared for lens fitting and packaging.



Plastic frames are manufactured using either a milling or an injection molding process. In the milling process, a computer-controlled machine carves frames from colored acetate slabs. This process produces rims, temples and bridges that are then assembled, finished and packaged. In the injection molding process, plastic resins are liquefied and injected into molds. The plastic parts are then assembled, coated, finished and packaged.

Thanks to the collaboration agreement signed in 2021 with Mazzucchelli 1849, the Group has introduced a highly sustainable type of acetate, reducing the environmental impact of its activities over the long term across the value chain, and increasing its offer of high-quality and sustainable eyewear. Furthermore, throughout 2023, the Group further expanded bio-based nylon sourcing along with internally recycled nylon for black frames and introduced bio-circular polycarbonate for sun lenses.

1.4.3.3 Distributing high-quality contact lenses

EssilorLuxottica is a global leader in the distribution of contact lenses, leveraging its global optical Direct to Consumer footprint, including e-commerce platforms, and Professional Solutions distribution network.

With a mix of exclusive branded products, proprietary brands and third-party premium brands, last year the Group distributed approximately 64 million contact lens packages thanks to its capillary distribution network across the world.

1.4.3.4 Developing optical instruments

EssilorLuxottica also designs, develops, markets and maintains a range of optical instruments in two main specialty segments: (i) lens edging and mounting instruments for opticians and prescription laboratories, and (ii) optometry instruments for eyecare professionals, schools, occupational medicine centers, the military and other institutions.

In 2023, this business unit rolled its latest in-store finishing systems that deliver improved precision and increased productivity even for demanding eyewear: the ES range (including ES 800, ES 700 edgers and TCB 800 Automatic Tracer-Centerer-Blocker) for a perfect lens-to-frame fit and lens-center alignment with eyes. This new suite allows ECPs to save time and space while bringing their expertise and craftsmanship to the forefront of their practice. Designed with ECPs and consumers in mind, it features high-quality materials and sleek silhouettes adapted to ECP workspaces, as well as an intuitive user interface.

Last year, the Company also introduced an upgraded Near Vision Behavior (NVB) measurement on Visioffice and Eyeruler 2 devices, purposefully designed to accompany the launch of the new Varilux XR series lens and enhance consumer experience.

Since 2013 the Group also offers highly intuitive and intelligent solutions for low vision and blindness, thanks to the acquisition of a majority interest in HumanWare, the world leader in the design and distribution of electronic assistance products for the blind and visually impaired. Last year, HumanWare launched the game-changer Monarch: a multipurpose, multiline and tactile braille device that can download digital textbooks and access tactile graphics from APH's TGIL library designed to significantly reduce the time it takes for blind students to find specific information and bringing it to their fingertips instead.

1.4.3.5 Manufacturing equipment for prescription laboratories

With globally recognized expertise, Satisloh is one of the world's leading manufacturers of surfacing machines and hard-coating and antireflective coating units. Its combination of machines and consumables and the ability to offer automation enables Satisloh to provide end-to-end solutions for prescription laboratories. Satisloh customers are mainly prescription laboratories, integrated optical banners and lens manufacturers.

Headquartered in Baar (Switzerland), Satisloh leverages production units in Greater China (Zhongshan), France (Archamps and Mantes-la-Jolie), Germany (Wetzlar), Italy (Milan) and the US (Dallas and Concord), and has representative offices in many other countries.

1.4.3.6 Other businesses

In addition to its key businesses, EssilorLuxottica operations also include other categories: apparel, footwear, and accessories (AFA) for both Oakley and Costa, as well as specific accessories related to the Group's Direct to Consumer network; point-of-purchase (POP) material, including marketing material and advertising to be used in both the Group's retail stores and by professional solutions partners; and store-specific furniture. EssilorLuxottica designs, develops, sources, procures and manages distribution for these categories, whereas manufacturing is outsourced to third parties.

In 2022, with the acquisition of Giorgio Fedon & Figli S.p.A., EssilorLuxottica entered the packaging and eyeglass cases business. Headquartered in Alpago (Italy), the company owns three main production sites in Italy (Belluno), Romania (Lugoj) and Greater China (Shenzhen). The acquisition represents a step forward in EssilorLuxottica's sustainability commitment and vertical integration strategy, optimizing service for the benefit of all industry players.

1.4.4 Distribution

Logistics represents an asset of capacity and expertise for EssilorLuxottica to provide excellent service and wide distribution coverage for all the Group's products. Expertise in systems, automation and operational flows is provided by skilled regional teams that coordinate and synchronize globally. Combining best-in-class capabilities guarantees product flow synergies with full transparency and traceability across performance levels.

In 2023, a strategic network re-design roadmap was initiated. The initial stage involved a thorough assessment of the Company's existing logistics network, mapping out its state-of-the-art supply chain as well as its distribution strategy, identifying best practices, synergies and improvement opportunities. This assessment set the foundation for the distribution integration planning phase, where a comprehensive roadmap was developed. Key milestones included the consolidation of warehouses and distribution centers, which has already led to the shutdown of over 20 warehouses, along with the rationalization of inventory levels and the optimization of transportation routes. The roadmap emphasizes the integration of technology systems, such as Warehouse Management and Transportation Management, and Key Performance Indicators to enhance visibility and control. Strong governance enables the implementation of standard logistics processes aligned with the Company's logistics best practices and enhances cross-product category synergies.

Increasing investment has also been made for sustainability initiatives. For example, consumers can now select a responsible shipping initiative for e-commerce orders. Thanks to partnerships with third-party distributors, the responsible shipping option prioritizes ground transportation with reduced gas emissions. Additional initiatives include shipment optimizations for both better volumes saturation and less impactful transportation solutions.

EssilorLuxottica has a global network of 128 distribution centers for lenses, eyewear, contact lenses, instruments, equipment, AFA, marketing materials and advertising as well as store-specific furniture. Main logistics centers provide services for the entire range of product categories, ensuring comprehensive and integrated support for the supply chain.

Geographical distribution of the Group's global distribution network as of December 31, 2023

	Total	North America	Latin America	EMEA	Asia-Pacific
Distribution centers	128	19	21	60	28
handling multiple product categories		*5*	*16*	*23*	*6*

In North America, the Atlanta (Georgia) campus manages nearly all product categories, and includes a primary ophthalmic lenses laboratory to serve the North American market and main frames stock in the US. It is situated in a key logistic junction and boasts state-of-the-art logistics automation. In addition, the Dallas (Texas) and Columbus (Ohio) campuses are the major distribution centers for lenses and contact lenses serving North America as well as accessories for the ophthalmic sector.

In Latin America, the Tijuana (Mexico) service center, operational since 2023 and including both optical operations and frames distribution, is key for service improvement on the US West Coast and in Mexico. The Sumaré (Brazil) campus opened in 2021 is pivotal for the country's network redesign as it seamlessly integrates a distribution center with an ophthalmic lens laboratory, enabling the consolidation of five logistic warehouses. Its distinctive feature as a cross-channel and multi-category product hub (lenses and frames, along with apparel, footwear and accessories) positions it strategically for future growth. Also, hubs located in Lima (Peru), Bogotá (Colombia) and Santiago (Chile) play a crucial role in regional operations, serving as key centers for cross-channel and multi-category product distribution.

In EMEA, the Sedico (Italy) campus is one of the most technically advanced in the industry, managing cross-product categories, including eyewear, spare parts, customized services – including Ray-Ban Remix – and contact lenses, plus provides direct global deliveries. Featuring a fully automated frame warehouse with leading-edge shipping technology, it is integrated with an advanced ophthalmic lens laboratory and is in close proximity with its 'Made in Italy' manufacturing plants to serve the European market. The Provins (France) and Warsaw (Poland) hubs, include an ophthalmic lenses laboratory and provide optical distribution, while the Orléans (France) hub plays a key role for the instruments distribution in the European market. Finally, the Nottingham (United Kingdom) and Wijchen (the Netherlands) fulfillment centers, opened last year, provide flexibility in responding to UK and Benelux market demands, improving customer service and fostering cross-category synergies thanks to the merging of various logistics warehouses.

In Asia-Pacific, the Dongguan (Greater China) hub is one of the most important multi-category service centers. Growth in the region has made it a strategic link in EssilorLuxottica's frame manufacturing and distribution network, along with the Shanghai hub, that is one of the major lens distribution sites at a global level. In Thailand, the Rayong service center is strictly connected to the opening of the new integrated ophthalmic lenses and frames manufacturing plant. This hub will be strategic for future expansion in Southeast Asia, leveraging the efficiency of lens and frame distribution consolidation. Lastly, the Tokyo (Japan) logistics center is key to facilitating the distribution of frames, apparel, footwear, accessories and marketing materials.

1.4.5 Product brand portfolio

EssilorLuxottica is home to the most loved and widely recognized vision care and eyewear brands in the world. With a portfolio of proprietary brands that cover a wide variety of market segments, the Group taps into the needs and desires of consumers, with leading brands both at a regional level and in particular segments and niche markets.

Lens brands

EssilorLuxottica's innovation in lens technology has led to the creation of lens brands that regularly rank among the highest in terms of consumer satisfaction. Its extensive lens range corrects myopia, hyperopia, astigmatism and presbyopia to enable people to regain better vision, preserve and protect their eyesight, and improve their lens wearing experience.

EssilorLuxottica serves every segment of the ophthalmic lens market with globally recognized brands: the most renowned and influential being Varilux with its progressive lens range; Crizal with its range of anti-reflective, anti-smudge and anti-static coatings; Transitions with its photochromic lenses; Eyezen with its range of lenses for digital device users; and Stellest with its proven efficacy to slowdown myopia progression in children, as well as Xperio polarized sun lenses.

An overview of EssilorLuxottica's proprietary lens brands is shown below:

Essilor. Essilor is a leader in eyeglass lenses worldwide[1] and the number one lens brand recommended by eyecare professionals (ECP)[2]. It offers a complete range of solutions dedicated to each individual's vision and lifestyle needs throughout their life. Every Essilor lens is a combination of multiple complementary technologies thanks to its suite of leading premium vision care solutions, including innovative brands such as Stellest, Eyezen, Varilux and Crizal. These groundbreaking technologies correct vision, protect eyes from harmful rays and enhance visual clarity.

(1) Euromonitor, Eyewear 2022 edition; Essilor International. Worldwide retail value sales at RSP.
(2) Quantitative research conducted among a representative sample of 958 independent ECPs by CSA in February 2019 – France, the UK, Germany, Italy, Spain, the US, Canada, Brazil, China, India.

Varilux. A unique story that began in 1959 when Bernard Maitenaz, a young engineer at Société des Lunetiers, revolutionized the optical industry with the first Varilux progressive lens. Varilux lenses, the leading progressive brand recommended by eyecare professionals [1], led the way with over 70 patents[2] for innovation in breakthrough progressive lens technology, which is the result of more than 60 years of research. Designed for wearers over 40-year-olds, Varilux lenses offer seamless transition for near to far with every detail in sharp focus. They are highly personalized to provide sharpness for even the most complex eye needs: each lens is a unique masterpiece of cutting-edge technology, optimized and calculated to offer extra power for sharp eyesight. Last year, EssilorLuxottica launched its latest generation of Varilux progressive lens: Varilux XR series, the first eye-responsive progressive lens enabling progressive addition lens wearers to benefit from instant sharpness, even in motion. For the first time, the power of Artificial Intelligence (AI) is combined with an unparalleled understanding of consumer lifestyles to create the best Varilux progressive lens. The power of AI lies in the quantity and variety of data, and how it is calculated. Leveraging technology, the Group can now establish visual behavior. In modern lifestyle, eyes move 100,000 times a day to process all the visual information we are exposed to. EssilorLuxottica researchers studied over 6,500 consumers to thoroughly understand the lifestyles and visual needs of long-sighted people to create this cutting-edge lens.

Crizal. The Crizal brand began in the 1990s when the Group's R&D teams started focusing on visual comfort for eyeglass wearers, using lens treatments that reduce glare, while simultaneously improving resistance and durability. With the launch of the well-known Crizal coating in 1992, the Group created a new standard for transparent and resistant lenses thanks to its innovative combination of anti-reflective, scratch-resistant and smudge-resistant technologies. All Crizal coatings feature unique technologies and benefits that allow the wearer to be completely carefree. An invisible shield enhances the wearer's visual experience. Crizal coatings protect lenses from reflections, scratches, smudges, dust and water while protecting eyes from UV rays and filtering blue-violet light.

Eyezen. Launched in 2015, Eyezen is a young, innovative brand optimized for digital lifestyle: smartphones, tablets, laptops and other devices have changed vision needs, increasing near-distance reading and exposure to blue-violet light that can impact eyesight. With Eyezen, EssilorLuxottica created a new category of single-vision lenses, a flagship of the Group's cutting-edge innovation, designed to reduce visual fatigue and filter blue-violet light[3].

Stellest. Backed by over 30 years of research dedicated to myopia control, Stellest lenses are designed with a technology recognized by myopia experts all over the world and show strong efficacy in slowing down myopia progression in children. It was launched in Greater China, Russia and Singapore in 2020, in France and Italy in 2021, and continues to be rolled out in other regions. The Stellest universe is inspired by a constellation of invisible lenslets on its surface, offering science through emotion, providing reassurance to parents while giving children the gift of better vision for a brighter future.

Xperio. Dedicated to innovative prescription sun lens solutions, Xperio is a global brand that delivers eye protection against glare and UV rays as well as providing more depth and better color distinction so wearers can experience genuine beauty while under the sun.

Optifog. Launched in 2011 as a unique and innovative niche solution, Optifog is a hydrophilic lens coating with inherent fog and mist repellent properties. With face masks having played a crucial role in preventing the spread of Covid-19, the Optifog lens system gained new momentum. It combines a technological anti-reflective coating with a Smart Textile lens wipe specific to Optifog lenses that activates the anti-fog property and takes perfect care of the lenses. Optifog provides wearers with fog-free vision in all circumstances and allows them to fully enjoy their activities thanks to optimal visual clarity and comfort.

Transitions. Transitions has been pioneering light management lens solutions for more than 30 years. With 1,400-plus patents and patent applications, today it is the leading photochromic brand recommended by eyecare professionals worldwide[4] worn by more than 60 million people. Transitions features a full portfolio of light-intelligent lenses that seamlessly adapt to changing light situations, from clear indoor to dark outdoors. All Transitions lenses block 100% UVA and UVB rays, and help filter blue-violet light[3]. Optimizing the amount of light received by eyes, Transitions lenses also help reduce glare for more effortless sight.

Ray-Ban. Ray-Ban lens technologies are a representation of the iconic brand's aim to revolutionize the way wearers see the world, particularly with Ray-Ban Authentic prescription lenses and Chromance technology. The brand is masterfully blending iconic design with groundbreaking vision enhancement. The Authentic lenses offer a fusion of crystal-clear vision and style, while Chromance lenses elevate color perception through advanced color enhancement and polar protection. This blend of esthetic elegance and technological advancement positions Ray-Ban not just as a brand, but as a visionary leader redefining visual experiences.

Oakley. As pioneers of innovation and high-performance optics, Oakley lens technologies are created for sport and everyday life. Oakley Authentic Prescription lenses are engineered with premium, high-end performance materials, innovative technologies and advanced designs to deliver phenomenal vision benefits. Prizm Oakley revolutionary lens technology is designed to enhance color and contrast, and is also available with prescription, giving athletes and consumers a true Oakley authentic advantage.

(1) Survey conducted from February to April 2018 by CSA among a representative sample of 1,041 independent ECPs, in 10 countries, including France, Spain, Germany, Italy, the UK, the US, Canada, Brazil and India.
(2) 70 inventions led to patent filings in multiple countries since 1953 (with the allowance/in-force status varying over time and country).
(3) Blue-violet light is between 400 and 455nm as stated by ISO TR 20772:2018.
(4) Global Eye Care Professionals (ECP) Lens Brand Tracking – Quantitative study conducted among a representative sample of 2,006 ECPs in France, the UK, Italy, the US, Canada, China, Brazil and India – AplusA – 2022.

Barberini. Barberini is a leading optical glass lens brand. Established in 1963, it offers high-quality optical glass lenses for the most prestigious eyewear brands around the world, with exclusive and sophisticated technical features. The brand develops news technologies designed to produce high-performance lenses, including polarized, infrared and photochromic lenses. The brand also holds several patents notably in relation to glass lenses and related production processes. Advancements have also been made in product characteristics such as thickness, weight, resistance and transparency while vivid and saturated colors are enhanced thanks to special formulas in the glass manufacturing process.

Shamir. With over 50 years of innovation in ophthalmic lens technologies, Shamir is a leading producer and distributor of high-performance lenses and premium coating solutions for life improvement, fashion, performance sports, occupational single vision and progressive lenses. Awarded the European Technology Award in 2022, its R&D team based in Israel is continuously developing the latest technologies as illustrated by Autograph Intelligence, a unique progressive lens incorporating elements of Artificial Intelligence based on big data. Recently, Shamir applied elements of AI and carried out professional driver trials with the BWT Alpine F1 team to develop its latest innovation, Driver Intelligence, which is a new driver-dedicated performance lens delivering the clearest and sharpest vision, with enhanced color contrast to support optimal vision in all driving conditions and enable a safer driving experience. Shamir also introduced Metaform, a unique technology making lenses lighter, thinner, stronger and more eco-responsible than standard lenses. Autograph Intelligence, Driver Intelligence and Metaform have been awarded prestigious international prizes, including a Silmo d'Or in France, an Innovation Award in Germany, a Gold Medal in Poland and Product of the Year in Portugal and Spain. Shamir's deep understanding and desire to offer solutions for everyday human needs are reflected in its truly diverse range of age and task-specific clear and sunglass lenses, which make using computers and handheld digital devices, reading, sports and urban life easier and more comfortable than ever.

Licensed brands. Alongside proprietary lens brands, the Group also successfully partners with leading companies, such as Nikon and Kodak, to distribute technologies that enable consumer visual needs to be fully addressed. **Nikon** is a pioneering company in advanced opto-electronics and precision technologies. Through the joint venture Nikon-Essilor, renowned for its technical prowess in high precision optics and light mastery, the Group introduced a series of world-first lens innovations under the Nikon brand, including the first ultra-thin lens, blue-light filter, brightening coating, advanced multi-aspheric lenses and vision sensitivity personalization. With a strong and extensive consumer-centric approach, capitalizing on unique digital assets and the Japanese *Kiwami*, Nikon premium lenses are crafted to allow wearers to envision the extraordinary and enjoy life's most important moments.

Famous since 1888 and trusted by millions of consumers worldwide, **Kodak** is an iconic brand with a rich history of innovation, imaging technologies and color rendering. Licensed on the ophthalmic market since 1992, Kodak Lenses has been part of the Group portfolio as a licensed brand since 2010. Distributed in more than 70 countries, it targets the mass-market with a commitment to develop accessible technical solutions that help eyeglass wearers enjoy sharper vision and 'See the Colors of Life'.

EssilorLuxottica also has a long history of leading the design of vision equipment and solutions used by opticians, optometrists and ophthalmologists worldwide. This includes innovation in lens surfacing and coating equipment as well as instruments for refraction, diagnostics, imaging, measurement, edging and mounting.

Essilor Instruments. It is one of the Group's fastest-growing businesses, leading the development, manufacturing and distribution of solutions and services for eyecare professionals throughout the world. Its goal is to provide ECPs with solutions and technologies that meet their business needs and help build trustful relationships with their patients. Supported by ongoing innovation programs, Essilor Instruments is a leading brand in categories including finishing equipment, vision performance screening, eye examination and refractions, fitting parameter measurements, small tools and consumables. Its flagship products include the new ES 800 and ES 700 edging system, the Visioffice X optical measuring system; the Vision-R 800, the Vision-R 700 and the compact Vision-S 700 refraction station range; as well as the WAM 800 aberrometer, the Myopia Expert 700 biometer and the Expert Myopia Care solution.

Satisloh. Satisloh is the leading brand for complete optical manufacturing solutions in the ophthalmic and precision optics industries. Founded in 1922 in Germany as a 'Mechanical Workshop, Toolmakers & Locksmith', Satisloh is headquartered in Switzerland and was formed by the merger of Loh, the leading company in optical surfacing equipment and Satis Vacuum, a pioneer in anti-reflective coating technology. Satisloh develops, manufactures and provides reliable high-tech equipment for optical surfacing, polishing, measuring, coating and finishing as well as consumables, tools, services and process know-how, all from one source.

Eyewear brand

EssilorLuxottica's eyewear portfolio is built on a well-balanced range of globally respected proprietary and licensed brands that is continuously evolving. Ray-Ban, one of the world's leading lifestyle eyewear brands, and Oakley, a leader in the sport and performance category, give the proprietary brand portfolio a strong base, complemented by Persol, Oliver Peoples and Alain Mikli at the high-end of the market; Costa, Native Eyewear and Bliz in the sport market; Arnette in the street-style market; Vogue Eyewear, Molsion and Bolon in the fashion market; and Foster Grant in the non-prescription reading glasses market. The Group portfolio also includes over 20 licensed brands, including some of the most well-known and prestigious names in fashion and luxury.

With its skilled manufacturing and distribution know-how, experience in international markets and direct to consumer operations supported by marketing investments, the Group is an ideal partner for fashion houses seeking to translate their vision and values into successful premium collections. Through preserving style and quality, it expertly differentiates designer offerings to produce a broad range of models that appeal to a diverse group of consumer lifestyles and regions.

Proprietary brands. In 2023, Ray-Ban and Oakley, the two largest eyewear brands in EssilorLuxottica's portfolio, accounted for approximately 12% and 5% respectively of the Group's sales. EssilorLuxottica's proprietary eyewear brands include:

Ray-Ban. Courage, authenticity and timeless style are the core values of Ray-Ban, a leader in prescription and sun eyewear for generations since its establishment in 1937. Embodied by the iconic Aviator originally crafted for US military pilots, Ray-Ban has been at the forefront of cultural change, becoming a symbol of self-expression and worn by celebrities and public figures around the world. This legacy of daring exploration continues with the groundbreaking Ray-Ban | Meta and Reverse collections launched in 2023. Developed in partnership with Meta, Ray-Ban | Meta is the next generation of smart glasses. It is the first-ever eyewear with Meta Artificial Intelligence and live streaming built-in to offer consumers a new way to seamlessly live their most authentic moments. Featuring unisex sunglass styles, Reverse showcases an innovative reversed lens – a bold departure from the conventional. With this remarkable feat of engineering, Ray-Ban masterfully inverts the lens from convex to concave, maintaining impeccable optical precision through advanced technology and epitomizes Ray-Ban's unwavering commitment to innovation and style. This consistent drive to push boundaries has also cemented Ray-Ban's iconic status across generations, fueling substantial growth since joining the Group's portfolio in 1999.

Oakley. Established in 1975 and acquired in 2007, Oakley is one of the leading product design and sport performance brands in the world, chosen by world-class athletes who compete at the highest level possible in more than 70 disciplines, from soccer prodigy Kylian Mbappé to the greatest ski racer of all time, Mikaela Shiffrin. The brand is also a very proud sponsor of sport events and partners all over the world, including Giro d'Italia, Union Cycliste Internationale and the National Football League (NFL), where it just renewed its partnership as the official on-field supplier through 2030. The seven-year extension follows the announcement of the eyewear brand's NFL FLAG partnership and the newest Patrick Mahomes II Signature Series Collection. Holder of more than 850 patents, Oakley is also known for its innovative lens technologies, including Prizm. Oakley extended its position as a sports eyewear brand into apparel, footwear and accessories, offering men's and women's product lines that appeal to sport performance, active and lifestyle consumers.

Persol. The iconic made-in-Italy eyewear brand, Persol, made its debut in 1917 and was acquired by the Group in 1995. It is the proud heir to the Italian culture of excellence and craftsmanship, a perfect alchemy of esthetics and functionality. The irresistible appeal of timeless design and art-like quality makes the brand a favorite in the world of cinema.

Oliver Peoples. Acquired by the Group in 2007, Oliver Peoples was born in the heart of West Hollywood, California, on the iconic Sunset Boulevard in 1987. The unique culture of Los Angeles, combining elements of fashion, film, art and music, continues to inspire the brand's products and vibe. From the beginning, Oliver Peoples has had a passion for superior craftsmanship, with a distinctive culture rooted in California and an understated luxury identity. With an authentic and consistent voice, Oliver Peoples has never relied on a logo but instead focuses on fostering relationships with like-minded consumers.

Vogue Eyewear. Launched in 1973, Vogue Eyewear was acquired by the Group in 1990. It is now recognized as a truly international and contemporary fashion brand geared for young and dynamic consumers who want to stay up-to-speed with the latest trends. With its inclusive approach and playful personality, Vogue Eyewear is an open door to the world of fashion and welcomes everyone to express and celebrate their personality. To achieve its mission in becoming the leading reference for fast fashion in the eyewear category, Vogue Eyewear partners with international ambassadors shaping the industry.

Arnette. Born in California in 1992 and acquired by the Group in 1999, Arnette is a street-inspired eyewear brand, that speaks to young consumers. Rooted in Californian counterculture, today Arnette aims to become a fluid and sustainable brand for Gen Zs looking to express their individual style within the community they are part of. With indusivity, unconventionality and authenticity as core values, Arnette gives a voice to youth urban culture.

Alain Mikli. Born in 1978 and acquired by the Group in 2013, Alain Mikli was built on two main values: correction and distinction. Since then, the brand's leitmotiv remains unchanged and perfectly fits EssilorLuxottica's vision. Alain Mikli creates wearable art in the form of eyewear that is both elegant and practical, offering optimal visual comfort.

Costa. Over 40 years ago, a group of anglers created Costa sunglasses to stand up to the harsh light, unforgiving salt and rough conditions of a day at sea. The gear they made was up to the task, and it has been on the water ever since. Today, Costa combines superior 580 lens technology with unparalleled fit and durability to make the highest-quality premium sunglasses and prescription sunglasses for adventures wherever there is water. They are dedicated to sustainability and conservation, working hard to protect the waters they call home. From the use of sustainable materials to their Kick Plastic initiative, OneCoast Foundation, shark-research organization OCEARCH and much more, Costa inspires its community to help protect the earth's waterways and #SeeWhatsOutThere.

Bliz. Carved from Nordic rock and timber, Bliz embodies the best of Scandinavian thinking and craftsmanship. Established in Sweden in 2007 and joining the Group in 2023, the brand offers sports glasses, ski goggles and helmets to weekend warriors who value clean design, added function and unbeatable value for money. Designed by active people, for active people, Bliz delivers performance, durability and proven quality, all while keeping wearers safe and protected. Made to withstand the harsh Nordic climate and ready to take on every challenge, regardless of the sport.

Native. The Native Eyewear story began in 1998 with a small group of outdoor enthusiasts and an essential challenge: 'How to make technical, durable eyewear cost less?' More than 20 years later, that foundation is still rooted in all that the brand does. Native Eyewear is a feature-packed outdoor brand that brings approachable, premium polarized sunglasses to outdoor enthusiasts, ensuring that every adventure is memorable and enjoyable.

Luxottica. Launched in 1967, the Group's original line best conveys the experience and tradition that are at its core.

Sferoflex. Sferoflex, which joined the Group's portfolio in 1981, gets its name from the patented flexible hinge enabling the temples to conform to the shape and size of the face, increasing the resilience of the frame itself and ensuring the perfect fit.

Bolon. Established in Greater China in 2003, Bolon is one of the best-known sunglass and frame brands in Greater China and has been part of the Group's eyewear portfolio since the acquisition of Xiamen Yarui Optical in 2013. At the forefront of fashion, craftsmanship and design, Bolon celebrates self-expression and the importance of identity. Recognized for its influence in fashion and growing reputation in the industry, it draws inspiration from the new leaders of today with high-fashion ambassadors. Bolon constantly challenges and leads fashion trends by producing the widest and finest array of products to cater to all tastes.

Molsion. Molsion also enjoys a position as a leading brand in Greater China and became part of the Group's portfolio in 2013, following the acquisition of Xiamen Yarui Optical. Drawing inspiration from design, art and pop culture, Molsion is a fashion-forward brand for young generations. Designing eyewear pieces that acknowledge fashion trends and favor fashion, fun and flare for modern and innovative styles, Molsion targets an audience of free thinkers with modern consciousness who dare to be different and break social norms.

With leading global optical retailer GrandVision now part of EssilorLuxottica, its exclusive brands also entered the Group's eyewear portfolio. They include:

DbyD. Committed to a more sustainable and universally accessible future, DbyD designs essential and functional eyewear made with respectful and innovative materials for pragmatic consumers who aim to do more with less.

Unofficial and **Seen.** The mission of both the Unofficial and Seen brands is to become the eyewear of choice for the growing group of fashion-savvy consumers looking for functional, modern, quality and stylish optical and sun frames to express all facets of their personality.

In 2010, the Group also broadened its scope of activities in the optics world with the acquisition of FGX International, the North American leader in non-prescription reading glasses mainly sold in mass retailers, pharmacies, specialty retailers (including travel retail brands), optical stores and department stores. With the acquisition of FGX International, **Foster Grant**, a leading reading glasses and sunglasses brand in the world, plus other licensed brands, became part of the Group's brand portfolio. Launched in 1929, Foster Grant, the iconic American eyewear brand features high-quality, modern reading glasses and sunglasses that help consumers care for their eyes and express themselves with personalized style. The Foster Grant spirit of innovation, style and originality is as strong as it was more than 90 years ago, and what made the brand a visionary continues to fuel its originality today. In 2022, the Group also completed the acquisition of **Giorgio Fedon & Figli S.p.A.**, leading company in the production and distribution of spectacle cases and luxury, handcrafted and customized eyewear accessories, moving forward in its vertical integration strategy and its sustainability commitment.

Licensed brands. Designer lines are produced and distributed through license agreements with major fashion houses. These agreements are exclusive, global contracts that have terms of between five and 15 years and may contain options for renewal. Under these license agreements, the Group is required to pay a royalty ranging from 6% to 13% and make a marketing investment of between approximately 5% and 12% of net sales of the related collection. Prada is one of the most significant licenses in EssilorLuxottica's eyewear brand portfolio as measured by total sales. In 2023, sales generated through the Prada, Prada Linea Rossa and Miu Miu brand names together represented approximately 3% of the Group's sales.

EssilorLuxottica's licensed eyewear brands include:

Armani Group. The shared history of EssilorLuxottica and the Armani Group dates back to 1988, when Luxottica's founder and late Chairman Leonardo Del Vecchio teamed up with Armani's founder and Chairman Giorgio Armani to create Armani-branded eyewear, using the best materials and highest-skilled craftsmanship, to the global market. This collaboration, renewed in 2022 for 15 years effective January 1, 2023, revolutionized the eyewear industry, transforming eyeglasses from a necessary medical device into a fashion accessory and symbol of personal style.

Armani Group includes **Giorgio Armani, Emporio Armani** and **Armani Exchange**.

Founded in 1975, Giorgio Armani stands out for its unique and unmistakable image, its clean, sophisticated design, superior materials and timeless elegance; these elements have been associated with the brand since its creation and are seamlessly reflected in its eyewear styles.

Launched by Giorgio Armani as a pioneer line in 1981, Emporio Armani has a strong experimental and metropolitan style, reflecting all the characteristics of elegance typical of the Armani esthetic, depicted in a current and incisive language. The iconic eagle logo continues to be a symbol of belonging and sharing, a meeting point that leaves room for freedom of expression. The innovative and colorful designs in its eyewear are of course distinguished by contemporary lines, shapes and materials.

In 1991, Giorgio Armani had the intuition to create a fast, affordable metropolitan clothing line for young generations or those with a young mindset. With A|X Armani Exchange, the spirit lives on today in apparel and accessories that race forward to an urban drum keeping the quintessential effortlessness and active stance of Giorgio Armani's DNA alive. Modern, bold shapes in original shades reflect contemporary design with stylish details.

Brooks Brothers. Characterized by classic design, comfort and attention to detail, Brooks Brothers eyewear collections reflect the American brand's iconic style and craftsmanship, delivering high functionality and quality. The original license agreement was signed in 1992.

Brunello Cucinelli. The company based in the ancient hamlet of Solomeo, near Assisi in Italy, is the expression of an exclusive prêt-à-porter proposal and a sophisticated concept of contemporary lifestyle. Manual skills, craftsmanship and 'Made in Italy', represent the pillars of the collection's offer. Attention to detail, creativity and exclusivity defined the first eyewear collections signed by Brunello Cucinelli, representing a unique combination of beauty and Italian style.

Burberry. Since its creation in England in 1856, Burberry has been synonymous with design, craftsmanship and innovation. Now Burberry has become a leading fashion luxury brand with a global business and a distinctive British identity. The eyewear collection, under license agreement since 2006, is inspired by the brand's innovative ready-to-wear and accessory collections, and incorporates recognizable iconic elements for both men and women.

Chanel. Chanel glasses are the quintessential fashion accessory, adding a finishing touch to any silhouette. From contemporary to iconic styles, its designs demonstrate the know-how and creativity of Maison Chanel. Each eyewear collection embodies Chanel icons, attention to detail, use of noble materials, timeless elegance and refined design.

Coach. Founded in 1941 as a family-run workshop in a Manhattan loft, Coach has grown into a leading American fashion brand for women and men around the world. Under license since 2012, the Coach eyewear collection perfectly expresses effortless New York style and authentic American heritage.

Dolce&Gabbana. Dolce&Gabbana is a luxury brand that draws inspiration from the roots and authentic values of its own DNA: Sicily, sensuality and sartorial ability. Dolce&Gabbana's essence lies in its contrasting yet complementary features. The eyewear collection, under license since 2006, is characterized by sophisticated and elegant shapes, prestigious materials and refined details.

Ferrari Group includes **Ferrari** and **Scuderia Ferrari**.

Founded in 1947, Ferrari is known for its high-performance cars and iconic elegance. The brand is also expanding its luxury identity in the lifestyle category, starting from aspirational and stretching upward to exclusivity. Featuring luxury design execution, like the iconic leather stitching in its luxury car interior and embedded logo, the new collection epitomizes the unique heritage and Italian craftsmanship of Ferrari, while elevating its fashion-forward credentials.

Established in 1947 and a symbol of Italian excellence, Scuderia Ferrari, known for its high-performance cars and iconic elegance, focuses on design and engineering. Drawing inspiration from the racing world, the new Scuderia Ferrari collection reflects the speed and style synonymous with the brand, combining urban active and athleisure styles. The brand's frames embody Ferrari esthetics with details inspired by elements in the vehicles of Ferrari racing cars.

Jimmy Choo. Established in 1996, Jimmy Choo is a leading global luxury brand with an empowered sense of glamour as well as a playfully daring spirit. Celebrated for its confident style and exceptional craftsmanship, Jimmy Choo is synonymous with the art of celebrity dressing and red-carpet style. The House's innovative spirit meets time-honored techniques in the form of exceptional collections spanning footwear, handbags and fragrance to a range of accessories and a growing men's offering. The eyewear collection, inspired by Jimmy Choo codes, celebrates the glamourous spirit of the House and is strongly connected to the other product categories.

Michael Kors. Michael Kors is a world-renowned designer of luxury accessories and ready-to-wear collections. His namesake company, established in 1981, offers glamorous, sophisticated style for the consummate jetsetter. Every new Michael Kors eyewear collection reveals the designer's unfailing eye for timeless chic.

Moncler. Founded in Monestier-de-Clermont, in France, in 1952, it is now one of the leading global companies in the fashion industry. It is established as an ever-evolving brand, investing in digitalization, with the purpose of unleashing the extraordinary in every aspect of its business thanks to constant technological and esthetics research. The recently announced exclusive licensing agreement is in effect from January 2024, enriching EssilorLuxottica's portfolio with a perfect blend of functionality and contemporary esthetics, including a mix of frames suitable for both city and mountain living, at the forefront of design, innovation and quality.

Prada Group. Under license since 2003, Prada Group includes **Prada, Prada Linea Rossa** and **Miu Miu** collections.

Prada represents the best of Italian culture and tradition. It is one of the most innovative, prestigious and widely recognized brands in the fashion and luxury goods industry, with a keen attention to detail and creativity. Prada Eyewear reflects this approach with unmistakable style, ahead of styles and trends, refined elegance and uncompromising quality. The Prada collection also includes Prada Linea Rossa, which is the perfect fusion of innovative technology and modern luxury, where streetwear influences and sportwear inspirations are combined.

Miu Miu is the most free-spirited representation of Miuccia Prada's creativity. Miu Miu Eyewear is irreverently sophisticated and characterized by a cutting-edge style that evokes a sense of freedom and intimacy for women driven by a modern spirit of exploration and experimentation in their choices.

Ralph Lauren. Under license since 2007, Ralph Lauren includes **Ralph Lauren**, **Polo Ralph Lauren**, **Ralph Eyewear** as well as **Chaps**.

Ralph Lauren has made his mark on the fashion world with his all-American collections for men, women and children. Today, his signature themes – Hollywood romance, town-and-country heritage, rugged Western sensibility, cosmopolitan city-chic and Art Deco glamor – extend into the world of Ralph Lauren eyewear. With sleek modernity and classic timelessness, each Ralph Lauren pair is a refined expression of the designer's legacy of sophisticated elegance.

Representing Ralph Lauren's iconic sporty style, Polo Ralph Lauren celebrates an active, athletic spirit for men, women and children. Colorful and vibrant, Polo Ralph Lauren is the enduring symbol of a modern-day American lifestyle: easy, energetic, young and cool.

Ralph Eyewear is the youthful, feminine, fashion-forward line of the Ralph Lauren Group, featuring modern looks, timeless icons and trendy shapes that evoke a carefree sense of style.

Chaps celebrates traditional American style for the family, delivering classic collections updated for modern lifestyles with a spirit of adventure. The brand stands for accessible quality, living life in the moment and purposeful design over perfection.

Starck Biotech Paris. Starck Biotech Paris joined the Group's portfolio as part of the Alain Mikli acquisition in 2013. Its unique collection celebrates minimalism and innovation through an exclusive technological revolution: the heart of the product is the patented Biolink, a screwless hinge modelled on the human clavicle, which allows a full 360-degree movement for increased comfort and durability with biomechanics at the service of vision. The year 2019 marked a milestone in Philippe Starck's natural development and his ongoing pursuit of innovation and harmony with the body thanks to the launch of a revolutionary and exclusive new hinge in the Starck Biotech Paris collection: Sphere.

Swarovski. Swarovski is a place where magic and science meet. Founded in 1895 in Austria, the company designs, manufactures and markets high-quality crystals and gemstones as well as finished products such as jewelry and accessories. The Swarovski Eyewear collection, inspired by the brand's jewelry families, combines Swarovski's creativity and savoir-faire with the knowledge and expertise of EssilorLuxottica and it has been launched in the FW23 season.

Tiffany & Co. Founded in New York City in 1837, Tiffany & Co. is one of the world's premier jewelers and America's luxury house of design. An iconic brand with a rich, storied heritage, Tiffany has defined style with its visionary artistry, innovative craftsmanship and imaginative wit. In 2008, the Group became Tiffany's first eyewear licensee, producing contemporary sunglasses and optical styles inspired by the House's iconic jewelry collections, from classic shapes to a variety of personal styles.

Tory Burch. Founded in 2004 in New York City, Tory Burch is an American luxury brand known for beautiful, timeless pieces and rich storytelling that evokes optimism and joy. Tory is a fashion designer who draws inspiration from her parents' effortless style, the worlds of travel, art and interiors, and women globally. Empowering women is the company's guiding principle, underpinning its design philosophy and company culture, and driving the work of the Tory Burch Foundation.

Versace. Founded in 1978 in Milan, Gianni Versace S.r.l. is one of the leading international fashion design houses and a symbol of Italian luxury worldwide. It designs, manufactures, distributes and retails fashion and lifestyle products bearing distinctive signifiers of the brand such as the iconic Medusa head and the Greca pattern. Donatella Versace has been Artistic Director of Versace since 1997 and has steered the brand into the 21st century. Today, Versace represents its heritage through its strong and fearless designs, while addressing a new global audience that continues to strengthen Versace's position in contemporary culture. In 2019, Gianni Versace S.r.l. joined Capri Holdings Limited, forming a new global fashion luxury group with Michael Kors and Jimmy Choo. The eyewear collection, under license since 2003, is characterized by high-end materials as well as a recognizable design esthetic. Versace Eyewear pairs contemporary shapes with distinctive brand codes.

1.4.6 Go-to-market

EssilorLuxottica's global distribution network, including direct to consumer brands and a professional solutions network of third-party stores, is one of its core strengths. It extends to both developed and emerging markets, where the Group has made substantial investments over the last few years.

EssilorLuxottica's efficient distribution network makes it possible to maintain close contact with its customers while maximizing the visibility of its brand portfolio. In addition, the Group's expertise in the direct to consumer business has given it a unique understanding of consumer needs and tastes in key countries. All of this helps the Group achieve the strategic optimization of brand diffusion, for both its proprietary and licensed brands.

1.4.6.1 Professional Solutions

Bringing together the complementary expertise of two industry pioneers, EssilorLuxottica offers its end-to-end range of iconic frames, advanced lens technologies, instruments and digital solutions to over 300,000 third-party eyecare professionals, ranging from independent opticians to third-party e-commerce platforms, optical retail banners, specialty sun retailers, sport channels offering Oakley and Costa branded apparel, footwear and accessories (AFA), department stores and duty-free shops.

In 2023 the Professional Solutions[1] segment accounted for 48% of EssilorLuxottica's turnover. Divisional performance was driven by EssilorLuxottica's unique combination of world-class, loved and trusted vision care and eyewear brands as well as the Group's ability to accelerate category growth and innovation deployment, investing in cross-channel (*i.e.*, phasing the sun cross-channel journey in sport channels in several EMEA countries) and cross-category opportunities (*i.e.*, across instruments and lenses with the introduction of a new in-store eyecare consumer journey to best serve patient needs).

Last year, the Group continued strengthening its customer-centric organization with dedicated partnerships and development programs as well as best-in-class services to elevate customer practices and give them an edge, including:

- **EssilorLuxottica 360**, a program designed to drive total practice growth for independent eyecare professionals (ECPs). Covering frames, lenses and instruments, it supports ECPs in all their needs as business owner: visibility, traffic, sellout, productivity and business development. The EssilorLuxottica 360 program was deployed in over 5,000 stores in North America, more than 5,000 stores across 13 countries in EMEA and nearly 2,000 stores in Brazil by the end of 2023, driving value for both lenses and frames.
- **Essilor Experts**, a partnership designed to give an edge to independent eyecare practices by strengthening their expertise in vision health. It offers a suite of lens and instrument-focused benefits, including exclusive advertising, digital marketing services, advanced training and access to lens personalization technologies. The partnership reached close to 12,000 stores in EMEA and 8,000 in the US by the end of 2023, with Essilor Experts partners delivering stronger sales growth and a better mix of the Group's branded products than non-partners.
- **Alliances**, made up of independent ECPs across the US, including Vision Source, PERC/IVA (Professional Eyecare Resource Co-operative/Infinite Vision Alliance) and Opti-Port. These platforms, each with their own unique model, offer innovative solutions and expanded business tools to achieve optimal value for memberships of approximately 11,000 professionals while accelerating industry growth.

(1) It represents the wholesale business of the Group, including the supply of its products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains in the eyecare and eyewear industry.

- **STARS**, the highest-ranking partnership between EssilorLuxottica and its professional solutions customers that leverages the Group's knowledge of local markets and brands to deliver fresh, high-turnover products and maintain optimal inventory levels at each point of sale. The program is aimed at maximizing sellout, directly managing assortment advisory, planning, automatic replenishment and brand visibility for the Group's eyewear products in store, using *ad hoc* systems, tools and state-of-the-art planning techniques. Introduced in 2002, STARS served approximately 14,500 stores in major European markets, the US, the Middle East, Latin America, Japan and emerging markets by the end of 2023.

360 EssilorLuxottica | essilor | Stars EssilorLuxottica

perc | Vision Source | OPTI-PORT

Drawing on its long-lasting conviction that education is a key lever to shape the future of eyecare and eyewear, the Group continues investing in **Leonardo**, EssilorLuxottica's learning ecosystem that provides high-quality education for the industry in a community setting. The platform is accessible to all EssilorLuxottica employees and partners, as well as eyecare professionals at every level and in every role, aiming to support industry growth through the development of its greatest resource – people. Constantly expanding its educational offering, Leonardo incorporates a wide variety of courses and programs to engage learners across the world, including the Ray-Ban Expert, Oakley Expert, Transitions Specialist and World of Children's Eye Care programs. In 2023, Leonardo reached another key milestone with the addition of valuable myopia management content, including an updated Myopia Certification, educational courses in collaboration with the World Society of Paediatric Ophthalmology and Strabismus (WSPOS), and two dedicated myopia podcast series created by Dr. Kate Gifford, Director of Myopia Profile. In 2023, a prestigious partnership was also signed with Harvard Business Publishing that enhanced the platform's management and leadership related content with a selection of curated courses to enrich both personal and professional skills. Leonardo also continues to support EssilorLuxottica breakthroughs by providing education on its latest innovations, such as Ray-Ban | Meta and Varilux XR series.

LEONARDO
science for a new vision

Giving eyecare professionals an opportunity to differentiate themselves and provide added support around an enhanced patient experience, the Group continues to bring its digital revolution to professionals offering them access to its **breakthrough digital and innovation-driven technologies**. These include digital tools that connect the Group's operations to its customers and consumers, and digital support for eyecare professionals that help grow their practices and elevate the patient experience. Over the last few years in particular, EssilorLuxottica innovated the way eyewear collections are presented to customers in its showrooms around the world. In 2019, the Group introduced Red Carpet, a 'digital showroom' platform that offers an interactive and immersive experience to discover EssilorLuxottica's vast eyewear portfolio along with digital previews through high-definition renderings and navigable 360-degree technology as well as multimedia content inspired by brand campaigns and storytelling. In 2021, the Group took another step in its digital transformation and embraced a full digital strategy on top of the phygital one, through the rollout of a new Red Carpet version for digital sales events. This allowed customers to live the brand experience to its fullest, while supporting the sales force in a remote selling session. In 2023, the B2B sales journey was further enhanced with the introduction of Oakley's Apparel, Footwear and Accessories (AFA) as well as a consultancy mode, with curated product recommendations based on past purchases and geographic location, and Artificial Intelligence categorizing products by trends and demographics for a tailored selection. While EssilorLuxottica continues to innovate its digital sales force support tools, it is also further integrating and optimizing its B2B digital sales channels with the completion of the rollout of My.EssilorLuxottica.com across the different regions to provide customers with a direct, 24/7 digital connection to the Group's supply chain and business services. Integrated last year in My.EssilorLuxottica.com, Lens Simulator is an interactive and immersive tool designed to support opticians in effectively communicating product features and benefits, and proposing the best ophthalmic solutions. This is facilitated with the use of new advanced features, including lens comparison, interactive simulations, 'See-through' technology and dynamic 3D renders, which are highly beneficial for eyecare professionals, also in terms of upselling. Other game-changing shopping experiences include Smart Shopper, an in-store digital tool that allows consumers to explore the Group's seemingly endless collections and brands, and try on any frame in the catalog virtually, thanks to augmented reality and advanced proprietary virtual try-on technologies. Product customization services (such as Ray-Ban Remix and Oakley Custom) within Smart Shopper serve consumers craving a more personalized experience. In 2023, over 6,000 Smart Shoppers were present in the Group's customers' stores all over the world. New digital experiences have been recently introduced into Smart Shopper, including the Find-The-Perfect-Frame that leverages AI-based facial features detection (such as face shape, eye color and spacing, ear position, nasal bridge width) and consumer preferences to recommend the best eyewear, exploring a truly innovative approach for a superior shopping experience. As the first to provide the optical industry with large-scale digital window technology to engage consumers, EssilorLuxottica has also established itself as one of the largest private digital broadcasters with 14,000-plus digital windows installed in customer optical practices around the world.

Advancing in the digitization of the eyecare industry, EssilorLuxottica has also created HELIX, a new division of the Company, harnessing the power of Business Intelligence and Artificial Intelligence in a single, interconnected management software suite developed in-house to revolutionize the way ECPs leverage modern technology to improve the efficiency of their practices. Vision(X), the first offering from HELIX, will hit the market in 2024 and represent a key development trajectory for years to come.

EssilorLuxottica also counts among its partners third-party e-commerce platforms and independent distributors who provide vision care to remote and rural communities in underserved regions, with the Group's Sustainable Programs division continuing to find new and sustainable ways to provide vision care to underserved populations without access to conventional distribution channels. These programs, in collaboration with the OneSight EssilorLuxottica Foundation, train unemployed people at the base of the pyramid to become vision care entrepreneurs for their communities. These include Eye Mitra in India and Bangladesh, Eye Rafiki in Kenya, Vision Centers in Africa, Mitra Mata in Indonesia, Eye Partners in Greater China and readers access points in Cambodia. Through these Sustainable Programs activities, the Group has created awareness and access in small towns by structuring informal optical channels, including some without any physical shops, with skills training and marketing support as well as access to the Group's products and supply chain.

1.4.6.2 Direct to Consumer

The Direct to Consumer business represents the Group's retail business, including the supply of EssilorLuxottica products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar activities) or online channels (e-commerce).

In 2023, Direct to Consumer activities continued to grow, driven by the optical business and the positive effects of the Group's strategy in connection with the acquisition of GrandVision. Cross-channel opportunities and cross-brand initiatives also enhanced direct to consumer services in both the online shopping journey and the online prescription experience, thanks to the Group's extensive retail network. Recently, cross-channel and cross-brand opportunities were made available on pure e-commerce platforms as well, including Glasses.com and Contactsdirect, providing superior service to e-commerce consumers and adding a human touch in a pure digital experience.

More than 4,200 stores were involved last year in the Group's omnichannel program worldwide, committed to offering a full omnichannel customer experience with new in-store processes and journeys to meet consumer expectations for an even more immersive, innovative and engaging shopping experience. Premium and faster services were offered as same day Buy-Online-Pick-Up-In-Store and same day delivery at home through Ship-From-Store as well as Return-In-Store service, which is now also available in cross-banner mode, positioning EssilorLuxottica as a true pioneer in the industry. For instance, in North America Sunglass Hut stores are now able to handle both same day Buy-Online-Pick-Up-In-Store requests from Ray-Ban.com thanks to a shared assortment between channels and brands, and e-commerce return requests from other EssilorLuxottica's banners.

Omnichannel services are also available for optical brands, with LensCrafters in North America and OPSM in Australia becoming a central point of reference for prescription consumers who shop online in the US. Focusing on providing a seamless and consistent experience for prescription consumers across all channels and regions, last year, the Company also continued to roll out its online appointment booking service. With the recently implemented Doctor Locator, EssilorLuxottica's optical e-commerce platforms in the US now have access to an online booking service that leverages the Group's wide-reaching doctor network through LensCrafters and Target Optical brick and mortar activities. The Doctor Locator also provides doctors and affiliates with consumer information, enabling customized and curated in-store experiences. In EMEA, GrandVision optical banners continue to evolve and add new functionalities to their online booking services (including Frame-Reserve-Online-And-Try-In-Store), becoming the preferred destination for eyecare in the region.

1.4.6.2.1 Brick and mortar activities

With leading global optical retailer GrandVision now part of EssilorLuxottica, the Group expanded its direct to consumer footprint in EMEA and strengthened its reach in Latin America, consolidating its presence in eyecare and eyewear on a global scale, presenting an opportunity for the Group to engage more effectively with consumers.

With a strong portfolio of retail brands, EssilorLuxottica is well positioned to serve consumers around the world with the latest designer and high-performance frames, advanced lens technologies, innovative eyecare, everyday value and high-quality vision care health benefits. As of December 31, 2023, EssilorLuxottica's Direct to Consumer business consisted of 13,366 stores and 4,223 franchised locations. Last year, the Group also entered into an agreement to acquire Washin Co. Ltd. in Japan and signed a joint venture agreement with Chalhoub Group, a leading luxury retail in the Middle East, aimed at growing its direct to consumer presence in the GCC region through the opening of mono-brand and multi-brand stores for its most iconic brands, including Ray-Ban, Persol, Oliver Peoples and David Clulow.

EssilorLuxottica's retail stores not only sell prescription frames and sunglasses that it manufactures, but also a range of frames and ophthalmic products manufactured by third-party companies.

An overview of EssilorLuxottica's retail brands follows below:

Sunglass Hut. Founded in 1971 as a small kiosk in a Miami mall, Sunglass Hut has grown into one of the world's leading destinations for the most sought-after high-quality sunglass brands. Stores can be found in fashionable shopping districts across the globe, from the Americas, Europe and the Middle East to Australia, South Africa, Greater China, Southeast Asia and beyond. Sunglass Hut provides consumers with a professional, highly engaging shopping experience. It also offers a consistent and connected experience across all consumer touchpoints, including online, in-store, social and mobile, as well as uses in-store digital tools like Smart Shopper to provide access to an endless aisle range and customized products in every store location. As part of this strategy, the brand continues to invest in the digitalization of the in-store shopping experience, from Smart Shopper to the digital broadcasting network fully integrated in the store layout to elevate brands and services storytelling. In 2018, Sunglass Hut signed an agreement with Bass Pro to open Sunglass Hut shop-in-shops within Bass Pro and Cabela's 171 locations across North America. In 2022, it entered Mexico's high-luxury segment with the successful store openings in Palacio de Hierro.

LensCrafters (North America, Greater China). Founded in 1983, LensCrafters pioneered a revolutionary concept to combine eyecare, eyewear and onsite labs to craft glasses in about an hour. Today, LensCrafters is one of the largest optical retail brands in North America, with many stores located in high-traffic commercial malls and shopping centers. A wide selection of premium and luxury optical frames, sunglasses and high-quality lenses, as well as optical products made by EssilorLuxottica and other suppliers are available in most locations. Each location has an experienced Doctor of Optometry, either independent or employed, who is focused on building patient relationships. All of the stores have access to the Group's state-of-the-art lens processing network with the ability to craft, surface, finish and fit lenses. As part of its underlying commitment to consumer satisfaction and industry innovation, LensCrafters has made significant investments in technology and continued its digital transformation to strengthen and enhance the consumer omnichannel experience and digital eye exams. In 2006, the Group expanded the LensCrafters brand in India and Greater China by acquiring and then rebranding local retail banners in Beijing, Shanghai, Guangzhou and Hong Kong.

Vision Express (the UK, Ireland, Bulgaria, Poland and Hungary). Established in 1988 in Gateshead, England, Vision Express pioneered a revolutionary concept to combine eyecare, eyewear and onsite labs to craft glasses in about an hour. The brand expanded rapidly through organic growth and acquisitions, and today operates over 1,000 locations. A leader in the national optical industry, Vision Express also opened its first store in Poland in 1994 as a medical company, and now enjoys nationwide coverage with ophthalmologists and optometrists delivering advanced medical services. In Poland, it operates a mid-high market second banner, **Trendy Opticians**, offering a wide selection of international brands. Vision Express launched in Hungary in 1996, and is now the second-largest optical brand in the country, with stores offering one-hour service, and omnichannel experience having existed since 2017 with a sunglass webshop. In 2008, Vision Express opened in Bulgaria with the acquisition of the local Optik Matt optical brand, and it currently operates 10 stores.

Apollo (Germany). Apollo is a leading optical retail brand in Germany. Since its beginnings in the late 1960s, it has aimed to enrich people's lives with its services, and today it operates over 900 stores in an omnichannel concept that strives to inspire its consumers, providing satisfaction with outstanding optical services, professional advice and high-quality products.

Target Optical (North America). With the acquisition of Cole National in 2004, Target Optical, a licensed brand operating within its host stores, became part of the Group retail network. The brand offers consumers the convenience of taking care of their optical needs, while shopping at their preferred retailers.

MasVisión (Spain, Argentina and Mexico). Founded in 1996 in Valencia, MasVisión has grown to become a leading optical retail banner in Spain, Argentina and Mexico. Its mission is to be the retailer of choice for a growing group of fashion-savvy consumers who have come to expect accessible quality, outstanding service and value.

Pearle (the Netherlands, Belgium and Austria). Before the brand Pearle existed, Alfons Hamer started his first optical store in 1959 in the Netherlands, with the dream of making eyesight solutions accessible to the largest possible audience. His stores, called Brilmij, started a revolution in optical retail by displaying glasses on pins so consumers could choose their favorite frame by themselves. Brilmij grew to become the largest optical retail brand in the country, and since 1983 the brand has also expanded its business in Belgium. As of 1990, the stores continued under the name Pearle Opticiens founded by Dr. Stanley Pearle, who just like Alfons Hamer, had a strong belief that good eyecare and eyewear should be easily available for everyone, despite age, income or background. In Austria, Pearle was founded in 1977 and is the leading optical retail brand in the country since 2015, offering consumers a wide range of high-quality exclusive and designer brand frames, sunglasses and contact lenses with the goal of being the best choice on the market.

Générale d'Optique (France). Founded in 1993, Générale d'Optique has grown to become one of the leading optical banners in Metropolitan and Overseas France. Its mission is to establish itself as the retailer of choice for the growing number of savvy consumers who have come to expect quality products, exceptional service and value. Since its creation, the brand has been considered as the disruptive player on the French optical market, with more than 680 stores offering a wide selection of private labelled eyewear to suit all tastes, ages and lifestyles without having to compromise on functionality and design.

OPSM (Australia and New Zealand). OPSM is a leading eyecare and eyewear retailer in Australia and New Zealand with more than 85 years of history and 400-plus stores. Through its world-class technology and exceptional service, OPSM's goal is to set a new standard of eye health and eyecare. In addition to its eyecare services, OPSM is renowned for its exclusive range of optical frames and sunglasses from international brands.

GMO (Latin America). GMO is an optical market leader in Latin America that became a part of the Group in 2011, following the acquisition of Multiópticas Internacional. Since its beginnings in the late 1990s, GMO has developed a reputation for optical retail excellence among consumers in Chile, Peru, Ecuador and Colombia.

GrandOptical (France, Iberia, Czech Republic, Greece, Cyprus, Slovakia, Portugal and the Netherlands). When the first GrandOptical store opened in Paris in 1989, a revolutionary concept was launched on the French eyewear market: collect prescription glasses only one hour after purchase. By year end, five new stores were opened around Paris serving the mid-high market segment and offering consumers a large choice of the best international brands, including luxury, as well as high-quality and professional services. In 1995, GrandOptical went international with a store in Barcelona, before extending its activities to other countries, including Portugal (1997), Czech Republic (1999), Greece (2004), Cyprus and Slovakia (2008) as well as the Netherlands (2023).

GrandVision (Brazil and Italy). Founded in 1920 in São Paulo, **GrandVision by Fototica** is a Brazilian retail brand with a regional presence in six Brazilian states, and since 2019 it gained national reach thanks to its e-commerce implementation. The company was founded with a strong focus on consumer experience, and high-quality eyecare products and services. Innovation is also part of its DNA, with omnichannel strategy and digital transformation at the core of local initiatives to deliver a best-in-class shopping experience. **GrandVision by Avanzi** entered the Italian market in 1999 with the acquisition of Ottica Avanzi and was boosted in 2014 with the acquisition of Gruppo Randazzo adding **GrandVision by Optimissimo**.

Oakley stores. Oakley stores worldwide offer an immersive brand experience with athlete brand ambassadors, technology, design and innovation, tailored for the best consumer omnichannel journey – physical and digital integrated touchpoints, while always being supported by trained and experienced in-store staff. The brand extended its monobrand retail network to over 380 stores worldwide, offering a full range of Oakley products, including sunglasses (also custom), prescription glasses, goggles, apparel, footwear and accessories. Oakley stores are the final destination for Oakley sport communities and are located in major cities and shopping malls.

Atasun Optik (Turkey). With the integration of GrandVision, Atasun Optik, an optical market leader in Turkey, became part of the Group retail network with over 330 stores in 2023. Established in 2007, the brand's mission is to help people see better and be seen better, while offering a unique shopping experience thanks to its Atasun Plus loyalty program and after-sales services as well as 24/7 support.

Ray-Ban. In 2023, Ray-Ban further consolidated its monobrand retail network to over 265 locations worldwide, bringing the unique brand DNA and experience to new consumers in top cities and locations as well as building on its global presence in key cities such as Milan, Paris, London, Madrid, New York, Shanghai and Tokyo. Each store offers a premium experience enriched by new omnichannel services and digital tools. The offering includes exclusive products, pre-releases and consumer activations that create a fully immersive Ray-Ban experience. To pursue the Group's sustainability commitment, in 2023 the banner also launched its pilot Renewal Station project, a repair corner aimed at giving new life to the brand's iconic models through services such as frame repairs, wheel cleaning and replacement of damaged components.

Synoptik (Denmark, Sweden and Germany). Founded in 1931, Synoptik operates more than 100 locations in Denmark. In 1991, the brand extended its business in Sweden and grew by acquiring Din Optiker and Ögat 10 years later. Today, Synoptik has nationwide coverage in Sweden, and is well-known for offering high-quality products and services with a mid-high market position, focusing on eye health and providing extended eye exams for all consumers in its close to 250 stores. Synoptik is fully represented on the global e-commerce platform selling mainly sun products. With the acquisition of Smarteyes in 2022, it has a comprehensive offering with two complementary brands and a strong base for expansion. Founded in 2007, **Smarteyes** operates 95 stores in Sweden, Germany and Denmark. The retail brand's mission is to make great design and professional eyecare accessible for all, and its vision is to become the most recommended optician.

Salmoiraghi & Viganò (Italy). Founded by the merger of two brands that were started respectively by Angelo Salmoiraghi and Angelo Viganò in the mid-nineteenth century, Salmoiraghi & Viganò is an Italian premium optical retail brand with over 150 years of activity. The key principles on which the company was founded are relevant today and include innovation, consumer experience, service and quality products. Its over 270 stores stock a wide assortment of optical and sun eyewear premium and luxury international brands and offer the best selection of lens brands. To pursue the Group's commitment toward sustainability, last year the banner launched a circularity initiative offering consumers the opportunity to deliver back to stores sunglasses and prescription glasses no longer in use for the Company to either revaluate materials or donate them for educational purposes.

Optical House (Ukraine). A strong leader in the Ukrainian optical direct to consumer and professional solutions market, Optical House operates over 230 stores, largely through its main banner Luxoptica, as well as luxury banners Spex, MY I and Optic Master. **Luxoptica** has become one of the flagships in Ukraine's retail industry as a whole, growing the optical industry in the country as well as providing high-quality professional services, products and customer care.

Mujosh (Greater China). Established in 2010, Mujosh is a cutting-edge fashion eyewear brand created for young people, with 500-plus stores located in shopping malls and department stores across Greater China. It offers on-trend collections with specially designed in-store experiences for young consumers looking for affordable fashion. This dedicated brand has an attitude of its own, and encourages young people to break free from conventional patterns and showcase who they are.

Aojo (Greater China). Established in 2013, Aojo is a leading eyewear brand in Greater China. It has glasses categories spanning frame glasses, sunglasses, presbyopia glasses and computer glasses, fully covering the market demands. With its 260 stores, Aojo is the 'lifestyle partner' in vision care, offering an enriched service and experience to family and friend-oriented consumers.

Pearle Vision (North America). Acquired in 2004, Pearle Vision is one of the largest franchised optical retailers in North America. Built around the neighborhood doctor, Pearle Vision allows local business operators to provide trusted eyecare to their patients with the support and resources of the Pearle Vision brand.

MultiÓpticas (Portugal). In 1988, MultiÓpticas disrupted the national optical market with the democratization of eye health services and eyewear. Originally a Spanish company, operations in Portugal were acquired by Pearle Europe in 2001, and focus was put on helping Portuguese consumers take care of their eye health. With 220 locations, MultiÓpticas provides the best offers, a wide selection of options and outstanding consumer experiences as well as omnichannel and digital transformation to deliver best-in-class consumer services.

Bolon (Greater China). Established in 2003, Bolon is a trendsetting brand in the eyewear industry, with over 250 stores located in Greater China providing consumers with high-quality products, outstanding design and excellent craftsmanship that appeal both esthetically and experientially.

Óticas Carol (Brazil). Óticas Carol, which was founded in 1997 with the goal of satisfying the needs of Brazilian consumers in the eyewear sector, is one of Brazil's leading optical retail brands. Óticas Carol became part of the Group in 2017, and its mission is to provide the best platform for the sustainable growth of its franchisees, offering its consumers excellent optical services and products.

Ópticas Lux (Mexico). Ópticas Lux was founded over 80 years ago in Mexico City by Alfredo Santos who set his store apart by offering a wide variety of products and superb consumer service. Today, with more than 160 stores across the country, Ópticas Lux is the undisputed leading optical retail brand in Mexico with a reputation for offering the most complete and professional eye exams, outstanding service and the best range of top brands in the world. Ópticas Lux manages its own laboratories and trains all its optometrists at its own university – the only one operated by a retail company and certified by the Education and Health Ministries – ensuring the best quality for its products and services.

Ópticas Visión (Costa Rica and Nicaragua). Founded in 1959 and part of the Group since 2015, Ópticas Visión has built a strong place in the local market becoming a leader in the optical business for its technology, number of direct to consumer stores and customer service.

Instrumentarium (Finland and Estonia). Instrumentarium became a part of the Group's retail network in 2021, following the integration of GrandVision. Founded in Finland in 1901, Instrumentarium is the market leader in the optical field for products and eye health expertise. It focuses on the mid-high market segment, and combines extensive eye health solutions with a large superior product range.

Optica2000 (Spain). Founded in Barcelona in 1976, Optica2000 has always focused on high-value products and services, being the first banner in Spain to specialize in multifocal lenses as early as 1979. After opening a successful first shop in the El Corte Inglés department store in 1980 led to fast expansion, the brand was integrated in 2019.

For Eyes (North America). The roots of the For Eyes brand date back to 1972 when three hippies decided to open an optical store in Philadelphia with the dream of making eyewear accessible to all. While it started as a high-volume reseller, today For Eyes has proudly grown its digital presence and expanded to over 100 brick and mortar locations across the US and Puerto Rico, with a strong focus on consumer experience excellence and high-quality products.

Ofotert (Hungary). Founded in 1949, Ofotert operates close to 100 stores throughout Hungary. Its main aim is to offer consumers not only the right product, perfect correction and vision but also confidence by advising them throughout the consumer journey with professionalism and attentive and empathic service.

David Clulow (the UK, Ireland and Germany). Established in 1962, David Clulow has built a strong reputation for providing the highest standard of optical care and services, including sight tests, contact lens fittings, glasses, sunglasses and prescription sunglasses. In addition to optical stores, David Clulow operates as a sunglasses concession inside some of the most luxurious department stores, including Harrods, Selfridges and Brown Thomas. In 2021, David Clulow extended its business by opening its first store in Germany inside the KaDeWe department store in Berlin.

Lafam (Colombia). Established in 1970, Lafam has grown to become the leading optical retail brand in Colombia. Its mission is to be the retailer of choice for the growing group of fashion-savvy consumers who have come to expect quality, excellent service and value. Lafam is the only brand in the optical market to offer all eye health services, and it operates two state-of-the-art ophthalmology centers and one clinic specializing in refractive surgery. It opened its first eye clinic in 2000, and since then has successfully referred its consumers from its stores to its eye clinics.

Team Vision (North America). Established in 2022, Team Vision is a management services organization (MSO) investing in private practices and practice transitions across North America. It was created for independent eyecare professionals who are looking to transition their practice without sacrificing a focus on health-based patient care. The MSO assumes non-medical responsibilities of the practices it partners with, including product, inventory, staffing and marketing, allowing doctors to focus on patient care while choosing their level of involvement.

Solaris (France, Italy, Turkey, Malta and Mexico). Founded in Paris in 1994, Solaris is a leading sunglass retailer committed to bringing consumers the ultimate sunglass selection. From classic and fashion to luxury and sport performance, Solaris delivers the latest fashion trends, current best-sellers, innovations and cutting-edge technologies in the sunglass market. Today Solaris is present in France, Italy, Turkey, Malta and Mexico, with dedicated stand-alone Solaris stores.

LensMaster (Russia). LensMaster is the first modern optical retail brand in Russia, counting 90 stores in 2023. Established in 1998 in Moscow, the brand has a mid-high positioning that offers superb in-store experience, convenient mall locations, highly qualified staff that consumers can trust, and a wide range of optical and sun brands.

Visilab (Switzerland). In Geneva, Visilab began its journey in 1988 as the first optical brand in Switzerland with a 'lenses in one hour' concept. After the Swiss French-speaking market, it expanded its activities into the Swiss German-speaking market in 1994, in Zürich. Visilab now operates 80 stores covering the mid-high market and enjoys a good reputation for its consumer service, marketing and selection of international frame and sunglasses brands.

Brilleland (Norway). Founded in Oslo in 1985 with the aim of disrupting the eyewear market in Norway, Brilleland has strong brand awareness among Norwegian consumers. It is also the market leader in contact lens subscription services, performing among top retailers for consumer satisfaction.

McOptic (Switzerland). First opened in Olten, McOptic has grown to become a leading optical retail brand in Switzerland with a mission to become the retailer of choice for the growing group of fashion-savvy consumers expecting quality, excellent service and value.

Topsa Retail (Peru). Founded in 1967 as a laboratory offering high-quality services to independent optical stores and clinics, Topsa Retail operates two banners, Econolentes and Vision Center, with stores located mainly in Lima and other large cities in Peru. **EconoLentes** aims to be the most trusted optical brand serving Peruvian families for their vision care needs, whereas **Vision Center** provides consumers with the latest trends in frames and sunglasses, breakthrough technology and the highest quality lenses and contact lenses.

Optical Center (Guatemala). Founded in Guatemala to provide consumers with excellent optometric health services, style, quality and value, Optical Center operates two banners, OCFYT and Miramás. Established in 1997, **OCFYT** was the first ophthalmological retail banner offering a wide selection of branded sunglasses as an eye health concept, deep professional knowledge, state-of-the-art technology, and a dedication to consumer comfort and overall satisfaction. With its over 60 stores across the country, it has become one of Guatemala's leading optical retail brands. Optical Center also operates Miramás which has 8 stores in the country.

Ópticas Place Vendôme (Chile). Ópticas Place Vendôme was founded in Chile in 1960 and currently has 55 stores throughout the country. The brand has great recognition among Chilean consumers for its long history in the market, and has always stood out for offering the best technology and latest designs.

Nissen (Finland and Estonia). Founded in 1891, Nissen has over 50 stores nation-wide. The brand appeals to a younger consumer base seeking quick and easy service. Nissen is easily accessible throughout Finland and Estonia, and is recognized for its quality consumer service, marketing campaigns, and selection of international frames and sunglasses brands.

Robin Look (Germany). Robin Look is a German optical retail brand that has managed to establish itself as a leading local brand in recent years. Founded in Berlin in 2005, it now operates close to 50 stores in Berlin, Saxony, Saxony-Anhalt, Thuringia, North Rhine-Westphalia and Brandenburg. The brand focuses entirely on prescription glasses and aims to provide high-quality products at reasonable prices.

Laubman & Pank (Australia). For over 110 years, Laubman & Pank has been the local eye health expert for communities in South Australia, Western Australia and Queensland. Renowned for its high level of professional care and personalized service, Laubman & Pank is the eye health expert for the whole family.

EssilorLuxottica also operates luxury retail stores under the Oliver Peoples, Alain Mikli, Persol and Ilori Optical & Optical Shop of Aspen brands. **Oliver Peoples**, **Alain Mikli** and **Persol** exclusively sell Oliver Peoples, Alain Mikli and Persol-branded products, with stores located in the most cosmopolitan cities worldwide. **Ilori Optical & Optical Shop of Aspen** (North America) operates its stores in upscale and exclusive locations, and is known in the eyewear industry for its luxury prescription and sun eyewear and first-class customer service.

Spectacle Hut (Singapore). Spectacle Hut, acquired by the Group in 2018, has grown to become one of Singapore's largest optical retail brands. Its mission is to become the retailer of choice for the growing group of fashion-savvy consumers who have come to expect quality, exceptional service and value.

Mat Viet (Vietnam). Mat Viet is leading optical brand in Vietnam with close to 30 stores across the country. It became part of the Group in 2018, and since then it has developed a reputation for optical retail excellence among Vietnamese consumers by providing trusted eyecare service and a selective range of frames and sunglasses from international brands.

Interoptik (Norway). Originally a buying group for independent optical stores all over Norway, Interoptik was launched in 1984 and acquired by Pearle Europe in 2006, offering members a franchise agreement. Interoptik is an eye health expert delivering the best consumer service as well as high-end, premium-brand products in the optical market, with several Interoptik optometrists at the forefront of the optometric profession in Norway.

Kochoptik (Switzerland). Opened in 1909, Kochoptik has been able to continuously expand its business activities over the years, thanks to its high-quality products and excellent vision care services. In 2000, it was the first optical retail brand in Switzerland to develop vision analysis and introduce individual progressive lenses, positioning itself as a specialist in this segment. With 25 stores in the Zurich, Base, Bern, Lucerne and Winterthur area, Kochoptik is one of the leading premium optical retail brands in German-speaking Switzerland.

Molsion (Greater China). Drawing inspiration from design, art and pop culture, Molsion is a brand for the youth of today and the pioneers of the future. Never tired and always relevant, the brand offers products that give a nod to trends, while embracing its unique perspective merging function, fit and flare.

John&Audrey (Germany). John&Audrey pays tribute to two style icons, John Lennon and Audrey Hepburn, whose eyewear has long been a cult classic. Focusing on design, style and trends, the mission of the brand is to show that glasses are much more than a mere visual aid, but a key element in showcasing one's personality.

Keops (Finland). Started in 1975, Keops is well-known for its high-quality, boutique-like stores and is positioned as a high-end optical retail brand. With three locations in Finland, it offers services that exceed consumer expectations, including hand-made glasses and extensive eye health services.

Other retail brands are also part of the Group's portfolio, such as Econópticas (Chile and Peru), Triangle Vision (North America), Sunglass Island (Mexico), Optical Popular (Honduras), Optique Mathieu (Mauritius) and Clearly (Canada).

The Group operates one of the fastest-growing managed vision care companies through **EyeMed Vision Care**. It is one of the largest vision benefits companies in the US, serving nearly 72 million members in large, medium and small-sized companies, and government entities. Its members are enrolled through employer-sponsored benefits sold directly by EyeMed or distributed by many of the largest and most-respected healthcare organizations in the US. EyeMed offers one of the largest networks of eyecare providers in the US, including a diverse range of independent practitioners and retail locations that include EssilorLuxottica optical retail locations. In 2023, the Group extended its managed vision care solutions to the European market. Solutions are uniquely customized to the local vision benefit needs of companies and health care organizations.

Total Storecount 17,589
Including franchising & licensing

North America 4,307

- **Optical**
  LensCrafters
  Pearle Vision
  Target Optical
- **Non optical**
  Oakley
  Ray-Ban
  Sunglass Hut

Latin America 3,642

- **Optical**
  GMO
  GrandVision
  MasVisión
  OCFYT
  Optical Center
  Opticas Lux
  Ópticas Place Vendôme
  Ópticas Visión
  Óticas Carol
- **Non optical**
  Oakley
  Ray-Ban
  Solaris
  Sunglass Hut

EMEA 7,412

- **Optical**
  Apollo
  Atasun Optik
  David Clulow
  Générale d'Optique
  GrandOptical
  GrandVision
  Luxoptica
  MasVisión
  Pearle
  Salmoiraghi & Viganò
  Synoptik
  Vision Express
- **Non optical**
  Oakley
  Ray-Ban
  Solaris
  Sunglass Hut

Asia-Pacific 2,228

- **Optical**
  Aojo
  Bolon
  LensCrafters
  Mujosh
  OPSM
- **Non optical**
  Oakley
  Ray-Ban
  Sunglass Hut

Pure Online

- **North America**
  Clearly
  Contactsdirect
  Costa
  EyeBuyDirect
  Foster Grant
  FramesDirect.com
  Glasses.com
  Native Eyewear
  Readers.com
  Vogue Eyewear
- **Latin America**
  E-lens
  Eotica
  Foster Grant
  Vogue Eyewear
- **EMEA**
  Brille24
  Charlie Temple
  Foster Grant
  Glasses direct
  Lensbest
  Lenstore
  Lensway
  Linsenmax
  VisionDirect
  Vogue Eyewear
  Zonnenbrillen.com
- **Asia-Pacific**
  Clearly
  Foster Grant
  Vogue Eyewear

Banners with more than 200 total store count are mentioned here.

1.4.6.2.2 E-commerce

EssilorLuxottica offers consumers around the world a premium online shopping experience that matches its best-in-class standards at its brick and mortar locations.

In 2023 EssilorLuxottica's direct e-commerce activities represented 7% of the Company turnover in the full year, with the Group's wide variety of key e-commerce platforms serving as important sales channels to complement its Professional Solutions and brick and mortar activities. Continued focus was put on two strategic pillars: innovation and omnichannel strategy, to provide a fully personalized experience and an integrated customer journey. To improve the overall end-user experience, focus was put on innovations such as Artificial Intelligence and augmented reality to best drive the Frame Advisor, Virtual Try-On and Lens Configurator experiences, with end-to-end optical e-commerce representing a relevant asset for EssilorLuxottica. New cross-channel and cross-brand opportunities were also implemented to increase consumer convenience, leveraging and integrating the Group's brick and mortar footprint in the online shopping experience. As a result, EssilorLuxottica is in a unique position to offer consumers faster premium online services (including same day Buy-Online-Pick-Up-In-Store, Ship-From-Store, Return-In-Store) and advanced online appointment booking systems (such as Frame-Reserve-Online-And-Try-In-Store), specifically designed to enhance the omnichannel end-user experience and create a seamless journey across all touchpoints. Last year, the Group also continued to boost social commerce thanks to partnerships with leading tech companies and expanded its direct e-commerce footprint, featuring 73 banners in 44 countries reaching 500 million visitors every year.

An overview of EssilorLuxottica's key e-commerce platforms, both retailers and pure digital players, follows below:

Ray-Ban.com is home to the most extensive range of premium Ray-Ban products and exclusive offerings. Currently operating in 35 countries, the platform has a consumer-centric design to provide a high-touch, engaging and user-friendly experience. Ray-Ban Remix, the online customization platform first launched in Europe in 2013, is a key driver of the brand's e-commerce expansion and its fast-growing connection with millennials. Its success in allowing consumers to personalize the style, material, lens color, engraving and other aspects of their Ray-Ban frames led to advanced Remix launches in the US, Canada and Greater China, followed by Australia, Brazil, Japan, Hong Kong and Mexico. Ray-Ban historically has a strong focus on innovation: the rollout of advanced Lens Configurator technologies on Ray-Ban.com reinforced the brand's global presence and gave strong relevance to optical e-commerce. Tools like Frame Advisor and Virtual Mirror also help consumers select the perfect pair of glasses. Moreover, offering an omnichannel experience is a key factor for success. Recently, the activation of exclusive Ship-From-Store and cross-banner Buy-Online-Pick-Up-In-Store services in the US, offered consumers a step ahead in that direction. Options for responsible shipping in North America and Europe were also reinforced on Ray-Ban.com, empowering consumers to choose greener delivery options, allowing them to align their shopping experience with their values.

Oakley.com is a digital window to the Oakley brand, presenting the most comprehensive range of Oakley products. It includes Apparel, Footwear and Accessories (AFA) through an e-commerce channel across the US, Canada, Australia, Japan, Brazil and 25 countries in EMEA as well as omnichannel services in multiple markets. The platform features exclusive content dedicated to the brand's collections, values and icons, as well as a more dynamic custom navigation system for an enhanced end-user experience. With an important focus on innovation thanks to Lens Configurator technology, Oakley.com also offers its fans a unique online consumer experience so that they can customize their favorite models from Jawbreaker to Frogskins. The website is a destination for exclusive online collaborations and offers consumers a responsible shipping option in North America and Europe for a more eco-friendly online shopping experience. In 2023, Oakley.com enhanced the prescription shopping experience by extending the Buy-Online-Pick-Up-In-Store service to the prescription category and offering a Pro-Fit service in over 100 Oakley stores to allow consumers to book an appointment with a dedicated licensed associate and benefit from fitting, adjustments and lens cleaning.

Launched in 2008, **SunglassHut.com** has become the digital destination for consumers looking for the latest trends and hottest premium, high-end sunglasses. Over the years, in North America, several EMEA countries, Australia, New Zealand and Latin America (Mexico and Brazil), SunglassHut has offered an exclusive shopping experience through its local websites. Specific focus has been given to the implementation of omnichannel experiences that seamlessly engage consumers across over 3,100 Sunglass Hut stores and country websites. Sunglass Hut is also appealing to new consumers through shop-in-shops and marketplaces online, partnering with key players in the e-commerce arena. Notable SunglassHut.com innovations include: the enhancement of the Frame Advisor and Virtual Try-On technologies with the introduction of dynamic content; the enrichment of omnichannel services in Germany; the refactoring of the My Account and Customer Support sections to improve the consumer experience; and the launch of the Referral Program with the goal of growing the consumer base. In 2023, SunglassHut.com also saw development in Latin America with the launch of its new website in Brazil, which continues to be rolled out in new markets.

LensCrafters.com is the online branch of the leading American retailer brand. In the last few years, the website has optimized appointment bookings, health benefit integration and Lens Configurator technology to offer a premium consumer experience. In 2023, it introduced an innovative Frame Advisor technology analyzing face shape, size and facial features to allow users to find their unique style. It also expanded its omnichannel experience by implementing options including Buy-Online-Pick-Up-In-Store and Return-In-Store, to elevate the shopping experience and provide a superior service spanning pre-purchase to after-sales. Also, the introduction in the US of the Opthy app, a convenient and personalized solution to measure pupillary distance (PD), contributed to enhancing the consumer experience and effectively support end-to-end optical e-commerce.

OPSM (Australia and New Zealand) is the online brand of the leading brick and mortar banner in Australia and New Zealand. In 2023, it introduced online shopping experiences including Buy-Online-Pick-Up-In-Store and Return-In-Store service, to elevate the shopping experience for prescription consumers, with superior service thanks to after-sale service and assistance offered by over 400 OPSM stores.

Persol and Vogue Eyewear e-commerce platforms were introduced by the Group in 2017 in Italy, the UK, France, Germany and Spain, followed by the US and Canada in 2018. **Persol.com** delivers eyewear that represents the perfect alchemy of esthetics and technology, whereas **Vogue-Eyewear.com** is the place to find the latest collections for this truly international, contemporary brand. With dedicated content and a premium shopping experience, **OliverPeoples.com** is the reflection of the brand's passion for superior craftsmanship. In 2023, it elevated the online shopping experience introducing a curated Pick-Up-Drop-Off-In-Store service in more than 35 Oliver Peoples stores, with personalized fitting, repair service and after-sales assistance for a superior omnichannel shopping experience. **Costadelmar.com** is a leading destination for premium eyewear specializing in high-performance, beach-ready polarized sunglasses designed for bold water adventures and unique coastal moments. Its eyewear collections are suitable for a variety of lifestyles, from fishing and adventure sailing to everyday outdoor lifestyles, with a responsible shipping option for a more sustainable shopping experience. **NativeEyewear.com** sells stylish, high-quality sports sunglasses, polarized sunglasses, and performance eyewear; **FosterGrant.com** offers a wide selection of sunglasses fit overs, clip-ons, and reading and blue-light glasses that feature a perfect blend of fashion and function.

Brille24 (Germany, France, Spain, Portugal, the Netherlands, the UK and Belgium) was acquired in 2019 and specializes in selling quality prescription eyeglasses.

Charlie Temple (the Netherlands, Belgium, Germany and Austria) was established in 2016 as a mono-label online eyewear business, and is the leading banner in the Netherlands targeting fashion-savvy young and young-spirited consumers.

Clearly (Australia, New Zealand and Canada) is the leader of the online optical category in the countries where it operates. It deploys a multi-category (contact lenses and eyeglasses, brands and private labels) and omnichannel model with the opening of seven stores in Canada.

Contactsdirect (North America) is the one-stop-shop for contact lenses online, providing superior service both for consumers purchasing through their vision benefits and those looking for great deals.

E-lens and **Eotica** (Brazil) are EssilorLuxottica's online banners in Brazil, with a leading position for contact lenses. They are working to build the category in the market.

EyeBuyDirect (North America) provides an exceptional eyewear experience with a diverse range of quality, fairly priced glasses and a personalized service so people can truly express their authentic selves. Consumers tend to come back more often and sooner than on average.

FramesDirect.com (North America) was founded in 1996 by two doctors and offers the largest online selection of authentic designer frames from top-selling makers, including more than 40,000 products and 250 brands.

Glasses.com (North America) is one of the first websites to sell prescription eyewear online and has always focused on quality eyecare and innovation. It aims to provide a personal, emotionally rewarding experience and set the trends in the online optical eyewear industry.

Glasses direct (the UK) is the leading eyeglasses e-commerce player in the country, with a large range of products, ranging from affordable and private label frames to premium ones.

Lensbest (Germany) distributes contact lenses online in Germany, with a high share of own-brand and high-margin products.

Lenstore (the UK, Germany, Italy, France and Spain) served its first consumer in 2008, and has grown to become one of the leading online contact lenses retailers in Europe, with more than one million consumers served and a team of opticians overseeing every single order.

Lensway (Sweden, Norway, Finland, and Denmark) is the leader in the Nordics for selling contact lenses online.

Linsenmax (Switzerland) serves Swiss consumers with a large portfolio of contact lenses.

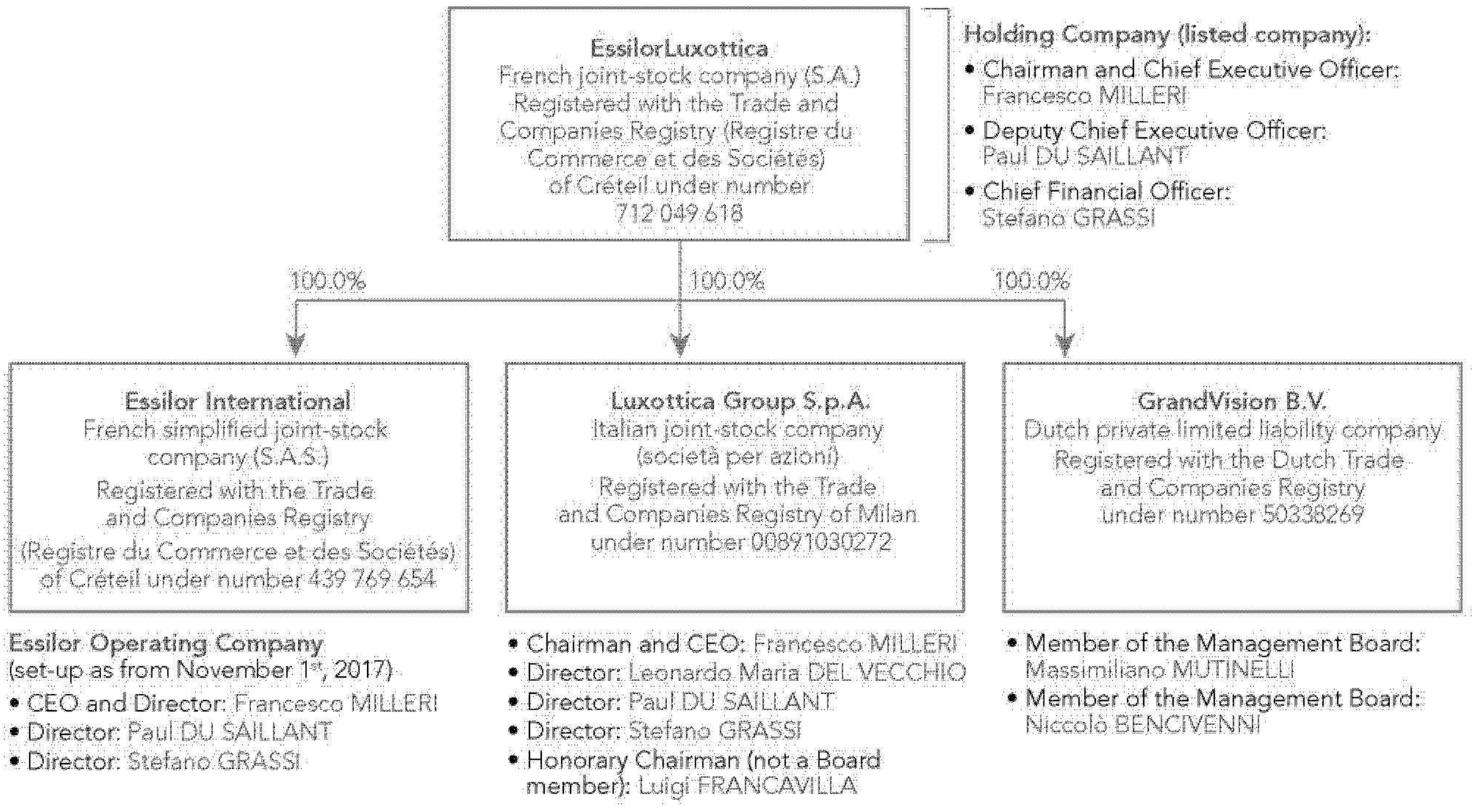
Readers.com (North America) launched in 2012, and is the leading online retailer for reading glasses offering a wide range of style options at an affordable price point.

VisionDirect (the UK, the Netherlands, Spain, Ireland, Belgium, Italy and France) is a leading contact lens e-retailer, with a model focused on service, availability and retention, as well as the development of their own brand Everclear.

Zonnebrillen.com (the Netherlands, France and Germany) was founded in 2011 in Leiden, the Netherlands, and has become one of the leading online sunglasses banners in Europe. Its strong commitment to inclusivity and diversity has helped the brand build a thriving community of passionate followers.

1.5 Simplified organizational chart

Simplified organizational chart of the EssilorLuxottica Group as of February 14, 2024



EssilorLuxottica S.A.

EssilorLuxottica S.A. functions primarily as a holding company that directly or indirectly owns the companies comprising the Group. EssilorLuxottica is a French *société anonyme* (joint-stock company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is registered with the Créteil Trade and Companies Register under number 712 049 618. The Company is listed on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

Information regarding EssilorLuxottica S.A.'s shareholding is detailled in Section 6.4 of this Universal Registration Document.

Essilor International S.A.S.

Essilor International S.A.S. is a French *société par actions simplifiée* (simplified joint-stock company) whose registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France, and which is registered with the Créteil Trade and Companies Register under number 439 769 654.

Luxottica Group S.p.A.

Luxottica Group S.p.A. is an Italian *società per azioni* (joint-stock company) whose registered office is located at 3, Piazzale Cadorna, 20123, Milan, Italy, and which is registered with the Milan Companies Register under number 00891030272.

GrandVision B.V.

GrandVision B.V. is a Dutch private limited liability company, whose office is located at The Base, Evert van de Beekstraat 1-80, 1118 CL Schiphol, The Netherlands, registered with the Dutch Trade and Companies Registry under number 50338269.

Consolidated subsidiaries

The list of the main Group companies is shown in Appendix 2 of the Notes to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.

1.6 Risk factors

1.6.1 Introduction

As of the date of this Universal Registration Document, the significant risks to which EssilorLuxottica is exposed are those described below. In this Section only the main risks that may affect EssilorLuxottica in its course of business and that may have a material impact on the Group's financial or operational results, reputation and/or prospects are reported.

The risk identification and assessment process used is described in Section 1.7.1. *The Company risk management process*.

Within each category, risk factors are presented in decreasing order of severity as determined by the relative weight of impact and likelihood of occurrence on the date of this Universal Registration Document, considering the mitigation measures ("net impact").

To allow a better appropriation of the risks presented in this document, the velocity (e.g. the speed at which the impact will be felt if the risk crystallizes) of each of the outlined risks has been estimated.

The topics that were highlighted as most important from the Sustainability perspective (ESG risks) are instead presented in Section 5.1.4 of this Universal Registration Document.

1.6.2 Risk factors summary

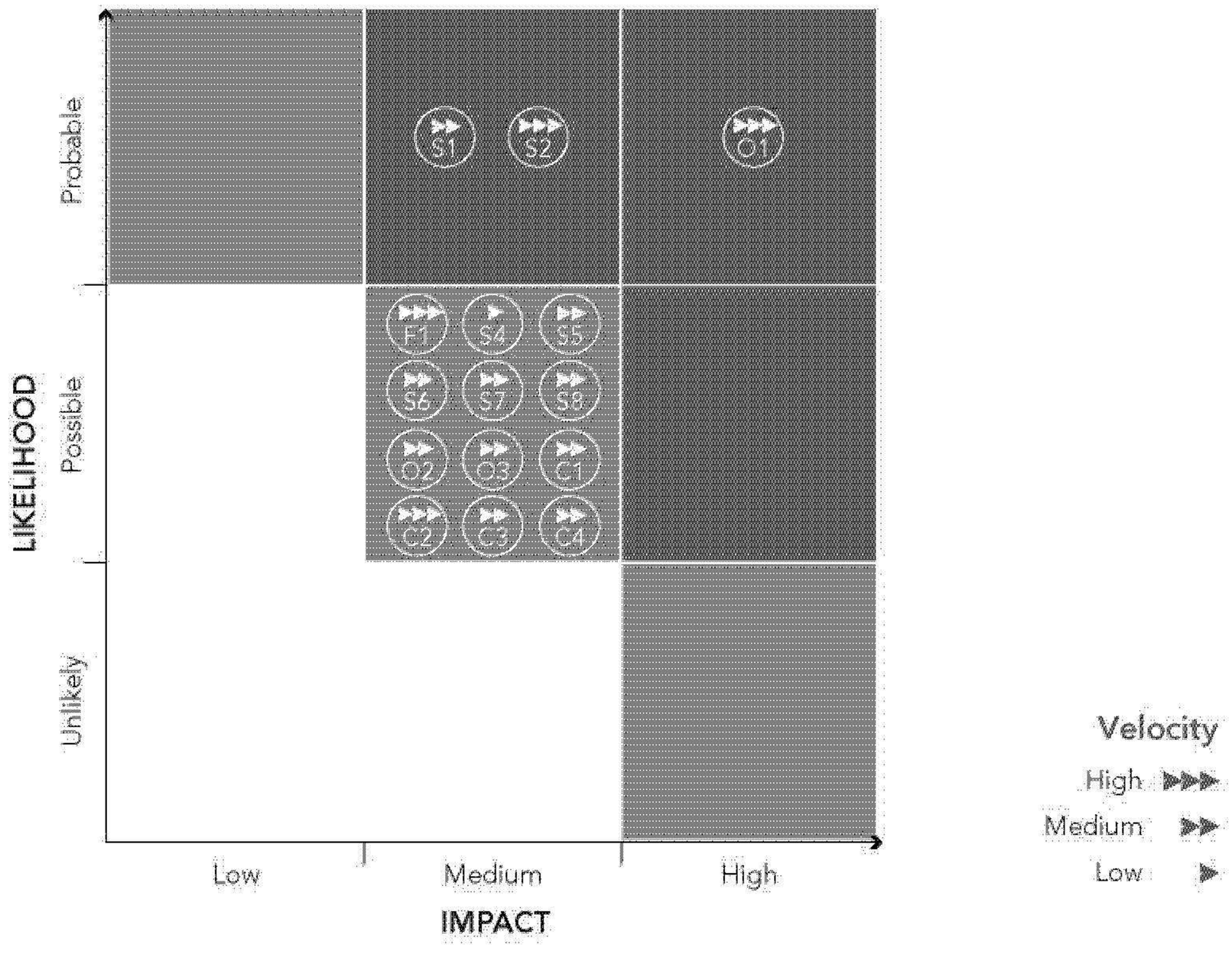
	Risk Category	Risk Factor	Severity	Impact	Likelihood	Velocity
S1		Political & Social Environment	▲▲▲	●●	■■■	➤➤
S2		Macroeconomic	▲▲▲	●●	■■■	➤➤➤
S3		Climate Transition	▲▲	●●	■■	➤➤
S4		Brand Integrity and Perception	▲▲	●●	■■	➤
S5	**Strategic risk**	Product Innovation & Circularity	▲▲	●●	■■	➤➤
S6		People Management	▲▲	●●	■■	➤➤
S7		Business Model	▲▲	●●	■■	➤➤
S8		Governance & Organizational Framework	▲	●	■■	➤➤
S9		Business Partners	▲	●	■	➤
F1	**Financial risk**	Financial Market - Currency	▲▲	●●	■■	➤➤➤
F2		Credit - Liquidity	▲	●●	■	➤➤
O1		Cybersecurity	▲▲▲	●●●	■■■	➤➤➤
O2	**Operational risk**	Supply Chain	▲▲	●●	■■	➤➤
O3		Business Interruption	▲▲	●●	■■	➤➤
C1		Antitrust	▲▲	●●	■■	➤➤
C2	**Compliance risk**	Data Privacy	▲▲	●●	■■	➤➤➤
C3		Reporting & Communication	▲▲	●●	■■	➤➤
C4		Litigations and Proceedings Arbitration	▲▲	●●	■■	➤➤

Legend:	Severity	Impact	Likelihood	Velocity
	High ▲▲▲	High ●●●	High ■■■	High ➤➤➤
	Medium ▲▲	Medium ●●	Medium ■■	Medium ➤➤
	Low ▲	Low ●	Low ■	Low ➤

1 Presentation of EssilorLuxottica

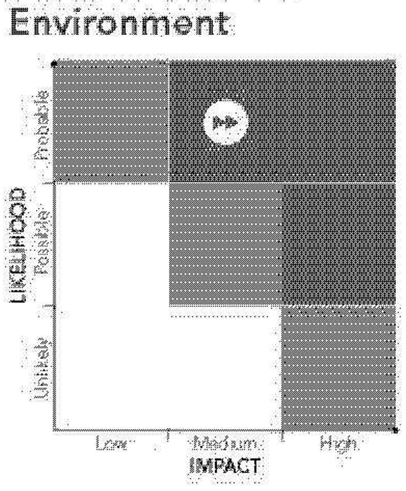
Risk factors

The heatmap below reflects the exposure of EssilorLuxottica, after considering the mitigation measures implemented to limit the likelihood and impact of each described risk.

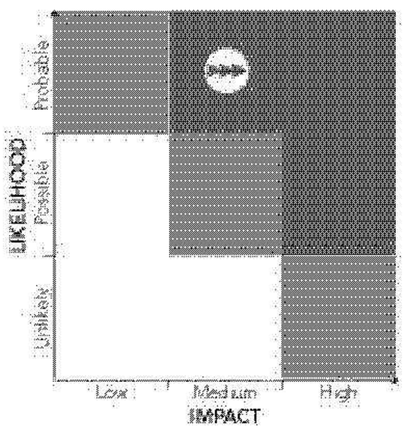


Strategic Risks

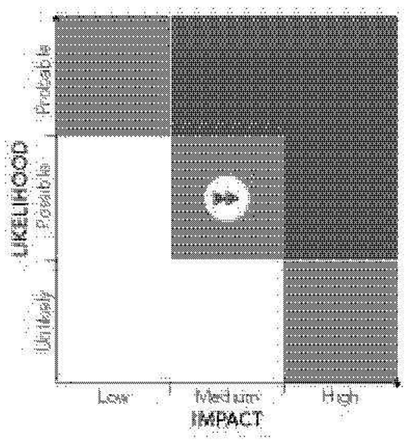
Political, & Social Environment

Risk Factors	Risk Details	Mitigation Measures
Political & Social Environment 	EssilorLuxottica, continuously consolidating its presence as a global industry leader, may be exposed to the rise of political and social tensions, affecting its operations, consumer demand, and may cause a profitability slowdown. The main countries in which the Group operates are the United States for North America (revenue amounting to €10,930 million in 2023), and France, Italy, United Kingdom, Ireland, Germany and Spain for EMEA (cumulated revenue amounting to €5,725 million in 2023). The persisting Russia-Ukraine and Israel-Gaza conflicts are affecting global business and relationships. In Latin America, social instabilities (e.g. the upcoming election in Mexico) may create tensions increasing market volatility and the ability to operate efficiently. Complex political and trade scenarios in the Asia-Pacific region, in particular Mainland China, where major plants are based and representing 12% of Group revenues (4% from Mainland China), may expose the supply chain and business continuity. The OneSight EssilorLuxottica Foundation's philanthropic mission entails sending team members to countries with a risk of political unrest. This mission involves establishing partnerships with governments, ministries or charity organizations, while ensuring not to affiliate with political parties. However, the potential instability of these entities in the future poses a threat to the Foundation's ability to achieve its objectives.	The wide geographical footprint of the Group represents a real shield against local political and social instabilities. EssilorLuxottica implements diversification measures on the production of frames and lenses with the new plants' opening in Thailand, Laos and a second hub in Mexico, to serve the North American region. A constant monitoring of geopolitical tensions is performed both at local and central level to ensure that immediate measures are taken in case of impact on its employees and business operations. In respect to the Russia-Ukraine and Israel-Gaza conflicts, EssilorLuxottica took prompt action to safeguard its employees and their families. (For further details see People Management Risk Factor). In addition, strict rules are followed to guarantee medical devices exportations are compliant with countries under sanctions. The new Group Economic sanctions Policy aims to provide processes designed to prevent risks associated with economic sanctions requirements. The OneSight EssilorLuxottica Foundation has partnerships in diverse countries aiming to deploy primary vision care providers in both public and private health facilities. Agreements in each operational area are directly signed with the Ministry of Health, specifying terms related to reputation and exit strategies. The Foundation is also actively pursuing collaborations across sectors (e.g. optometrist associations) to adopt a comprehensive approach that creates a lasting social impact. *For more information on the sustainability dimension, see Section 5.2.3 of this Universal Registration Document.*

Macroeconomic

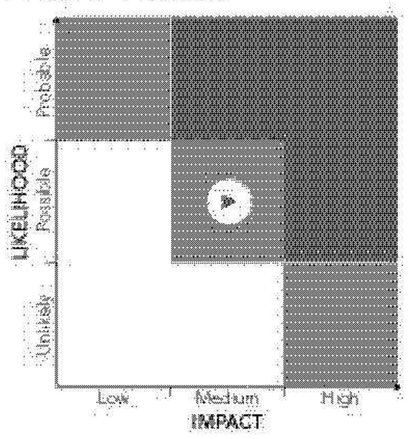
Risk Factors	Risk Details	Mitigation Measures
Macro-economic 	The current economic and global context is characterized by local conflict, high interest rates and persistent levels of inflation, accompanied by general uncertainty requiring companies to actively monitor the market. The economic aftereffects of the pandemic and the war in Ukraine have led to galloping inflation. Even though the industry proved to be resilient, there have been changes in consumer preferences in the market. Economic pressures are felt most acutely by already fragile states and may also erode the revenues of middle-income consumers. As a result, lower consumer purchasing power and changes in spending allocation decisions may lead to the adoption of specific pricing strategies (e.g. discounts and promotions), possibly decreasing EssilorLuxottica brand value and impacting the Group's ability to offset rising costs, leading to a negative impact on P&L.	Existing circumstances are not jeopardizing EssilorLuxottica's financial goals but demand a flexible response to various challenges. To ensure the effectiveness of its operations and logistics, the Group reevaluates its planning approach on a regular basis (particular attention is paid to countries with complex custom procedures). Additionally, sensitivity studies on the macro-economic context are carried out locally to help the decision-making and protect the balance between margins and sales volumes. Moreover, to mitigate macroeconomic risk impact, the Group has revised its supply chain for the procurement of direct materials and contract clauses to increase its control on prices and reduce uncertainty.

Climate Transition

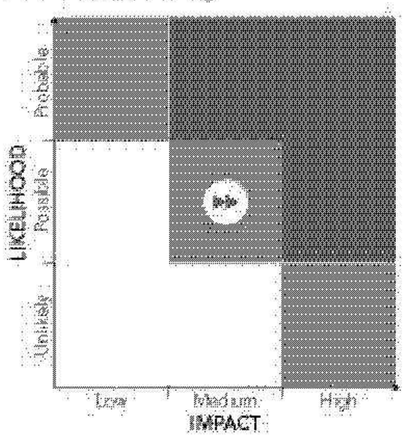
Risk Factors	Risk Details	Mitigation Measures
Climate Transition 	Climate transition describes the risk associated with market volatility due to the unpredictability of supply and demand for some materials and services (e.g. energy, water), or the introduction of new and stringent climate regulations (e.g. a carbon tax), the development of competitive low-carbon technologies (e.g. 3D printing), and increased stakeholder concerns and expectations. The inability to manage these risks could result in business disruptions and increased operating costs, impacting the Group's ability to meet its 2025 carbon neutrality target for its direct operations (Scopes 1 and 2), starting in Europe in 2023, following the goals reached in Italy and France, or to adapt to changing market preferences. The achievement of low carbon transition may be hampered by (i) failure to segregate waste; (ii) strong reliance on the monomer producer which may increase the business continuity risk; (iii) the tie-up with chemical companies may cause a lack of control over the chain and a limitation in the development of innovative activities and on the materials used.	In line with its "Eyes on the Planet" sustainability program, EssilorLuxottica continues to implement efficient processes to be more environmentally responsible and communicate the attention attributed to Climate Transition to meet market and consumer expectations. The Group is committed to promoting carbon neutrality and has developed a carbon neutrality roadmap in line with its "Eyes on Carbon" pillar, which is part of its sustainability program, to reduce dependence on fossil fuels and greenhouse gas (GHG) emissions. *For more details, see Section 5.2.1 of this Universal Registration Document.* Moreover, the Group is also committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi). This represents another step the Group is undertaking in reaching its long-term goal to address climate change, reducing the carbon footprint across its operations and value chain. EssilorLuxottica, in collaboration with its distribution partners, is working to reduce carbon emissions from traditional delivery options through the introduction of responsible shipping with the ultimate goal of achieving "carbon neutrality".

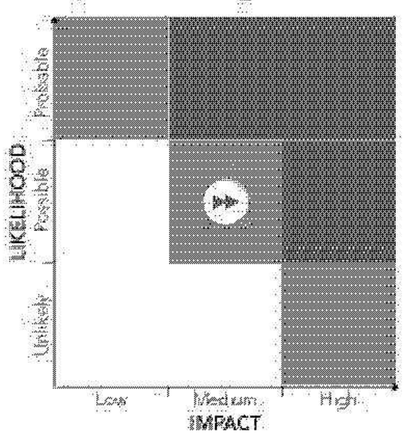
Risk Factors	Risk Details	Mitigation Measures
	EU law requires all large companies and all listed companies (except listed microenterprises) to disclose information on their risks and opportunities arising from social and environmental issues and on the impacts of their activities on people and the environment. Climate and overall ESG (Environmental, Social and Governance) considerations are increasingly at the heart of mainstream investing. Finally, delays in the implementation of the climate roadmap caused by the lack of adequate organization, expertise and resources could have a negative impact on the Group's reputation.	The Group is investing in awareness-raising strategies, promoting sustainability principles and spreading awareness and sharing practices on climate change, also through specific training courses delivered on the Leonardo platform. *For more information on the sustainability dimension, see Section 5.1.4 of this Universal Registration Document.*

Brand Integrity & Perception

Risk Factors	Risk Details	Mitigation Measures
Brand integrity & perception 	In the contemporary global landscape, the growing influence of social networks underscores the potential impact of negative media coverage or actions that are inconsistent with the ethical values and integrity of the organization. Such incidents can have a serious impact on the Company's reputation and image, potentially leading to adverse business consequences, including loss of customer confidence and possible legal actions. As the Group's brand value is an important asset it requires marketing efforts to be harmonized with product performance. Despite the Group's strong commitment to providing the best eyewear and eyecare products on the market, the emergence of greenwashing disputes is a distinct possibility (see also Section 5.1.4 of this Universal Registration Document). Broadening the customer base and enhancing brand reputation through innovative initiatives and projects, focusing in particular on the sustainability dimension, requires a transparent and conscientious approach as it may draw criticism that can adversely affect brand reputation.	The Brand Integrity and Perception is linked to the possibility of failing to comply with what is publicly stated, also in reference to sustainability, thus representing a reputational risk. EssilorLuxottica relies on several sources to understand brand perception in the marketplace and take appropriate mitigation actions. These sources include: • tool to measure brand awareness, brand loyalty, and brand associations; • evaluations of Group's image, reputation and marketing campaigns perception; • Social listening analysis to measure customer perceptions on social media, tracking brand sentiment and its evolution over time; • Net Promoting Score systems to verify the consumers' satisfaction regarding the purchasing process as well as web reviews, to follow up with consumers who have a complaint. *For more information on the sustainability dimension, see Section 5.1.4 of this Universal Registration Document.*

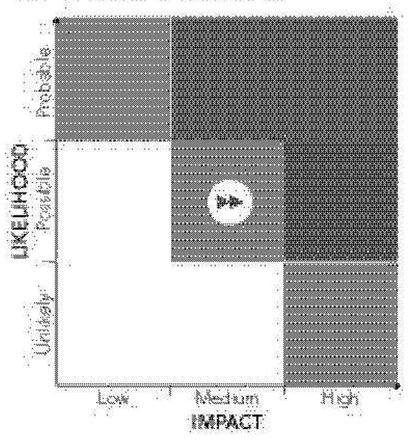
Product Innovation & Circularity

Risk Factors	Risk Details	Mitigation Measures
Product Innovation & Circularity 	EssilorLuxottica is characterized by dynamism and pays particular attention to innovation, introduction of sustainable solutions and development of new vision correction therapies. **Product Innovation** Keeping up with the latest innovations is a key factor in EssilorLuxottica's competitive advantage. The Group sped up its innovation with the launch of new products (e.g. Ray-Ban reverse and Ray-Ban | Meta). The opportunity to enter new market segments may bring with it a variety of new risks, including (i) defective goods, obsolescence, and disposal, (ii) dependence on partner's know-how and reputational risk deriving from its actions, (iii) and legal disputes over data privacy violations and intellectual property infringement. Therefore, failure to invest in R&D may lead to a delay in the adoption of new technologies which negatively impact profitability and damage its reputation. **Product Circularity** Consumers and especially younger generations are becoming more and more sensitive to sustainability and circularity, in particular in the luxury and fashion industry. Failing to invest in resources to accelerate the development of new sustainable ways of production processes and products entailing the circularity dimension, may negatively contribute to the availability of global/local raw materials, and expose the Group to reputational risk.	EssilorLuxottica places innovation at the heart of its strategy, while maintaining high standards of efficiency and quality. This forward-looking approach allows the Group to navigate the dynamic landscape of the eyewear and eyecare industry and ensure sustainable success in light of evolving market demands. Climate commitment is deeply intertwined with the EssilorLuxottica's circularity goals along the value chain, leveraging its sustainable innovation expertise across its materials, processes, products and services. As explained in Section 5.2.2 of this Universal Registration Document, the Company's efforts focus on optimizing the use of resources, including a shift from fossil-based materials to bio-based materials and embedding eco-design in all its product developments by 2025. The Group invests significant resources in research and development and has established profitable alliances with universities - research centers, industrial and medical equipment manufacturers, and technology giants - to anticipate consumer preferences and trends. As a direct consequence, EssilorLuxottica owns approximately 13,000 patents and produces more than 3,500 new eyewear models every year. The Group is engaged in non-traditional business areas as for example the launch of Ray-Ban | Meta, the first ever eyewear with live streaming and Meta Artificial Intelligence built-in and HELIX, a new division of the Group focused on serving EyeCare Professionals (ECPs)' digital needs in one smart, interconnected, data-driven digital ecosystem – from booking and ordering to teleoptometry and Managed Vision Care (MVC). The first offering from HELIX, a new generation of practice management platform called Vision (X) will be available in North America in 2024. The Group, equipped with a dedicated Super Audio team, in-house research and development resources, and bolstered by the recent acquisition of the Israeli start-up Nuance Audio is poised to introduce a groundbreaking technology into the hearing solutions market. The R&D and Sustainability teams have jointly developed new dedicated guidelines to support the transition towards sustainability, reducing or removing single-use plastics shifting from fossil-based materials to bio-based materials, which produce fewer emissions, biodegrade and are easier to recycle.

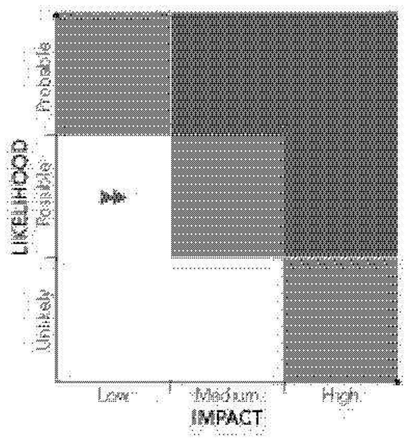
Risk Factors	Risk Details	Mitigation Measures
		An example is the in-house nylon recycling process, confirmed by the international ISCC Plus scheme, set up first in its Agordo plant in Italy and which is now moving progressively to other regions. *For more information on the sustainability dimension, see Section 5.1.4 of this Universal Registration Document.*
People Management		
People Management  	Like many other major worldwide corporations, also EssilorLuxottica is vulnerable to risks that labor markets are going through. Its success relies on its ability to attract and retain talents. **Talent Retention** People retention may be a challenge for EssilorLuxottica as it operates in a field where expertise takes time to mature, and businesses require collaborators who are seasoned professionals in their respective fields. The challenges of retaining talent, specifically Gen Z, include the difficulties of predicting and managing their response to business initiatives, which nowadays include sustainability, diversity and inclusion, and work-life balance. **Talent Attraction** The ability to attract new talent will become increasingly important as the global labor market becomes more competitive. The Group might be exposed to this risk especially in certain geographies particularly exposed or where its Brand equity is less visible or in relation to profiles especially scarce such as doctors and optometrists to support retail business. Furthermore, EssilorLuxottica may experience difficulties in attracting talent for certain offices and production sites situated in less attractive locations.	The Group aims at creating an environment where everyone can grow and feel appreciated and respected, while continuing to learn. This commitment is embedded alongside the deployment of a strong culture of sustainability and social responsibility through the Eyes on Inclusion pillar of its sustainability program (see Chapter 5). Concerning the EssilorLuxottica commitment to fostering an inclusive culture where all employees feel empowered, many initiatives are promoted across the different regions, including (i) the launch of the 'we are' project, involving all employees, aimed to define clear and inspiring shared values, (ii) the promotion of female career development to improve gender equality at all levels (e.g. the She Power Women Community in China), (iii) the inclusion of people with disabilities, (iv) the enrichment of Employee education programs delivered through the Leonardo platform, a series of activities such as global and regional mentorships, peer coaching and the promotion of internal (international and regional) mobility programs (e.g. FinHance, a three-year rotational program yielding the most talented people within the Company's global finance community the opportunity to rotate across three different functions). Finally, one of the Group's priorities concerns guaranteeing and protecting employees' health and safety and well-being. As explained in Chapter 5, EssilorLuxottica is highly committed on the implementation of strong health and safety programs that focus on identifying and preventing employee risks in the workplace. To achieve this, the Group has designed policies, action plans, procedures and on-site audits aimed at reducing the frequency and severity of accidents. In addition, stress management courses are available on the Leonardo platform in collaboration with Harvard. To adapt to the evolution of the labor market and the related needs, the Group is revising recruitment and attraction policies, offering, for example, (i) a two-year graduate program (Operations Talent Program) designed for STEM and Economics talents with the possibility to continue growing within EssilorLuxottica; (ii) a new supplementary Company contract to introduce for the first time for Blue Collars the 4-days short week for over 6,000 Headcounts in the Italian plants through a fist pilot phase on 5 sites; (iii) several initiatives (e.g. career events, information sessions,

Risk Factors	Risk Details	Mitigation Measures
		launch of real case studies) held at international campuses of top-ranking universities and management schools (e.g. MIT, Harvard, Columbia University, HEC, ESADE, Bocconi University, etc.); (iv) welfare initiatives such as Scholarships, Medical and Life Insurances. Finally, in 2023, the Company continued to deploy its employee shareholding programs (Boost). As a result, today nearly 77,500 of the Group's employees in 86 countries hold a financial stake in the Company. Employees' 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. In the context of the ongoing Russia-Ukraine, Israeli-Palestinian war, EssilorLuxottica continues to monitor the situations very closely and provides the necessary protection and support to its impacted employees.

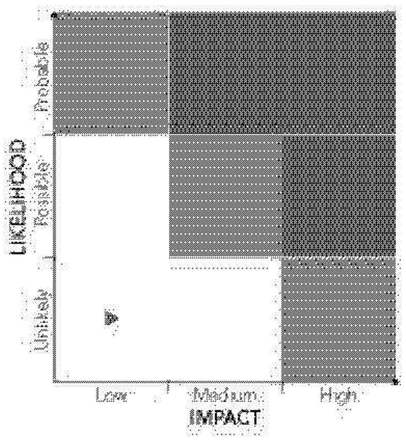
Business Model

Risk Factors	Risk Details	Mitigation Measures
Business Model 	EssilorLuxottica strategically steers its global leadership in ophthalmic products, emphasizing innovation to foster organic growth. Constant increases in online sales, driven by tech giants like GAFA and BATX, play a fundamental role in the evolving landscape of the company and pose EssilorLuxottica in the position of developing local and global projects and initiatives to ensure wide access to products and services of eyecare and eyewear. Failure to digitize the business model or to properly predict and assess risks associated with such activities may lead to a loss competitive advantage. The integration process and the expansion in different sectors or new markets, such as the hearing solutions market with the acquisition of Nuance Audio is part of EssilorLuxottica's strategy to broaden its customer base. However, it could affect the management of operations among business units.	EssilorLuxottica's fully integrated business model (strong brands, vision care model, retail presence, proximity to services) enables it to identify the market trends and weak signals to adapt its offer to customer expectations. 2023 marked a great year for global digital transformation, with the introduction of innovative tools and applications plus optimized offline and online interactions to enhance consumer experience. The Group has launched initiatives, such as HELIX, a new division that will provide a more modern and holistic technology offering to EyeCare Professionals. It will harness the power of the Company's proprietary leading practice management technologies – from booking and ordering to tele-optometry and Managed Vision Care – into a single portfolio. The acquisition of Nuance Audio and a dedicated Super Audio team will enable the Group to introduce an integrated technology at the intersection of vision and sound for the 1.2 billion people experiencing mild to moderate hearing loss. Concerning providing eyecare and eyewear access, the Group has launched different initiatives such as working with the Ministry of Education and Health in China to spread awareness among the country. Furthermore, EssilorLuxottica is fostering a long-standing partnership with the World Society of Pediatric Ophthalmology and Strabismus (WSPOS).

Governance & Organizational Framework

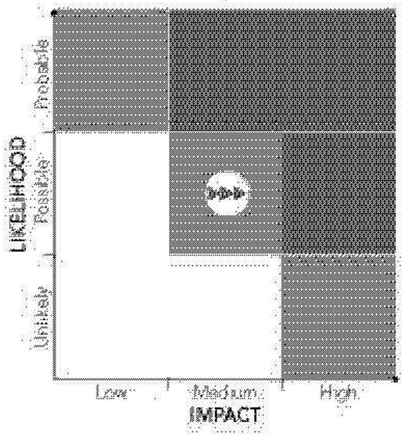
Risk Factors	Risk Details	Mitigation Measures
Governance & Organizational Framework 	EssilorLuxottica is undergoing its final transition phase with the integration of GrandVision that adds complexity to the organizational sphere operationally and culturally. Moreover, the launch of the new division HELIX and non-traditional business segments as Nuance Audio enhances the challenge in the complex scenario in which the Group is evolving (For further details see Product Innovation & Circularity Risk Factor). The risk that could arise is linked to the organizational structure and governance that could not adequately support the Group strategy and its commitments towards value creation initiatives. It may cause a dispersion of resources and a fragmented IT system, with many different business units leading to reputational risk and operational cost increase. Therefore, a strong governance framework is essential for modern governance as it directs how people interact with the organization, regulators and stakeholders to guide and monitor operations closely. Finally, the lack of definition of a revised governance structure and accountability may hinder the Group reaching its objectives over the short term and slowdown the Group's path toward harmonization.	Driven by its transformation EssilorLuxottica reshaped its governance and organizational framework. To consolidate the structure, the Group engaged in the harmonization and update of its policies, processes and responsibilities, with the objective, among others, to ease the decisional process for its new business requirements. Moreover, the ongoing implementation of a common IT system strengthened the process efficiencies and enhanced the global governance. As a result, Steering Committees and meetings are held periodically to align business areas on strategic and cross-channel projects. Finally, to foster its comprehension, dedicated learning sessions are broadcasted through the Leonardo platform.

Business Partners

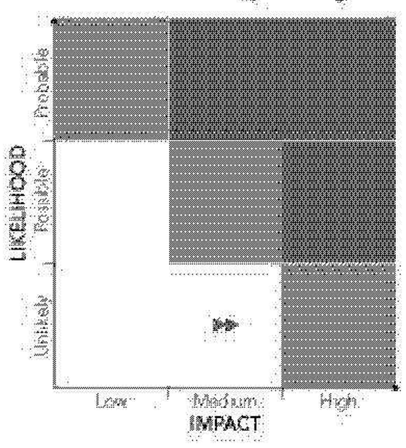
Risk Factors	Risk Details	Mitigation Measures
Business Partners 	The Group's growth and expansion on a global scale as well as new business solutions have led to an enlarged number of business partners such as suppliers, contractors, distributors or franchisees. Deficiency in the ability to negotiate and maintain favorable business partners agreements may lead to possible negative impacts on growth prospects and financial results (due to consequences such as a reduction in sales or an increase in advertising costs and royalty payments to licensors). Moreover, as a global and responsible Group, EssilorLuxottica expects its business partners to uphold certain ethical and sustainability standards. Failure to ensure that business partners undertake appropriate measures could have several impacts ranging from: • environmental impacts related to practices resulting in increased waste generation and pollution; • socioeconomic impact if partners fail to ensure fair labor practices leading to impacting workers' well-being and social conditions; • activities having an impact on local communities, including land use, resource depletion or displacement of vulnerable populations. A lack of control could lead to a negative impact on the reputation of the Group.	EssilorLuxottica aims to establish an optimal strategic approach to commercial partnerships that are pertinent to the Group's expansion and create relationships with trusted partners. Considering its global footprint, it is as fundamental to strike deals with local partners having solid business models, dedicated governance and an appropriate level of commitment. For this reason, all business partners are expected to follow the new Business partners' Code of Conduct, complementing the Group Code of Ethics and substituting the former sustainability charter and responsible sourcing principles. To respect EssilorLuxottica standards along the supply chain and to meet the needs of sustainability considerations for supplier selection, the Group has enhanced its partnership selection, due diligence process entailing sustainability indicators and metrics. Therefore, relationships with unreliable or non-compliant local partners are terminated. Finally, in 2023, the Group announced a: six-year agreement with Ferrari, a 5+5 year agreement with Jimmy Choo and a 5+5-year agreement with Moncler. *For more information on the sustainability dimension, see Section 5.1.4 of this Universal Registration Document.*

Financial Risks

Financial Market and Currency

Risk Factors	Risk Details	Mitigation Measures
Financial Market and Currency 	**Financial Market** Fluctuations in market interest rates, inflation rates and long-term overall economy growth rates in countries where the Group operates may negatively impact EssilorLuxottica investments capabilities and market value. Future execution of the external growth strategy through M&A operations may require borrowings which would increase EssilorLuxottica's exposure to interest rate fluctuation. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.* **Currency** As EssilorLuxottica operates all over the world, conducting business in several currencies, the Group's results may be materially affected by foreign exchange fluctuations. The primary exchange rate to which the Group is exposed is the EUR/USD parity, as around 40% of sales are in USD and around 65% of the Adjusted Operating Profit is USD dependent. • Around 80% of EssilorLuxottica sales are performed in foreign currencies (mostly USD, AUD, BRL, GBP, CNY, etc.), significantly impacting the volatility of sales of the Group. Similar to 2022, 2023 was characterized by strong currency volatility in the markets in which the Group operates, including Argentina, Turkey, China and Brazil. The Group has been subsequently exposed to variations in its earnings. *Also see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document for IFRS information.*	**Financial Market** The impact of interest rate fluctuations is limited due to the high percentage of gross indebtedness, at a fixed rate (90%). To hedge interest rate risk on gross debt or optimize its cost of funding, EssilorLuxottica may use interest rate swaps from time to time. In this case, financial income and expenses relating to interest rate derivatives are recognized in the income statement in the same period as the hedged item. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.* **Currency** EssilorLuxottica seeks to limit currency risk exposure with natural hedges and will only use financial derivatives to offset its residual transactional exposure. These financial derivatives are entered into solely to hedge currency risks arising for business and financing operations. The Group's Treasury department is at the forefront of this issue, making sure that the organization is flexible on costs and manage adequately this risk across the Group. *Also see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document for IFRS information.*

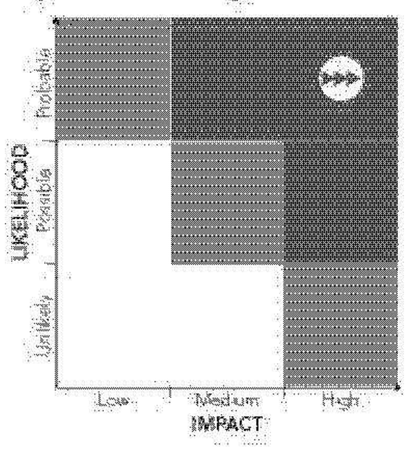
Credit and Liquidity

Risk Factors	Risk Details	Mitigation Measures
Credit and Liquidity 	**Credit** ***Financial counterparties*** The Group is exposed to financial counterpart risk, i.e., the risk that a bank defaults on its contractual obligations (short-term investment, hedge or credit facility), which would result in a financial loss for the Group. Default by a counterpart may result in loss in value (the case of non-payment of a financial asset) or liquidity (the case of inability to draw on an unused line of credit).	**Credit** ***Financial counterparties*** To mitigate this risk, EssilorLuxottica diversifies its banking counterparties, to limit individual exposure depending on the rating of the counterparty. In addition, 90% or more of excess cash must be invested in products complying with the Cash and Cash Equivalent definition under IFRS. The Group enters into derivatives transactions under various master agreements, which contain clauses for the offsetting of amounts payable and receivable only on the occurrence of future events such as a default or other credit event by one of the contracting parties.
	Commercial counterparties The Group is exposed to late payments or even default from some of its Professional Solutions customers. Exposure to credit risk is greater in some regions where the Group operates, such as India, Middle-East, Turkey and Africa or Latin America to support some of its customers, EssilorLuxottica has implemented specific solutions during the pandemic. Certain payment terms have thus been extended while short-term loans have been granted. The Group does not have a significant concentration of credit risk. As of December 31, 2023, non-provisioned past due trade receivables amount to €300 million. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.*	***Commercial counterparties*** The credit risk is managed locally and monitored centrally by the Group. There are proper procedures in place to ensure that the sales of products and services are made to reliable customers based on their financial position as well as past experience. Credit limits are defined according to thresholds that take into consideration internal and external evaluation of the customer's reliability. The utilization of credit limits is regularly supervised by automated controls. The implementation of an IT roadmap is in line with the desire to make sure these processes are reliable and standardized across the Group. The Group's exposure to non-provisioned trade receivables is naturally limited by the high number of countries in which it operates (hence mitigating the consequences of a national economy collapsing) and the number of customers served (hence avoiding any significant stand-alone exposures to individual customers). There are no repayment problems to date and the consequences are even positive, since actions like the payment terms extension allow the Group to retain as much as possible of its clients. Concerning loans allocated to private customers, these operations are carried out in a documented framework. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.*

Risk Factors	Risk Details	Mitigation Measures
	Liquidity The Group may be exposed to the risk that its liquidity sources may be insufficient to cover its financial needs to support its growth target (e.g. external growth related to acquisition). However, the risk is limited given the high cash flow generation level and the solid credit ratings of the Group. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.*	**Liquidity** EssilorLuxottica operates to have continuous high liquidity to ensure its independence and growth. The funding policy is based on the diversification of funding sources, the use of medium- and long-term financing, the distribution of debt maturities over time and the establishment of committed credit facilities. To ensure consistent management and success in obtaining optimal conditions on the market from the most robust financial institutions, funding for the whole Group is ensured by the central Treasury department, which subsequently takes on the responsibility of the various entities refinancing. In specific situations, due to local regulations, some entities may be required to realize their own refinancing. As of December 2023, the Group has €2,249 million of committed credit facilities with leading banks. *For more information, see Note 25 to the consolidated financial statements, in Section 4.1.6 of this Universal Registration Document.*

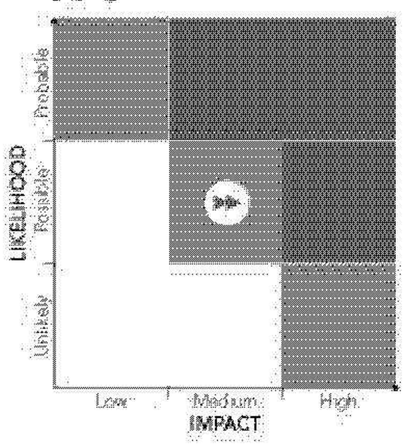
Operational Risks

Cybersecurity

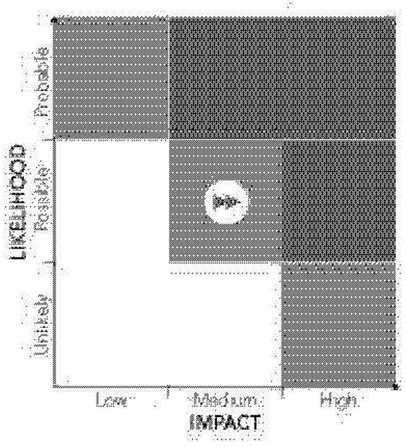
Risk Factors	Risk Details	Mitigation Measures
Cybersecurity 	Digitalization enhances effectiveness and optimizes processes, diminishing the chances of human errors, while IT Systems are becoming a crucial resource for the proper functioning and competitiveness of the Group. The expansion of EssilorLuxottica in countries like Mexico and Thailand, may increase the risk of cyber-attacks. Moreover, the Group's high fragmentation of IT systems worldwide and its complex and interconnected digital network may compromise its protection against cyber incidents affecting the reliability of data. Furthermore, the reliance on new technologies may jeopardize the Group's security by exposing it to potential cyber-attacks and a growing number of malware and ransomware attacks and phishing attempts.	EssilorLuxottica is taking proactive measures to address potential threats by implementing comprehensive strategies to enhance protective measures and reinforce the existing system. Indeed, the Group is continuously investing in initiatives to mitigate the risk, including but not limited to: • annual risk assessments in IT and OT environments performed with the support of external firms; • Key Performance Indicators (KPIs) to assess and periodically monitor the effectiveness and performance of key Information Security capabilities; • extensive information security policies and procedures as well as guidelines and instructions;

Risk Factors	Risk Details	Mitigation Measures
	In addition, a complex technology infrastructure, equipment and software need dedicated and specific skills to run efficiently. Failure to address these risks may compromise the operation business continuity and may result in a substantial financial loss through various means such as the theft of corporate and financial information (e.g. bank or payment card details) and intellectual property (IP) theft, as well as disruption to e-commerce transactions or production processes. A prolonged resolution time for cyber-attacks may also influence the ability to handle financial communication in a timely manner, leading to reputational damage. In addition, failure to comply with regulatory requirements (e.g. GDPR, HITRUST, HIPAA, PCI) concerning the management of personal, health and payment data could result in significant compliance consequences. The increasing implementation of Artificial Intelligence may place a new significant risk due to the uncertainty in terms of information disclosure. Intensified risk may not only affect the Group's image and reputation but also have implications for its business operations. It may impact relationships with partners, investors, and customers, potentially causing a loss of trust and confidence in the Company's ability to safeguard sensitive information, maintain compliance with applicable regulatory and contractual obligations, and ensure the continuous operations of both IT and OT systems.	• cybersecurity training programs (shared through the Leonardo platform) and initiatives for all employees (e.g. e-mail communication, workshops, phishing campaigns, etc.); • system protection that includes antivirus/ antimalware software, firewalls, Extended Detection and Response (XDR) platform, patch management, and vulnerability management platform; • safeguarding all physical and electronic information resources (e.g. PII, PHI, PCI data) through dedicated security policies and measures, such as Data Loss Protection (DLP), data classification solutions, and encryption mechanisms; • global SOC (Security Operation Center) to oversee all events 24x7 and to detect potential anomalies in systems, devices, and user behaviors; • gradual roll-out of a unique ERP (Enterprise Resource Planning) and continuously monitoring and updating its Business Continuity Plans and Disaster Recovery Plans across all the Group's countries; • evaluation and calibration of the cyber risk profile to reduce exposure and adopt adequate insurance. Moreover, the Group took another important step in the digitization of the eyecare industry with the launch of HELIX, a new division dedicated to helping independent opticians optimize the management of their business with the latest technology solutions. It will serve them with the latest generation platform (Vision (X)) for the integrated management of all digital activities in the store.

Supply Chain

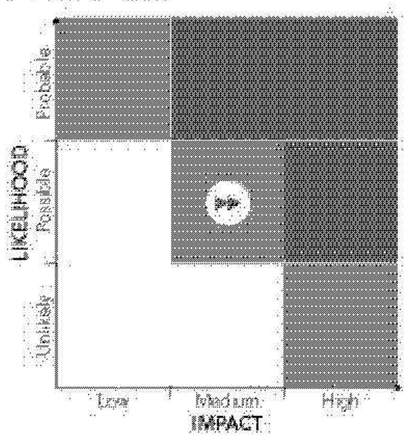
Risk Factors	Risk Details	Mitigation Measures
Supply Chain 	The resilience and stability of EssilorLuxottica's supply chain is tested daily due to its widespread presence in the international context, facing exceptional challenges. Appropriate supply chain management is essential to enable the Group to meet more stringent environmental requirements and limit its impact on the environment. The Group faces a number of issues relating to the efficiency of its supply chain: • shortages of raw materials, such as energy and gas price volatility, which may hinder the Group's ability to keep operating according to its manufacturing cycle, jeopardizing efforts to reach its carbon neutrality target. The rising unit cost of technological semiconductors and microchips increases the Group's vulnerability. Shortages of technology suppliers may result in repercussions on various centralized systems as well as the overall business; • the intensity and disruption of natural events or geopolitical tensions may impair the Group's ability to protect its supply chain and operations; • a high degree of dependence on single suppliers could increases the risk of supply chain disruptions and limits the Group's ability to negotiate prices; • production process concentrated in a few plants, as a consequence of Technology or Product transfer limitations (e.g. Chemicals, molds, etc.) from one site to another, could result in the same dependency and rigidity, hitting directly the lead time and production costs; • increasing difficulties in restructuring and opening new stores due to an increase in product delays. Finally, labor shortage and escalating labor costs may jeopardize the whole supply chain (refer also to Political & Social Environment and People Management Risk Factors).	The robust integrated business model and diversified networks enable the Group to manage adversities. To counter the problem of rising prices and avoid production disruptions, EssilorLuxottica (i) advances the acquisition of raw materials, (ii) develop long-term strategy to reduce reliance on individual suppliers, (iii) increases the stock of digital equipment (such as switches, routers, cables, LED walls, screens) and materials for construction, and (iv) adjusts production, containing labor costs. The Group is carefully reviewing shipping procedures. In fact, different transport solutions (air/sea/rail/road) have been implemented to diversify EssilorLuxottica's international transport service portfolio. This strategy allows to cope with global supply chain disruption events (e.g. Suez Canal traffic slowdown after attacks) and react swiftly in moving the production in the Group's dislocated sites to guarantee business continuity and deliver the goods, to approximately 18,000 stores. Moreover, in line with sustainability objectives set through the Eyes on the Planet program, the Group regularly tracks Scope 3 emissions associated with the transport and distribution of products and ensures the traceability of every component of the products, tracking the origins of raw materials within the supply chain according to the upcoming EU regulatory requirements and local regulations. EssilorLuxottica offers standard and green shipping options, which are promoted in all regions (e.g. green shipping usually appears as default option in the Group e-commerce sites like Costa Del Mar) and is also testing the introduction of electric vehicles and drones. To ensure continuity in the supply chain, the Group has implemented backup plans expanding in Mexico, Thailand and Laos (refer also to Political & Social Environment and Business Interruption Risk Factors). Furthermore, EssilorLuxottica performs and updates constantly its Responsible Sourcing and Manufacturing program verifying that supplier and its production plants comply with the Company' s standards and commitment in the areas of ethics, labor and human rights, environment, and health and safety. *For more information on the sustainability dimension, please refer to Section 5.2.5 of this Universal Registration Document.*

Business Interruption

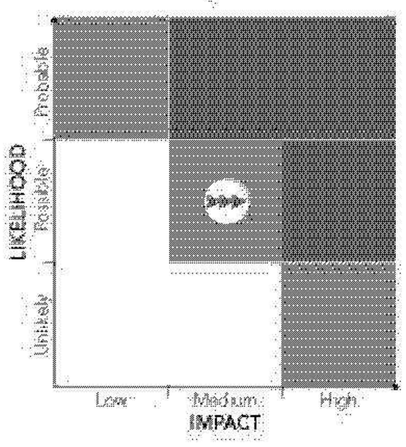
Risk Factors	Risk Details	Mitigation Measures
Business Interruption 	EssilorLuxottica operates worldwide with mass production plants (48), suppliers, prescription laboratories and edging-mounting facilities (583), transporters, distribution centers (128), and brick and mortar activities (17,589) in Northern America, Latin America, Europe, Africa, and Asia Pacific, increasing the magnitude of possible business interruptions. Among the internal and external causes potentially leading to business interruptions, the Group recognizes as the main ones as: • geopolitical unstable situations in countries where it operates: political conflicts and Government shutdowns may increase the vulnerability of the supply chain, increasing the risk of importing goods from afar and a lack of source differentiation even greater; • climate change: extreme weather conditions or natural events, may lead to business disruptions, delays in the supply chain and higher costs as a result of the damage caused to warehouses and production facilities. Sites based in US, Japan, Thailand and Philippines are most exposed to adverse natural events such as floods, earthquakes, heat waves and hurricanes; • water scarcity: difficulties with the supply of good quality and quantity of water; • facility incidents/issues: such as fire and explosions; • single-source supplies: leading to a potential shortage of critical materials (equipment, molds, inserts, etc.) due to political conflicts or supplier distress. The Group's business, results, financial situation, reputation and image could be as well negatively affected.	EssilorLuxottica's adaptable and diversified supply chain is essential to bring down business interruption risks. Moreover, the Group progressively improves its Business Continuity Plans (BCPs) to better address new risks and ensure interconnection through specific measures: • defining alternative supply routes, leveraging the network of production sites through their decentralization; • transitioning to a shorter supply chain, emphasizing geographically proximate countries (new production sites in Mexico and Thailand to serve United States and Asia Pacific region respectively). This strategic shift is intended to decrease risk and contribute to the Group sustainability efforts (see also Chapter 5 of this Universal Registration Document); • deployment of safety measures, local loss prevention plans at its facilities (including checking on fire system and back-up power generators). External audits, performed by insurance companies, to reduce property loss and enhance Health & Safety measures; • evaluation of risks and resilience with a dedicate tool enabling scenario analyses for potential natural disasters such as earthquake and climate change events *(also see Chapter 5.2.1)*; • periodic simulations of IT systems failures to test the efficiency and effectiveness of the Disaster Recovery Plan, as well as development of backup plans for IT systems. Finally, the Group is continuously seeking to ensure double sourcing of critical materials (e.g. systems/hardware) and strengthen its commercial partnerships. *For more information on the sustainability dimension, see Section 5.1.4 of this Universal Registration Document.*

Compliance Risks

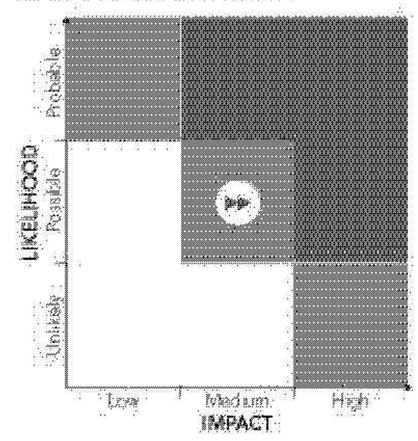
Antitrust

Risk Factors	Risk Details	Mitigation Measures
Antitrust 	The Group's significant dimension and increased footprint in the retail sector, also in light of recent acquisitions (e.g. GrandVision), has exposed the Company and its subsidiaries to complaints, class actions and, in general, reputational impacts, increasing attention from competitors and antitrust authorities that monitor the market positioning of EssilorLuxottica and may prevent the Group from pursuing further strategic initiatives. This includes a risk for the Group to be seen as taking an unfair advantage thanks to its current position on the market. The Group is also involved in M&A activities, to expand its scope and perimeter (e.g. in China and USA), potentially leading to increased antitrust scrutiny and the possible requirement for EssilorLuxottica to take certain agreements under local regulations or to see certain transactions prohibited. For more information on Investigations and litigations relating to antitrust matters, see Litigations and proceedings arbitration Risk Factors. Any sanctions, fines, or restrictions for violations of antitrust regulations or non-compliance with applicable remedies, whether actual or alleged, may materially adversely affect EssilorLuxottica's business, reputation, operating results, financial conditions and cash flow.	In compliance with antitrust or competition laws and regulations, EssilorLuxottica promotes integrity and fair competition among all parties, including competitors. EssilorLuxottica has defined and implemented a global antitrust policy stating principles for conducting business in compliance with antitrust regulations, and local antitrust policies. To effectively address the risk, antitrust considerations are actively integrated into business decisions and processes, and preventive antitrust assessments are conducted in connection with M&A operations. Furthermore, the Group has enhanced internal awareness by providing employees with specific training on antitrust issues and conducts a full review of compliance practices with antitrust bodies on a yearly basis.

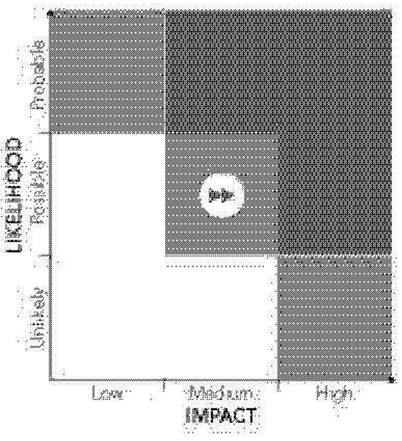
Data Privacy

Risk Factors	Risk Details	Mitigation Measures
Data Privacy 	The constant evolution of the various data protection regulations, the legal frameworks relating to the protection of privacy and their interpretation by the authorities responsible for data protection may represent a threat to the Group due to its international exposure. For instance, new cookies regulation adopted in certain countries, as well as newly enacted Acts in Europe (DSA & DMA) will impact digital business as soon as it will become mandatory. Those regulations and ongoing interpretations will reiterate and confirm the importance of data protection for third-parties, which represents a significant risk, especially considering the new digital solutions the Group is launching on the market (Ray-Ban Meta/Medtech sector). Furthermore, given the Group's worldwide presence, the international transfer and circulation of data pose potential risks in terms of data security. The interconnectivity of systems and the vast scale of operations raise concerns regarding the secure transmission of information across borders, regulated by increasingly stringent control policies. Additionally, the current integration of GrandVision further underscores the importance of addressing potential challenges related to IT Systems and Cybersecurity. In addition, the launch of innovative services to address the EyeCare Professionals (ECPs) digital needs in an intelligent, interconnected, data-driven digital ecosystem *(see Cybersecurity and Business Model Risk Factors)* makes the protection of consumers or patients crucial, as it is based and involves the processing of sensitive data and health information (e.g. vision disorders). Any failure to meet these standards or regulations, leading to the inadequate management of health and personal data, not only could jeopardizes the certains certification status mandatory to operate, but also exposes EssilorLuxottica to reputational, financial and operational risks. The main causes of personal data breaches might stem from: (i) IT system failures; (ii) network disruptions; (iii) cybersecurity threats; (iv) inappropriate data management of new technological devices; (v) inadequate security of health and personal data; and (vi) personal data that may occasionally be exchanged internationally. Finally, ineffective data privacy measures may lead to data breaches, exposing consumers and stakeholders' sensitive information to external actors leading the Group to financial and reputational risk.	EssilorLuxottica invests in protecting its stakeholder's data privacy, whilst ensuring compliance with all the applicable Data Protection and Privacy acts across the world. The Group is conceiving and developing a data protection compliance program, enabling the integration of a compliance-by-design approach and the protection of personal data processed by the Group, or its suppliers, under all applicable regulations. Two renewed Data protection & Data breach policies and procedures were implemented to ensure proper management of personal and sensitive data. Moreover, the Group dispenses trainings on the Leonardo platform and awareness programs to its employees in conjunction with technical solutions to prevent breaches. The Group oversees and ensures that its partners contractually adhere to the same stringent security standards in processing personal information, particularly in relation to the launch of new products or services, such as tele-optometry, Ray-Ban | Meta, and related apps. Besides, the Group is required to perform regular Data Protection impact assessment to manage particular risk on personal data and to maintain Data Protection certifications, which are mandatory to sell certain of its products or services on the different markets it serves. Concerning its organizational structure, a Data Privacy Office has been introduced within its Compliance Department, which tasks entail the central monitoring of data privacy issues, supported by local correspondents and a regular specific committee. While working on implementing Artificial Intelligence to offer highly innovative solutions (e.g. Varilux® progressive lens providing the first eye-responsive lens that respects the eye's natural behavior) the Group monitors the new regulations and their impacts on current data protection legislations to build trust in its technologies and mitigate potential privacy risks. Finally, EssilorLuxottica collaborates through conferences with several Data Protection Authorities to raise awareness concerning data privacy and implement appropriate information programs as data privacy awareness campaigns.

Reporting & Communication

Risk Factors	Risk Details	Mitigation Measures
Reporting & Communication 	The Group's position and leadership in the eyecare and eyewear industry as well as its strong international exposure, require it to comply with different national and international standards and regulations over its value chain and business partners. These regulations may require EssilorLuxottica to make greater efforts toward transparency, consistent metrics, and data integrity to improve its corporate reporting, in anticipation of upcoming sustainability reporting obligations. Communication about environmental, social and societal topics is becoming increasingly important and requires additional transparency, concerning the Group, its own workforce and its supply chain. In addition, not satisfying external requests or not complying with local or international regulations on sustainability (e.g. the Green Claims Directive) due to insufficient or misleading information on the sustainable characteristics of a product (e.g. type of material used, if recycled, certified, biobased, other) can lead to a risk of loss of credibility, inability to meet stakeholder expectations, financial loss and negative reputational impact.	To mitigate risk and align the reporting & communication of financial and non financial information with existing and future regulations, the Group implements several actions, including: • committed teams that collaborate closely with the Internal audit, Legal and Internal Control teams to report on the actions taken to senior management, the Group Audit Committee, and the Board of Directors; • regulatory monitoring at central and local level; • effective and risk-based compliance programs; • creation of a dedicated Steering Committee to guide the harmonization and update of policies and practices to reflect regulatory requirements and Group developments for clear communication; • reinforcement of the Group compliance policies and trainings provided on the Leonardo platform (personal data protection, anti-corruption, prevention of discrimination and harassment, etc.); • launch of a new Code of Ethics to facilitate the infusion of the compliance culture to employees, and of a Business Partners' Code of Conduct communicating the Group's expectations. • effective grievance procedures at global and local level, including the launch in 2023 of a global whistleblowing tool SpeakUp integrating existing tools to improve visibility over incidents and reporting; • regular checks and audits carried out by Internal Audit and Control teams or by external parties and followed by the implementation of corrective measures; • before launching new campaigns, the Group ensures compliance with local regulations (advertising, medical devices, and others). In addition, to avoid misleading communication, the Group revises its strategies and claims centrally, with an early stage collaboration process between all concerned departments. Finally, EssilorLuxottica pays particular attention on its external communication, monitoring its media and discussions on social media about the Group. Notably, in 2023 the Corporate Sustainability Communication Policy was issued to ensure accuracy and consistency of the company's internal and external sustainability communication in different regions. *Refer to Chapter 5 of this Universal Registration Document for more information.*

Litigations and proceedings arbitration

Risk Factors	Risk Details	Mitigation Measures
Litigations and proceedings arbitration 	In the ordinary course of its business, the Group is party to legal actions, claims, lawsuits, arbitrations, investigations, governmental and administrative proceedings and litigation, some of which are or may be material. Given the growing complexity and international footprint of EssilorLuxottica, any ongoing or upcoming material litigation could have significantly negative consequences on the financial situation and reputation of the Group. **Fraud** Civil and criminal actions are pending in various jurisdictions following a fraud that took place in 2019 in Thailand. No material recovery occurred in 2023. **Alleged anti-competitive practices** Following lengthy proceedings against Luxottica, the Group was sentenced by the French Competition Authority to a €125 million fine on July 22, 2021 on the account of cartel practices. The Group appealed this decision on September 10, 2021 and remains confident that it will successfully demonstrate that the decision is wrong from both a factual and a legal perspective. Accordingly, no provisions have been booked in this respect. Following lengthy proceedings against Essilor, the Group was sentenced by the French Competition Authority to a €81 million fine on October 6, 2022 for discrimination of online players and protection of brick and mortar retailers in connection with the distribution of certain specific prescription lenses. The Group appealed this decision on November 23, 2022 and remains confident that it will successfully demonstrate that the decision is ungrounded. Accordingly, no provisions have been booked in this respect. Following an investigation initiated in 2021, the Group was sentenced by the Turkish Competition Authority to a TRY 492 million fine on August 18, 2023 for breach of exclusivity commitment and abusive bundling. EssilorLuxottica strongly disagrees with the Turkish Competition Authority and will appeal its decision confident that it will successfully demonstrate that this decision is ungrounded. **Other antitrust Investigations** The Group is still under an investigation initiated in 2022 by the Greek Competition Authority and is working with the authority with this ongoing investigation.	EssilorLuxottica provides dedicated training sessions to its employees in order to meet its statutory and regulatory duties and enhance internal professional knowledge. Furthermore, EssilorLuxottica addresses all claims, arbitrations and litigation proceedings through specialized resources (internal and external) and evaluates their related risks in accordance with applicable accounting standards. Such provisions for EssilorLuxottica amounted to €194 million as of December 31, 2023, compared to €208 million as of December 31, 2022.

Risk Factors	Risk Details	Mitigation Measures
	Class actions Certain EssilorLuxottica Group entities, primarily US and Canadian subsidiaries, are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, price fixing, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. This includes, among others, several putative class actions filed in H2 2023 in US Federal Courts for alleged price fixing and monopolization. The relevant entities vigorously dispute the merits of all these actions. **Other existing proceedings** Shamir Optical, a US subsidiary, is involved in a court case, which also involves the US Department of Justice, with regard to certain promotional activities. Various litigations were initiated in the US, in front of a Federal Court and the International Trade Commission, against Luxottica Group S.p.A. and various subsidiaries for alleged infringement of patents in connection with smart eyewear. The Group vigorously disputes the merits of all these actions. Moreover, EssilorLuxottica and its subsidiaries are defendants in other legal proceedings arising in the ordinary course of business. EssilorLuxottica disputes the merits of all such outstanding claims, which it will vigorously pursue.	

1.7 Main characteristics of the risk management and internal control systems implemented by the Company for the preparation and processing of accounting and financial information

EssilorLuxottica internal control systems is consistent with international best practices such as the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework and in line with the requirements imposed on companies listed on the French Stock exchange and, more precisely, with the "Reference framework for risk management and internal control system" published by the AMF in 2010.

1.7.1 The Company risk management process

EssilorLuxottica has developed and adopted an Enterprise Risk Management (ERM) framework defining:

- a Group Risk Model, which clusters risks into four categories (strategic, operational, financial and compliance);
- an assessment methodology based on the impact, the likelihood and the velocity of each risk;
- an assessment of risks related to sustainability performance (so called "ESG risks") discussed in Chapter 5 of this Universal Registration Document.

In 2023, EssilorLuxottica has performed its risk assessment, based on the Group Risk Model:

- identification and analysis of risks through interviews and questionnaires;
- assessment of impact, likelihood and velocity, on a residual basis, considering all mitigating measures adopted by EssilorLuxottica;
- prioritization aimed at identifying risks and implementing action plans to minimize those risks.

The risk assessment has been performed globally, incorporating all geographical areas, legal entities and activities of the Group. In 2023, the results of this risk assessments were integrated in the identified risk factors for the Group, in terms of nature and mitigation actions.

EssilorLuxottica identified 18 relevant risk factors to which the Company may be exposed. For each risk factor, the overall severity has been calculated considering the likelihood and the potential impact (operational, financial and reputational) as well as velocity of occurrence. Risks presented are clustered by risk categories.

1.7.2 The Company's internal control objectives

The risk management of EssilorLuxottica and the internal control frameworks implemented within the Group are designed to:

- ensure that management actions, execution of transactions, and staff behavior fall within the scope defined by the guidelines applicable to activities undertaken by the relevant corporate bodies. This includes compliance with applicable laws and regulations, as well as values, standards and internal rules of the Group;
- verify the quality and accuracy of all accounting, financial, legal and management information reported to the relevant corporate bodies, regulatory or supervisory authorities, shareholders or the public;
- cover all the policies and procedures implemented by the Group that provide reasonable assurance that business is managed efficiently and effectively;
- limit the risk of error or fraud, particularly of an economic, financial or legal nature, to which the Group may be exposed. However, no control system can provide an absolute guarantee that all such risks have been completely avoided, eliminated.

1.7.3 Organization of internal controls

The internal control systems implemented within the Group are based on:

- clear definitions of responsibilities, backed by the necessary resources and skills, appropriate information systems, procedures and processes, tools and practices;
- internal communication of all the information needed for each individual to fulfill his or her responsibilities;
- systems that aim to identify and analyze the main identifiable risks and to ensure the implementation of procedures to manage these risks;
- control procedures that are proportionate to the risks associated with each process and are designed to provide assurance that measures are taken to limit and, to the extent possible, manage the risks that could prevent them from fulfilling their respective objectives;
- supervision of the internal control and risk management systems and regular reviews of their operations.

1.7.3.1 Main finance control activities and key stakeholders

Various internal control activities help to ensure that the application of finance standards and procedures defined at the corporate level are consistent with Senior Management's guidelines.

The risk management and control framework in place at EssilorLuxottica can be described as follows:

- first line of defense: the operational people responsible for transactions at the entity level;
- second line of defense: the functional departments in charge of specific areas of activities (such as Internal Control, Treasury, Accounting and Consolidation, Forecasting, Tax…) with a solid reporting line from the regions to the corporate finance heads;
- third line of defense: the Internal Audit department, which independently checks the effectiveness of controls and reports on them to the relevant functions and bodies.

The following departments are under the responsibility of the Group Chief Financial Officer of EssilorLuxottica:

Group Internal Control

Group Internal Control focuses mainly on the controls related to Internal Control Over Financial Reporting (ICoFR) scope. Several initiatives have been carried out during 2023, such as:

- communication of the new set of Minimum Control Standards;
- continue the harmonization of the Group policies and procedures;
- control testing on the financial statement closing process and on Minimum Control Standards;
- extension of the scope of the key controls monitoring related to payment and cash management processes via a Data Analytics tool;
- enhancement of the control environment centralizing some key activities on the Procure to Pay process;
- follow up on the remediation plans raised by internal audit.

And other projects led with IT to strengthen some digital processes.

The results of these internal control activities are periodically reported to the Group Chief Financial Officer and shared with the heads of Finance departments.

The aim is to focus on reinforcing controls and suggesting remedies in the finance area to prevent and detect potential fraud, and also to contribute to the continuous enhancement of the quality of the financial information reported.

Group Accounting and Consolidation

The EssilorLuxottica consolidation team (the "Group consolidation team") is responsible for the preparation of the consolidated financial statements of EssilorLuxottica. The Group consolidation team issues instructions and timelines to ensure a consistent and reliable consolidation process; in addition there is an open communication line with the local Finance Departments which allows the understanding and analysis of the financial data and enables consistency in the accounting approaches with respect to complex transactions and/or implementation of new accounting standards.

Subsidiaries adopt the accounting and management policies communicated by the Group consolidation team and submit their financial information through a consolidation software that, in turn, enables the consolidation process at Group level.

EssilorLuxottica consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, based on reporting packages submitted by each Group subsidiary. The statutory financial statements of EssilorLuxottica are prepared by a dedicated team in accordance with the French accounting standards.

The yearly consolidated and statutory financial statements are audited by the Statutory Auditors who apply the standards of the profession.

Group Treasury

Group Treasury department handles at parent company level the strategic funding and liquidity management, including asset management. Short, medium and long-term financing is achieved through bonds, private placements, medium-term credit facilities and commercial paper. Cash Surpluses are invested in short-term instruments (such as bank deposits and money market funds), mainly concentrated at EssilorLuxottica.

The interest rate risk management is centralized, and aims at balancing the cost of financing and protecting the Group against adverse changes in interest rates.

Group and Regional Treasury Departments of EssilorLuxottica oversee the funding, risk hedging and local asset management of the affiliates, also providing general advice and assistance services to Group subsidiaries for these duties and cash management. Whenever possible, the financing needs of subsidiaries are funded intercompany. Exposures to currency risk are routinely hedged by the Treasury Departments through customary market instruments. Invoicing in local currency of importing or exporting companies allows the bulk of foreign exchange risk to be concentrated on a small number of entities.

Group Controlling

The Group Controlling function (i) defines and monitors the indicators for checking that the Group is operating in accordance with its targets, (ii) measures the performance of the various operating divisions and their contribution of the Group, (iii) performs consistency tests on management reporting data to check the overall reliability of the applicable information, working in cooperation with the business analysis units embedded in each operating division. The Group Controlling function identifies differences compared with targets set, risks and opportunities, provides decision-making guidance, and coordinates projection phases (forecasts and budget).

Group Tax

The EssilorLuxottica group Tax Department is in charge of monitoring and ensuring compliance with applicable tax laws and regulations, consistently with the values of honesty and fairness of EssilorLuxottica's Code of Ethics. It commits local subsidiaries to endorse 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 Group tax policies and suggests adequate tax solutions to the Group's business requirements.

It has also implemented a Tax Control Framework ("TCF"), i.e. a set of rules and guidelines, ensuring overall consistency within the Group on relevant tax activities and tax governance. The EssilorLuxottica TCF includes also the EssilorLuxottica Tax Strategy [see section 5.2.5].

1.7.3.2 Internal control procedures relating to the production and processing of accounting and financial information

The production of the accounting and financial information is ensured at the EssilorLuxottica group level by the following processes:

(i) quarterly accounting closing processes performed at Group level, based on the closing processes implemented in accordance with the instructions and timelines communicated by the Group consolidation team;

(ii) implementation of general Group procedures to guarantee compliance with the applicable rules (*e.g.* IFRS and AMF guidelines);

(iii) existence of specific guidelines and procedures followed at Group level;

(iv) presentation of financial information, at each period-end preceding the publication, to the Audit and Risk Committee.

Data related to the income statement, the statement of financial position and the cash-flow statement are prepared quarterly. The Group consolidation team quarterly checks the figures reported for consolidation purposes and ensures that they comply with applicable policies.

Even though they are not an integral part of the internal control procedures, the Statutory Auditors take into consideration the accounting and internal control systems to plan their audits and define their audit strategies.

1.7.4 Internal Audit department

The goal of the Internal Audit department at EssilorLuxottica is to provide independent, risk-based and objective assurance and consulting services designed to add value to Group's operations and improve the effectiveness of its governance, risk management and control processes, with a geographical organization matching the Group's footprint.

The Head of Internal Audit regularly reports to the Audit and Risk Committee on the status of the audits, the most significant issues and the implementation of the related action plans. Additionally, the Audit and Risk Committee reviewed and subsequently the Board of Directors approved the 2024 Internal Audit Plan for EssilorLuxottica.

The Internal Audit department is not responsible for any operational area, and has full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any engagement. If the Head of Internal Audit determines that independence or objectivity of the Internal Audit department may be impaired, the details of impairment will be disclosed to appropriate parties.

The Internal Audit department has a specific budget, assigned in accordance with the activities it is required to perform to achieve the objectives defined in the approved Internal Audit Plan.

Internal Audit activities are carried out according to the approved plan and applying common methodologies in all geographies. For each audit, a report is prepared and distributed to the relevant stakeholders.

Through continuous monitoring of the risk environment, the plan has been reviewed and updated, taking into account the new priorities from Management and also resources availability in the regions in order to ensure an adequate and balanced coverage. The adjustments to the 2023 audit plan have been reviewed by the Audit and Risk Committee during the year and subsequently approved by the Board of Directors when necessary. The Internal Audit department executed and completed the 2023 approved plan.

The results of the Internal Audit activities are periodically reported to the Audit and Risk Committee and to senior management, allowing the Group to identify areas for improvement of the internal control system for which specific action plans are agreed to further strengthen the foundation of the system itself. The implementation of the recommendations formulated by the Internal Audit activities is the responsibility of the entity being audited, and it is periodically monitored to ensure that the action plans agreed upon are carried out within the specified time frame.

2

Chapter 2

EssilorLuxottica in 2023

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NOTES

1. **Constant exchange rates**: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.
2. **Adjusted measures or figures**: adjusted from the expenses or income related the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance. A description of those other transactions that are unusual, infrequent or unrelated to the normal course of business is provided in the half-year and year-end disclosure (see dedicated paragraph *Adjusted measures*).
3. **Comparable-store sales**: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.
4. **Comparable or *pro forma* (revenue)**: comparable revenue includes, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred at the beginning of the year (i.e. January 1). Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

2.1 Significant events of the year

Lead Director

On February 22, 2023, the Board of Directors decided to appoint Mr. Jean-Luc Biamonti as lead director, following the announcement made on June 28, 2022 to examine the benefits of making such an appointment among the independent directors.

Update on licensed brands

On February 22, 2023, EssilorLuxottica announced that it had renewed its licensing agreement with **Target** Corporation (Target), a Minneapolis-based retailer serving guests at nearly 2,000 stores across the U.S. and at Target.com, for the operation and management of Target Optical within Target stores. The multi-year agreement became effective on February 12, 2023.

On April 27, 2023, EssilorLuxottica and **Roger Federer** announced that they had signed an exclusive licensing agreement for the design, manufacture, and worldwide distribution of eyewear between the Roger Federer ("RF") and Oliver Peoples brands. The inaugural collection will launch in the Spring of 2024. The designs will take inspiration from their shared dedication to excellence in one's craft and appreciation for understated luxury.

On June 29, 2023, EssilorLuxottica and **Jimmy Choo** announced that they had signed an exclusive license agreement for the design, manufacture, and worldwide distribution of Jimmy Choo Eyewear. The agreement will be effective from January 1, 2024 until December 31, 2028, with an automatic renewal option of an additional five years. The first collection under the agreement will be available on the market from Q1 2024.

On July 27, 2023, EssilorLuxottica and Eastman Kodak Company announced that they had signed a perpetual worldwide license agreement granting EssilorLuxottica the exclusive right to use the **Kodak** registered trademarks for products and services in connection with EssilorLuxottica's business. Under the terms of the new agreement, effective January 1, 2024, EssilorLuxottica will continue to develop, manufacture and distribute optical products and services featuring the Kodak brand indefinitely.

On November 22, 2023, EssilorLuxottica and **Moncler** announced the signing of an exclusive licensing agreement that includes the design, production, and global distribution of Moncler eyewear. The agreement will be in effect from January 2024 until December 2028, with an automatic renewal option for an additional five years. The first Moncler Lunettes collection produced with EssilorLuxottica will be Fall-Winter 2024, available from September 2024.

EssilorLuxottica and ERG sign a long-term Corporate PPA agreement in Italy for the supply of electricity produced from renewable sources

On March 9, 2023, EssilorLuxottica and ERG announced that they had signed a twelve-year Power Purchase Agreement (PPA) for the supply of approximately 900 GWh of green energy between 2023-2034. The agreement is based on the sale by ERG of approximately 75% of the energy produced by its Partinico-Monreale wind farm near Palermo, Italy, the first in the Group's portfolio to complete repowering activities. For EssilorLuxottica, this agreement marks an important step towards its objective of becoming carbon neutral in its direct operations (Scope 1 and 2 emissions) by 2025, starting with Europe in 2023, as outlined in its "Eyes on the Planet" Sustainability program.

Four-year clinical trial results of Essilor Stellest

On April 26, 2023, EssilorLuxottica presented the four-year clinical trial results of its myopia control innovation Essilor Stellest lens for the first time at the 2023 ARVO annual meeting in New Orleans, United States of America. The findings show that Essilor Stellest lenses continue to exhibit strong efficacy in slowing myopia progression and axial eye elongation in children in the fourth year.

The clinical trial which began in 2018 was conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, China. The study assessed the four-year increase of myopia and axial eye length of children who wore spectacle lenses with highly aspherical lenslets (HAL). Essilor Stellest lenses are based on the optical design of HAL lenses. The key findings from the study, presented by Dr. Björn Drobe from EssilorLuxottica's R&D team, include:

* HAL lenses saved more than one and a quarter dioptres of myopia on average over four years, demonstrating conclusive evidence of their effectiveness in slowing down myopia progression in children in the fourth year.
* Myopia progression and axial eye elongation in children wearing HAL lenses was slower compared to a modelled control single vision lens group, again indicating sustained myopia control efficacy of the lenses in the fourth year.
* HAL lenses remain effective in slowing myopia progression and axial eye elongation in older children (11-16 y.o.) in the fourth year.

Dr. Yee Ling Wong from the R&D team presented findings from a study that evaluated the eye growth of children wearing spectacle lenses with aspherical lenslets and with single-vision lenses, in comparison to eye growth patterns in non-myopic children in Wenzhou, China. These findings concluded that the eye growth pattern in 9 out of 10 children wearing HAL lenses full-time was similar or slower than that of non-myopic children, after two years.

The release of the four-year data follows the recent publication of the three-year clinical trial findings in the medical journal *American Journal of Ophthalmology*, which also highlights evidence of continued myopia control efficacy of the lens in slowing down myopia progression in children over three years. When children switched to HAL lenses in the third year after two years of wearing single vision lenses, myopia progression and axial eye elongation decreased significantly, compared to children wearing single vision lenses.

EssilorLuxottica and Chalhoub Group sign joint venture agreement to grow retail eyewear presence in GCC region

On May 10, 2023, EssilorLuxottica and Chalhoub Group signed a joint-venture for the development of direct eyewear retail in the Gulf Cooperation Council (GCC) region. The agreement aims to shape the eyewear category and achieve new levels of customer service through combining EssilorLuxottica's eyewear expertise, technology, and brands, with Chalhoub Group's deep understanding of the region's consumers and delivery of unforgettable experiences. A series of mono-brand and multi-brand stores will be launched in the GCC for EssilorLuxottica's core and iconic global eyewear brands, including Ray-Ban, Persol, and Oliver Peoples, allowing the brand to expand its global footprint in the GCC region. The unique luxury multi-brand eyewear concept, David Clulow – born in the United Kingdom and well-known among Middle Eastern consumers from London – will also be introduced with new stores set to focus on an elevated customer experience, with unmatched service, along with the best in eyeglass technologies.

Dividend distribution

The Annual Shareholders' Meeting of EssilorLuxottica held on May 17, 2023 approved the distribution of a dividend of €3.23 per ordinary share for the year 2022.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €160.91 per share (so-called scrip dividend). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the dividend to be distributed for the financial year ended on December 31, 2022, this total being rounded up to the next Euro cent.

The period to opt for payment of the dividend in newly issued shares was open from May 24, 2023, up to, and including, June 7, 2023. At the end of that period, 294,375,414 dividend rights were exercised in favor of the payment of the 2022 dividend in shares. Accordingly, on June 13, 2023, 5,909,082 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new share confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the scrip dividend amounted to €487 million and was paid on the same date, June 13, 2023.

EssilorLuxottica to expand into the hearing solutions market with a new disruptive technology at the intersection of sight and sound

On July 25, 2023, EssilorLuxottica announced that it will expand into the hearing solutions market. With a dedicated Super Audio team, in-house R&D resources and enabled by its 100% acquisition of Israeli startup Nuance, the Group will introduce a new breakthrough hearing technology to benefit the 1.25 billion consumers suffering from mild to moderate hearing loss[1].

Similar to vision care, the hearing solutions market is underpenetrated for a number of reasons, from the visibility of traditional hearing aids, to discomfort and price. According to research[2], globally there is an 83% service gap. The Group's Super Audio team is working on its first product to shift that paradigm, seamlessly embedding high-quality hearing technology into fashionable eyeglasses. The audio component will be completely invisible, removing a psychological barrier that has historically stood in the way of consumer adoption of traditional hearing aids. A prototype of the product was showcased at the Consumer Electronics Show (CES) in Las Vegas from January 9-12, 2024.

(1) World Health Organization, *World Report on Hearing*, 2021, page 40.
(2) World Health Organization, *World Report on Hearing*, 2021, page 178 fig. 3.9a.

As part of its open business model, EssilorLuxottica will leverage traditional hearing aid channels as well as select optical wholesale customers, to make this technology accessible to consumers in 150 countries. The Company will also engage its retail network to support the new category and expand its reach across the world. Nuance Audio is expected to launch in the market starting with North America in the second half of 2024.

Share buyback program

On July 27, 2023, EssilorLuxottica announced the launch of its share buyback program reflecting the Group's confidence in its value creation and long-term prospects. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 3,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from July 27, 2023, up until March 31, 2024. As of December 31, 2023, 1,681,923 EssilorLuxottica shares were purchased for an average price of €173.42 per share. The shares so acquired are intended to be awarded or transferred 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 plans. EssilorLuxottica launched this share buyback program in accordance to the 13th resolution approved by the Annual Shareholders' Meeting of May 17, 2023.

EssilorLuxottica is building the practice management platform of the future, a digital ecosystem to simplify the lives of ECPs

On September 25, 2023, EssilorLuxottica announced that it was taking another important step in the digitization of the eyecare industry with the launch of HELIX, a new division of the Company focused on helping ECPs leverage modern technology to improve the efficiency of their practices. Serving all of the ECP's digital needs in one intelligent, interconnected platform – from booking and ordering to teleoptometry and MVC – HELIX will help doctors to reduce the overwhelming amount of tech and administrative burdens found in today's practices. The first offering from HELIX, a next generation platform called Vision(X), will be available to US ECPs beginning in Q2 2024.

Ray-Ban and Meta launch the next generation of smart glasses

On September 27, 2023, Meta Platforms, Inc. and EssilorLuxottica introduced their next generation of smart glasses, the Ray-Ban Meta smart glasses, during the annual Meta Connect event. The new collection offers the first ever eyewear with live streaming and Meta AI built-in, higher quality camera, and improved audio and microphone systems paired with a redesigned, more intuitive app and charging case.

2.2 Consolidated revenue

EssilorLuxottica revenue

€ millions	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,637	11,492	4.2%	1.3%
of which Professional Solutions	*5,337*	*5,243*	*4.8%*	*1.8%*
of which Direct to Consumer	*6,300*	*6,249*	*3.8%*	*0.8%*
EMEA	9,184	8,749	8.2%	5.0%
of which Professional Solutions	*3,949*	*3,802*	*6.9%*	*3.9%*
of which Direct to Consumer	*5,235*	*4,947*	*9.2%*	*5.8%*
Asia-Pacific	3,036	2,842	14.3%	6.8%
of which Professional Solutions	*2,088*	*1,943*	*15.0%*	*7.5%*
of which Direct to Consumer	*948*	*899*	*12.7%*	*5.4%*
Latin America	1,537	1,410	9.9%	9.0%
of which Professional Solutions	*825*	*781*	*8.8%*	*5.5%*
of which Direct to Consumer	*712*	*629*	*11.3%*	*13.2%*
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

Revenue by operating segment

EssilorLuxottica is a vertically integrated player whose go to market strategy is based on two distribution channels.

The Group's operating segments are:

- the **Professional Solutions** ("PS"): representing the wholesale business of the Group, *i.e.* the supply of the Group's products and services to all the professionals of the eyecare industry (distributors, independent opticians, third-party e-commerce platforms, etc.); and
- the **Direct to Consumer** ("DTC"): representing the retail business of the Group, *i.e.* the supply of the Group's products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

€ millions	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	12,199	11,770	7.4%	3.6%
Direct to Consumer	13,195	12,724	6.9%	3.7%
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

€ millions	Q4 2023	Q4 2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,986	2,905	8.1%	2.8%
Direct to Consumer	3,264	3,201	6.1%	1.9%
REVENUE	**6,250**	**6,106**	**7.1%**	**2.4%**

Fourth-quarter revenue by operating segment

Professional Solutions

The Professional Solutions segment recorded revenue of €2,986 million, up 8.1% at constant exchange rates[1] compared to the fourth quarter of 2022 (+2.8% at current exchange rates).

North America gained strong momentum, advancing at mid-single digit after two quarters of low-single-digit growth, with all main product categories contributing. EMEA progressed similarly to the previous quarter at mid-single digit, growing across all major countries. Both regions successfully leveraged the introduction of the Varilux XR series. Asia-Pacific continued to expand at double digits, with Mainland China leading the way, boosted by Stellest lenses and Bolon frames. Latin America was up in the mid teens, with Brazil rebounding at double digits. The segment performance overall was sustained by all the product categories and brands, in both lenses and frames.

Direct to Consumer

The Direct to Consumer segment recorded revenue of €3,264 million, up 6.1% at constant exchange rates[1] compared to the fourth quarter of 2022 (+1.9% at current exchange rates). Brick-and-mortar comparable-store sales[2] rose slightly in excess of 5% in the quarter, while e-commerce closed just a touch positive.

On a regional basis, comparable-store sales[2] turned positive in North America, thanks to the accelerating optical banners and less negative sun. EMEA optical kept the 9% pace of the previous quarters, helped by the revenue synergies at the former GrandVision banners, and sun retail banners grew close to double digits, in acceleration from the previous quarter. Comparable-store sales[2] in Asia-Pacific slowed down to mid-single digit, mostly due to contracting sun in Australia. Latin America confirmed its high-single-digit increase, keeping the pace of the previous quarter in both optical and sun.

Full-year revenue by operating segment

Professional Solutions

The Professional Solutions segment recorded revenue of €12,199 million, up 7.4% at constant exchange rates[1] compared to 2022 (+3.6% at current exchange rates), once again topping the growth rate of the prior year. The segment represented 48% of the Group's total revenue in 2023.

During the year, all regions continued to grow at a healthy pace. The performance was driven by the double-digit rise in Asia-Pacific across categories, bouncing back to growth from February thanks to the reopening of China, where Stellest more than doubled its sales again for the second year. The other fast-growing region, Latin America, rose high-single digit. The robust performance also relied on the solid growth in the mature markets of EMEA and North America, up mid-to-high-single digit and mid-single digit, respectively. The former posted positive performance across channels and was driven by branded lenses and luxury sunglasses. Performance of the latter was supported by solid key accounts and independent ECPs, credit to the success of alliances and partner programs and thanks to the newly launched Varilux XR. All categories contributed positively to the growth with the exception of sunglasses in North America, however more than offset by the strong performance of sunglasses in the other regions.

Direct to Consumer

The Direct to Consumer segment recorded revenue of €13,195 million, up 6.9% at constant exchange rates[1] compared to 2022 (+3.7% at current exchange rates), driven by the solid growth in optical. The segment accounted for 52% of the Group's total revenue in 2023.

On a full-year basis, brick-and-mortar comparable-store sales[2] was up mid-single digit. After a nice debut in the first quarter, comparable-store sales[2] slowed down with the sun network turning negative especially in its peak season of the second and the third quarters. Sun banners closed the year overall flattish, as the negative performance in North America was offset by the solid performance in other regions, especially in EMEA. The optical banners performed steadily well throughout the year. Overall, EMEA, Latin America and Asia-Pacific all delivered strong growth with comparable-store sales[2] each up almost 10%, while North America was slightly negative impacted by the weak Sunglass Hut. The online business was flattish, overall representing 7% of the Group's total revenue.

Revenue by geographical area

EssilorLuxottica's geographical areas are **North America**, **EMEA** (i.e. Europe, including Turkey and Russia, together with Middle East and Africa), **Asia-Pacific** and **Latin America**.

€ millions	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,637	11,492	4.2%	1.3%
EMEA	9,184	8,749	8.2%	5.0%
Asia-Pacific	3,036	2,842	14.3%	6.8%
Latin America	1,537	1,410	9.9%	9.0%
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

€ millions	Q4 2023	Q4 2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	2,910	2,892	5.9%	0.6%
EMEA	2,150	2,086	6.4%	3.1%
Asia-Pacific	757	731	10.3%	3.6%
Latin America	433	398	12.7%	8.8%
REVENUE	**6,250**	**6,106**	**7.1%**	**2.4%**

Fourth-quarter revenue by geographical area

North America

North America posted revenue of €2,910 million, up 5.9% at constant exchange rates compared to the fourth quarter of 2022 (+0.6% at current exchange rates), with both divisions accelerating *versus* the previous quarter.

Professional Solutions was up mid-single digit. Branded lenses delivered strong results across the board led by Varilux as the best performer. The solid ramp up in distribution of the new XR series led to a positive effect on the growth of the entire Varilux portfolio. On the frame side, the performance of the luxury portfolio remained solid, while Ray-Ban accelerated following the successful launch of the upgraded Ray-Ban Meta smart glasses and the selective price increases implemented at mid-year. Contact lenses kept the positive trend. The overall growth was well balanced between the independent channel and key accounts.

Direct to Consumer was up mid-single digit. The solid performance was driven by the optical business fully prepared to execute effectively during the year-end peak season. The insured customer and favorable price-mix supported the performance at LensCrafters, Target and Pearle, all accelerating compared to the previous quarter. EyeMed underpinned the results confirming its double-digit sales trajectory. Overall, the resilience of the optical business once again successfully counterbalanced the negative performance of Sunglass Hut, which continued to suffer albeit to a lesser degree compared to the previous quarter. The lackluster demand for discretionary sunglasses also impacted the e-commerce channel which was down low-single digit.

EMEA

EMEA posted revenue of €2,150 million, up 6.4% at constant exchange rates compared to the fourth quarter of 2022 (+3.1% at current exchange rates), fundamentally in line with the previous quarter and with both divisions equally contributing.

Professional Solutions was up mid-single digit. The segment continued to successfully leverage its well diversified geographical footprint. The mature markets kept marching at a sound pace led by France, Italy and Spain, while the developing markets consistently expanded at a faster rate. The lens business remained dynamic powered by its branded product offering. Varilux was supported by the extended roll-out of the new XR series supporting the favorable price-mix. The frame business continued to be an important growth engine bolstered by the new products, such as Ray-Ban Meta and the new Swarovski collection.

Direct to Consumer was up mid-single digit. Comparable-store sales[2] in optical grew 9% confirming the strong trend of the previous quarters. The excellent results were bolstered by the progressing integration of the former GrandVision banners with reviewed assortments in lenses and frames leading to a higher quality product offering, and the pursuit of successful initiatives such as the optical subscription model reaching nine countries in 2023. Overall, Vision Express (UK), Générale d'Optique (France), Salmoiraghi & Viganò (Italy) and Synoptik (Scandinavia) were the best performing banners. The sun business rebounded strongly from the previous quarter leveraging the successful launch of Ray-Ban Meta and more favorable weather conditions.

Asia-Pacific

Asia-Pacific posted revenue of €757 million, up 10.3% at constant exchange rates compared to the fourth quarter of 2022 (+3.6% at current exchange rates), delivering the fourth consecutive quarter of double-digit revenue growth in the year.

Professional Solutions was up double digits. In addition to the favorable comparison base, China grew strongly in its underlying business. The lens category achieved excellent results with Stellest as the protagonist more than doubling its revenues again. The frame business achieved robust growth with a booming Bolon brand. India, Japan and South Korea delivered a solid performance.

Direct to Consumer was up high-single digit. Comparable-store sales[2] in optical progressed in line with the previous quarter confirming positive trends at OPSM and double-digit growth at the Chinese business. Sunglass Hut turned negative in Australia but maintained the double-digit pace in the rest of the region.

Latin America

Latin America posted revenue of €433 million, up 12.7% at constant exchange rates compared to the fourth quarter of 2022 (+8.8% at current exchange rates), rebounding strongly from the soft performance of last year.

Professional Solutions was up in the mid teens. The performance was driven by a vibrant Brazil, thanks to the recovery in the lens business, and a solid Mexico. In the region as a whole, Varilux and Kodak firmly supported the growth of the lens category, while on the frame side, Ray-Ban continued to thrive.

Direct to Consumer was up high-single digit. The optical banners expanded at double digits in comparable-store sales[2] fueled by the further integration of the former GrandVision banners in Mexico, while GMO kept a positive growth. Comparable-store sales[2] at Sunglass Hut progressed in line with the previous quarter at a mid-single-digit pace.

Full-year revenue by geographical area

North America

North America posted revenue of €11,637 million, up 4.2% at constant exchange rates compared to 2022 (+1.3% at current exchange rates), in line with the growth of the year before.

The Professional Solutions division grew mid-single digit. The growth was supported by Varilux and Shamir as the best performers for lenses, while Ray-Ban and the license brands drove the results for frames. Independent ECPs, especially those supported by the partner program EssilorLuxottica 360, drove the growth together with key accounts.

Direct to Consumer was up mid-single digit. During the whole of 2023, the optical banners experienced a positive momentum and supported the growth together with the strong performance of the managed vision care division. Sunglass Hut witnessed continuous weakened demand throughout the year despite a slightly less negative trend in the fourth quarter.

EMEA

EMEA posted revenue of €9,184 million, up 8.2% at constant exchange rates[1] compared to 2022 (+5.0% at current exchange rates), on top of double digits last year, becoming the greatest contributor to the overall growth of the Group in 2023.

The Professional Solutions division was up mid-to-high-single digit. With the help of a favorable price mix, all categories posted growth in the year. The sunglasses category continued to drive the growth especially the luxury licensed brands led by Prada. Newly launched Varilux XR was very well received by the market, like Stellest in its first steps in the region. From a channel perspective, independent ECPs and key accounts led the growth.

The Direct to Consumer division grew high-single digit sustained by the progressing integration of GrandVision. Sun grew strongly closing the year at a double-digit pace. On the optical side, Vision Express (UK) and Salmoiraghi & Viganò (Italy) were the fastest growing banners.

Asia-Pacific

Asia-Pacific posted revenue of €3,036 million, up 14.3% at constant exchange rates compared to 2022 (+6.8% at current exchange rates) led by Greater China, on the fast track starting from February thanks to the reopening.

Professional Solutions was up double digits. The rebound of Greater China came with strong growth across channels and products and was highlighted by Stellest more than doubling revenues for the second consecutive year. On the frame side, luxury licenses, Ray-Ban, Oakley and local brand Bolon were the top performers. India, Japan and South Korea also posted sound growth.

The Direct to Consumer division grew double digits, supported by a positive performance in OPSM and a strong Greater China with comparable-store sales[2] up double digits. Sunglass Hut grew solidly in the region, driven by the strong performance in South-East Asia and Greater China.

Latin America

Latin America posted revenue of €1,537 million, up 9.9% at constant exchange rates compared to 2022 (+9.0% at current exchange rates), on top of a tough comparison base of last year.

The Professional Solution division was up high-single digit on top of double digits last year, supported by Brazil and Mexico. Both lens and frame sustained the growth, marked by the strong performance of Varilux and Ray-Ban, respectively.

Direct to Consumer posted double-digit growth for the second consecutive year, driven by the optical banners, up double digits in comparable-store sales[2]. The Mexican optical banners drove the growth fueled by the integration efforts, while GMO posted positive momentum. Sun posted mid-single-digit growth in comparable-store sales[2] across the region.

2.3 Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica consolidated statement of profit or loss

€ millions	2023	2022	Change
Revenue	25,395	24,494	3.7%
Cost of sales	(9,347)	(8,910)	4.9%
Gross profit	**16,048**	**15,583**	**3.0%**
% of revenue	*63.2%*	*63.6%*	
Total operating expenses	**(12,871)**	**(12,427)**	**3.6%**
Operating profit	**3,176**	**3,157**	**0.6%**
% of revenue	*12.5%*	*12.9%*	
Profit before taxes	**3,035**	**3,032**	**0.1%**
% of revenue	*12.0%*	*12.4%*	
Income taxes	(609)	(751)	-18.9%
Effective tax rate	*20.1%*	*24.8%*	
NET PROFIT	**2,426**	**2,281**	**6.4%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,289**	**2,152**	**6.3%**

The table above shows the performance of EssilorLuxottica activities in 2023 and 2022. The comparability of the financial information presented is no longer affected by the accounting of the combination between EssilorLuxottica and GrandVision, occurred on July 1, 2021.

- *Revenue* increased by 3.7% compared to 2022, at current exchange rates; the Group's net sales performance has been commented, by operating segment as well as by geographical area, in the paragraph *Consolidated revenue* above.
- *Cost of sales* increased showing a 4.9% variation at current exchange rates *versus* 2022 leading to a decrease in the *Gross profit* margin (63.2% *versus* 63.6% in 2022). Favorable price-mix and manufacturing efficiencies were broadly offset by inflation on labor and energy, coupled with a negative impact from the foreign exchange. Moreover, the *Gross profit* was affected by a non-recurring inventory write-off linked to the strategic decision to gradually change the product assortment in the GrandVision store network.
- *Operating expenses* are still materially affected by the amortization resulting from the recognition of intangible assets following the purchase price allocation related to the strategic and material acquisitions performed by the Group (such as the combination between Essilor and Luxottica and the acquisition of GrandVision), for an overall effect close to €1 billion both in 2023 and 2022. 2023 performance (an increase of operating expenses of 3.6% at current exchange rates) was affected by inflationary trends, particularly on labor costs, as well as by strategic decisions made on the GrandVision perimeter to foster its integration (see paragraph *Adjusted measures* for further details). The *Operating profit* represented 12.5% of revenue, showing a decline compared to 2022 due to the above impacts and the headwinds in terms of foreign exchange.
- *Net profit* significantly increased to €2,426 million from €2,281 million reported in 2022, as a result of the combined effect of an increase in financial expenses more than offset by a tax benefit related to the reassessment of an uncertain tax position (see paragraph *Adjusted measures*).

EssilorLuxottica Alternative Performance Measures (APM)

Adjusted measures

In this document, management presented certain performance indicators that are not envisioned by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Such measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica consolidated financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group and should be read in conjunction with EssilorLuxottica consolidated financial statements. Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

The combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the year under review compared to previous years, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted ("adjusted measures"). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit*, *Operating expenses*, *Operating profit*, *Profit before taxes* and *Net profit*. Such adjusted measures are reconciled to their most comparable measures reported in the consolidated statements of profit or loss for the twelve-month periods ended December 31, 2023.

In continuity with previous years, in 2023 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the strategic and material acquisitions completed by the Group ("*Adjustments related to PPA impacts*"); and (ii) other adjustments related to transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance ("*Other non-GAAP adjustments*").

€ millions	2023	Adjustments related to PPA impacts	Other non-GAAP adjustments	2023 Adjusted[2]
Revenue	25,395			25,395
Cost of sales	(9,347)	10	32	(9,305)
Gross profit	**16,048**	**10**	**32**	**16,090**
% of revenue	*63.2%*			*63.4%*
Total operating expenses	**(12,871)**	**879**	**80**	**(11,912)**
Operating profit	**3,176**	**889**	**112**	**4,178**
% of revenue	*12.5%*			*16.5%*
Cost of net debt and other*	(141)	(3)	—	(144)
Profit before taxes	**3,035**	**886**	**112**	**4,033**
% of revenue	*12.0%*			*15.9%*
Income taxes	(609)	(181)	(147)	(938)
NET PROFIT	**2,426**	**704**	**(35)**	**3,095**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,289**	**691**	**(34)**	**2,946**

* Including Other financial income/(expenses) and Share of profit (loss) of associates.

The most significant Other non-GAAP adjustments of 2023 resulted from:

- GrandVision integration (approximately €72 million), which includes the closing of the Schiphol headquarters and restructuring projects in few other countries as well as the *strategic product reassortment* in the GrandVision store network. The related effects were recognized in *General and administrative* expenses (approximately €40 million), *Selling* and *Advertising and marketing* expenses (€10 million), and *Cost of sales* (€22 million);
- the settlement of a significant class action in the US (€19 million) whose effect was recognized in *General and administrative* expenses;
- several restructuring initiatives, primarily in the lens business, aimed at rationalizing the manufacturing, logistic and laboratories footprint (approximately €34 million); the related effects were recognized in *Cost of sales* (€10 million), *General and administrative* expenses (€12 million) and other operating expenses lines (€12 million);
- positive effects resulting from the M&A activity for approximately €24 million, mainly recognized in *Other income/(expenses)*; and
- the clarification of certain tax treatments leading to a positive effect recognized in the *Income taxes* line, following discussions with the relevant tax authorities (€115 million).

Adjusted[2] consolidated statement of profit or loss

€ millions	2023 Adjusted[2]	2022 Adjusted[2]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	25,395	24,494	7.1%	3.7%
Cost of sales	(9,305)	(8,888)	7.9%	4.7%
Gross profit	**16,090**	**15,606**	**6.7%**	**3.1%**
% of revenue	*63.4%*	*63.7%*		
Research and development	(333)	(343)	-1.3%	-2.9%
Selling	(7,502)	(7,190)	7.2%	4.3%
Royalties	(246)	(219)	16.2%	12.7%
Advertising and marketing	(1,700)	(1,692)	3.0%	0.5%
General and administrative	(2,126)	(2,045)	6.3%	4.0%
Other income/(expenses)	(4)	(3)	-12.0%	57.5%
Total operating expenses	**(11,912)**	**(11,491)**	**6.4%**	**3.7%**
Operating profit	**4,178**	**4,115**	**7.7%**	**1.5%**
% of revenue	*16.5%*	*16.8%*		
Cost of net debt and other*	(144)	(129)	14.4%	11.9%
Profit before taxes	**4,033**	**3,986**	**7.5%**	**1.2%**
% of revenue	*15.9%*	*16.3%*		
Income taxes	(938)	(978)		
Effective tax rate	*23.25%*	*24.5%*		
NET PROFIT	**3,095**	**3,007**	**9.4%**	**2.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,946**	**2,860**	**9.4%**	**3.0%**

* Including Other financial income/(expenses) and Share of profit (loss) of associates.

Revenue for the year totaled €25,395 million, an increase of 7.1% at constant exchange rates[1] (+3.7% at current exchange rates).

Adjusted[2] Gross profit: +6.7% at constant exchange rates1 (+3.1% at current exchange rates)

Adjusted[2] *Gross profit* in 2023 ended at €16,090 million, representing 63.4% of revenue (compared to 63.7% of revenue in 2022). The main drivers of the *Gross margin* dilution are the inflation, mainly on labor, the higher insurance claim costs in North America and the impact of some strategic investments in operations, partially offset by the favorable price-mix.

Adjusted[2] *Operating expenses*: +6.4% at constant exchange rates[1] (+3.7% at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €11,912 million in 2023, translating to 46.9% of revenue (46.9% in 2022).

The main variances related to *Operating expenses* refer to:

- *Selling* expenses amounting to €7,502 million, an increase of 7.2% at constant exchange rates compared to 2022, the main driver of the cost increase is represented by the current inflationary trends, particularly on labor costs;
- *Advertising and marketing* expenses amounting to €1,700 million, increased of approximately 3.0% on a constant exchange rates basis due to the specific investments supporting the launch of new products like RayBan META and Varilux XR and the introduction of Swarovski, Brunello Cucinelli, Ferrari, Jimmy Choo and Roger Federer collections. Marketing spending was also boosted by luxury brands performance;
- *General and administrative* expenses amounting to €2,126 million, increased of 6.3% at constant exchange rates compared to 2022, due to increasing inflationary pressure and investments in the Group IT infrastructure, offsetting the synergies coming from GrandVision integration.

Adjusted[2] *Operating profit*: +7.7% at constant exchange rates[1] (+1.5% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €4,178, representing 16.5% of revenue compared to 16.8% in 2022 (16.9% at constant exchange rates[1], an improvement of approximately 10 basis points compared to 2022).

Adjusted[2] Cost of net debt and other

The adjusted[2] *Cost of net debt and other* increased compared to 2022 due to higher interest on lease liabilities (recognized according to lease accounting as per IFRS 16) while the cost of Net debt excluding lease liabilities decreased significantly by 70.0% at constant exchange rate[1] compared to 2022.

Adjusted[2] Income taxes

EssilorLuxottica reported an adjusted[2] tax rate of 23.25% in 2023 compared to an adjusted[2] tax rate of 24.5% in 2022.

Adjusted[2] *Net profit attributable to owners of the parent* up 9.4% at constant exchange rates[1] (+3% at current exchange rates)

2.4 Statement of financial position, net debt, cash flows and other non-GAAP measures

EssilorLuxottica reclassified consolidated statement of financial position

The reclassified consolidated statement of financial position aggregates the amount of assets and liabilities from the consolidated statement of financial position in accordance with functional criteria which considers the Group conventionally divided into the three fundamental areas focusing on resources investments, operations and financing.

€ millions	December 31, 2023	December 31, 2022
Goodwill	30,265	30,734
Intangible assets	11,014	12,122
Property, plant and equipment	5,182	4,747
Right-of-use assets	3,069	3,010
Investments in associates	81	83
Other non-current assets	803	817
Fixed Assets	**50,415**	**51,512**
Trade working capital	**3,306**	**3,189**
Employees benefits and provisions	**(1,010)**	**(1,016)**
Tax receivables/(payables)	(290)	(451)
Deferred tax assets/(liabilities)	(1,758)	(1,970)
Tax assets/(liabilities)	**(2,048)**	**(2,421)**
Other operating assets/(liabilities)	**(2,673)**	**(2,871)**
Assets / (liabilities) held for sale	—	—
NET INVESTED CAPITAL	**47,990**	**48,392**
EQUITY	**38,891**	**38,147**
NET DEBT	**9,098**	**10,246**

Fixed assets amount to €50,415 million and decreased by €1,097 million compared to December 31, 2022. The main variances in the categories of fixed assets are mentioned below.

(i) *Goodwill*: goodwill decreased by €469 million, of which €566 million due to foreign currency fluctuations, partially offset by an increase of €97 million resulting from the business combinations completed in the year, in particular the one related to Nuance Hearing.

(ii) *Intangible assets*: the negative variance by €1,107 million is mainly driven by the amortization of the period, for €1,304 million (materially affected by the amortization resulting from the recognition of intangible assets following the purchase price allocation related to the EL Combination and GV Acquisition) partially offset by new additions for €315 millions largely related to licenses, software and R&D projects.

(iii) *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €495 million. The additions of the period (capital expenditure, for approximately €1,245 million, as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in 2023, for €1,052 million) were counterbalanced by the depreciation and impairment of the period amounting to €1,662 million. The main additions in *Property, plant and equipment* were related to the expansion of the Group's manufacturing footprint with the new plants and labs in Thailand, Mexico and France, as well as to the improvement and renewal of the retail store network.

Trade working capital (*i.e.* the sum of inventories, trade receivables and trade payables) increased by €117 million compared to December 31, 2022, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Equity mainly increased for the net result attributable to owners of the parent (€2,289 million); its balance was also affected by the dividend distribution of the period that led to a decrease of €598 million, of which €487 million paid to EssilorLuxottica's shareholders who did not opt for the scrip dividend (see paragraph *Significant events of the year*) and €110 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€195 million increase) as well as the net sale/(net purchase) of treasury shares (€274 million decrease).

Net debt decreased by €1,147 million compared to December 31, 2022 as illustrated in the dedicated paragraph.

Other non-GAAP measures

Other non-GAAP measures such as Net debt, Free cash flow, EBITDA and the ratio Net debt to EBITDA are also included in this document in order to:

- improve transparency for investors;
- assist investors in their assessment of the Group's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group's cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Those other non-GAAP measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica's consolidated financial statements prepared in accordance with IFRS. Rather, these other non-GAAP measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group. Moreover, investors should be aware that the Group's method of calculating those non-GAAP measures may differ from that used by other companies.

The following table provides a reconciliation of those non-GAAP measures to the most directly comparable IFRS financial measures.

€ millions	2023	2022
Net cash flow provided by operating activities[a]	4,861	4,783
Purchase of property, plant and equipment and intangible assets[a]	(1,531)	(1,572)
Cash payments for the principal portion of lease liabilities[a]	(936)	(955)
Free cash flow	**2,394**	**2,256**
Operating profit[b]	3,176	3,157
Depreciation, amortization and impairment[b]	2,972	2,970
EBITDA	**6,148**	**6,127**
NET DEBT[c]	**9,098**	**10,246**
NET DEBT / EBITDA LTM[d]	**1.5**	**1.7**

(a) As presented in the consolidated statement of cash flows.
(b) As presented in the consolidated statement of profit or loss.
(c) Net debt is presented in Note 19 – Financial debt of the Notes to the consolidated financial statements. Its components are also reported in the Net debt paragraph below.
(d) EBITDA LTM = Last Twelve Months.

Net debt

Group *Net debt excluding lease liabilities* amounted to €5,859 million at the end of December 2023, decreasing by over €1.2 billion compared to the position at the end of December 2022. Lease liabilities as of the end of December 2023 were broadly aligned with the balance at the end of 2022.

€ millions	December 31, 2023	December 31, 2022
Non-current borrowings	6,559	7,858
Current borrowings	1,858	1,164
Total liabilities	**8,417**	**9,022**
Short-term investments	—	—
Cash and cash equivalents	(2,558)	(1,960)
Total asset	**(2,558)**	**(1,960)**
Financial debt derivatives at fair value	(0)	1
Net debt excluding lease liabilities	**5,859**	**7,063**
Lease liabilities (current and non-current)	3,239	3,182
NET DEBT	**9,098**	**10,246**

Non-current borrowings decreased compared to December 31, 2022 due to the reclassification to current borrowings of the €1.3 billion Eurobonds due between January and April 2024. Current borrowings recorded a decrease of €1 billion due to the reimbursement of the Eurobond due in May 2023, offset by the reclassification mentioned above and by the issuance of Commercial Paper, mainly under the USCP program.

Reclassified consolidated statement of cash flows

The reclassified consolidated statement of cash flows reconciles the EBITDA to the net cash flow generated by the Group highlighting the cash flow derived from its operations (Free cash flow).

€ millions	2023	2022
EBITDA	**6,148**	**6,127**
Changes in trade working capital[a]	(300)	(251)
Capital expenditure	(1,531)	(1,572)
Lease payments (excluding interests)[b]	(936)	(955)
Other cash flow from operations	(987)	(1,093)
Free cash flow	**2,394**	**2,256**
Dividends paid	(598)	(595)
Acquisitions net of cash acquired	(114)	(965)
Other changes in equity	(301)	(1,068)
Other changes in financial and non-financial assets	(78)	(83)
Changes in borrowings (excluding FX)	(590)	(962)
NET CASH FLOW	**712**	**(1,417)**

(a) Trade working capital comprises inventories, trade receivables and trade payables.
(b) Cash payments for the principal portion of lease liabilities as presented in the consolidated statement of cash flows.

Capital expenditure cash-out amounted to €1,531 million, substantially in line with the corresponding period of the prior year and representing approx. 6% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the year, and, to a lesser extent, price supplements and/or deferred payments on acquisitions completed in prior years. The cash-out incurred in 2023 is significantly lower than the prior year when major acquisitions were completed, namely Walman, SightGlass Vision and Fedon.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest (which were material for the Group in 2022 due to the acquisition of the full ownership of the Shamir group of companies) as well as the cash-out related to the share buyback program, compensated by the cash-in related to share capital increases and the exercise of stock options (€271 million in 2023, €431 million in the previous year).

The flows reported in *Other changes in financial and non-financial assets* for 2023 include the cash-out related to some financial investments in non-consolidated companies.

Finally, the line *Changes in borrowings (excluding FX)* was mainly affected by the movements described in the Net debt paragraph.

2.5 Acquisitions and partnerships

During 2023, EssilorLuxottica continued to pursue its M&A strategy in selected businesses and geographies.

In February 2023, EssilorLuxottica completed the acquisition of Nuance Hearing, a startup developing highly effective solutions in the field of acoustic beamforming technology.

Other transactions closed during the year include minority buyouts and minority or majority stake acquisitions of companies operating across the eyecare and eyewear space.

2.6 Investments made in 2023 and planned for 2024

€ millions	2023	2022	2021
Property, plant and equipment and intangible assets (gross of disposals)	1,531	1,572	1,030
Depreciation, amortization and impairment	2,972	2,970	2,480
Financial investments net of cash acquired	114	965	7,078
Purchase / (sale) of treasury shares	271	431	317

Capital expenditure

In 2023, EssilorLuxottica cash-out related to capital expenditures amounted to €1,531 million (6% on revenue, 6.4% in 2022), an amount broadly in line compared to 2022 and mainly related to the investments in operations (linked to the new production and distribution plants in France, Mexico and Thailand), the investments in the retail store network and IT infrastructure.

Financial investments

Financial investments net of cash acquired amounted to €114 million in 2023 (compared to €965 million in 2022 and €7,078 million in 2021). These amounts represent the net cash-out related to business combinations completed during the year and, to a lesser extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2023, the amount was mainly related to the transactions described in the paragraph *Acquisitions and partnerships*, including the acquisition of the Israeli start-up Nuance Hearing; in 2022, the amount was mainly related to the acquisition of Walman, SightGlass Vision and Fedon, among the other, whereas in 2021, the amount was almost entirely related to the acquisition of GrandVision completed on July 1, 2021.

Moreover, in 2023, the Company acquired approximately 1.8 million EssilorLuxottica shares in the context of its share buyback programs, of which approximately 1.7 million in the context of the program launched at the end of July 2023 (see paragraph *Significant events of the year*) for a total cash-out amounting to €312 million (including bank and other fees). Similar programs were launched in 2022 and 2021, when the Company acquired, respectively, nearly 3 million EssilorLuxottica shares (for an average price per share of €156.74 and a total cash-out amounting to €470 million – including bank and other fees) and 2 million EssilorLuxottica shares (for an average price per share of €166.72 and a total cash-out amounting to €335 million – including bank and other fees). The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its subsidiaries, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

Main future investments

In 2024, the Group will continue investing strongly in the renewal of its retail network, its manufacturing capacities (completion of the new sites), IT and technology platforms to complete the integration.

2.7 Subsequent events

EssilorLuxottica showcases its smart and hearing aided eyewear innovation at CES 2024 in Las Vegas

For the first time, EssilorLuxottica exhibited at the Consumer Electronics Show (CES) in Las Vegas on January 9-12, 2024, showcasing the Company's bold moves in consumer technology.

At its booth in CES's North Hall, the Company showcased a prototype for Nuance Audio, a pair of beautiful glasses with advanced hearing technology built in seamlessly. Designed for consumers with mild to moderate hearing loss, Nuance Audio will eliminate the psychological barrier that has stood in the way of adoption of traditional hearing aids integrating proprietary state-of-the-art open-ear hearing technology into fashionable eyeglasses. Nuance Audio is expected to launch in the market starting with North America in the second half of the year.

The EssilorLuxottica booth also featured Ray-Ban Meta, its iconic Ray-Ban glasses with built-in cameras, open-ear audio, AI-powered solutions and the ability to livestream and take calls hands-free, as well as the Group's new HELIX division with Vision(X), an intelligent and interconnected platform that will help modernize eyecare practices offering a full range of innovative digital solutions including tele-optometry and big data services for the world of optics.

Nuance Audio, Ray-Ban Meta and HELIX are a testament to EssilorLuxottica's commitment to moving the eyewear industry forward into a new era of interconnected and AI-powered devices and solutions.

Nominees to the new Board

On February 14, 2024, EssilorLuxottica Board of Directors decided to propose the re-appointment of all current Directors to the next Annual Shareholders' Meeting to be held on April 30, 2024.

To ensure continuity of the Board of Directors' work in the future, it is proposed to progressively implement a staggering of the Directors' terms of office and to appoint as Directors:

For a three-year term:

- Francesco Milleri;
- Paul du Saillant;
- Jean-Luc Biamonti;
- Marie-Christine Coisne-Roquette.

For a two-year term:

- Romolo Bardin;
- José Gonzalo;
- Virginie Mercier-Pitre;
- Mario Notari;
- Swati Piramal;
- Cristina Scocchia;
- Nathalie von Siemens;
- Andrea Zappia.

Using this staggered approach, as of 2026 the Board of Directors will be partly renewed every year and fully renewed at the end of a three-year period. The mandates of Margot Bard and Sébastien Brown, Directors representing employees, will end on September 21, 2024, when the Group's Works Council will appoint two Directors representing employees for a three-year term.

Breakthrough Device Designation Marks Myopia Management Milestone for Joint Venture Partner SightGlass Vision

On February 15, 2024, EssilorLuxottica announced that SightGlass Vision has been granted a 'Breakthrough Device' designation by the US Food and Drug Administration for its Diffusion Optics Technology (DOT) spectacle lenses designed to slow myopia progression in children.

Marking a milestone for the Company and the broader fight against the pediatric myopia epidemic, the 'Breakthrough Devices' designation granted to SightGlass Vision EssilorLuxottica's myopia management joint venture with CooperCompanies – is limited to a small number of highly innovative devices that address irreversible debilitating disease. In fact, only 18 other ophthalmic devices have received the designation since the start of the designation program in 2015. With it, SightGlass Vision will benefit from more frequent opportunities for FDA feedback during the premarket review phase for DOT lenses as well as prioritized submission review.

EssilorLuxottica and SightGlass Vision will continue to collaborate closely with the FDA, supporting their goal to improve access to vision care and expand the myopia management category. The unique design of SightGlass Vision's DOT is the first to use the contrast management mechanism of action, incorporating thousands of elements that gently scatter light across the retina. Helping reinforce its leadership in myopia, this patent-protected technology has demonstrated proven efficacy and safety through rigorous clinical evaluation. Full four-year outcomes reported in September 2023 from the pivotal CYPRESS study showed statistically significant slowing of the eye axial length progression and cycloplegic spherical equivalent refraction. DOT spectacle lenses are available in several markets, including China, the Netherlands and Israel, as well as through preliminary market trials in other countries.

Extended Licensing Partnership with Michael Kors

On February 21, 2024, EssilorLuxottica and Michael Kors announced the renewal of their licensing agreement for the development, production and worldwide distribution of prescription frames and sunglasses under the Michael Kors brand.

The renewal will come into effect on January 1, 2025 and cover a period of five years, with an option for a five-year extension. The early renewal, coming almost a year before the expiration of the current agreement, is a testament to the strong confidence and collaboration between the two companies since 2015.

2.8 Recent trends and outlook

Recent trends

In the post-Covid-19 period of 2023, global consumption experienced a slow recovery and normalization in terms of both volume and pattern, despite short of the pre-pandemic levels especially in developing countries. Overall, the Company delivered a sound performance across regions, trade channels and product categories thanks to its well diversified and balanced footprint, which will be enhanced as the business evolves, and will play a role as the consumption continues to recover and develop into 2024.

The ongoing conflicts in Europe and Middle East as well as intensifying geoeconomic fragmentation and increasing extreme weather events continued to put pressure on the supply chain. In response, EssilorLuxottica is fragmenting its global supply chain, making it more flexible and reactive to macro-shocks.

Despite the inflation has gradually receded from its peaks, the slow cooling has forced central banks to just gradually easing their monetary policies. Although the inflation and currency headwinds will be annualized in the coming year, they will continue to impact the global economy as well as the Company's performance in 2024.

Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 at constant exchange rates[1] (based on 2021 *pro forma*[4] revenue) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% by the end of that period.

3

Chapter 3

Report on Corporate Governance

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IN BRIEF

Composition of the Board of Directors

From January 1, 2023 to December 31, 2023

Francesco MILLERI, Chairman and Chief Executive Officer, Non-Independent Director,
Paul du SAILLANT, Deputy Chief Executive Officer, Non-Independent Director,
Margot BARD, Director representing employees,
Romolo BARDIN, Non-Independent Director,
Jean-Luc BIAMONTI(a),** Independent Director,
Sébastien BROWN, Director representing employees,
Marie-Christine COISNE-ROQUETTE,** Independent Director,
José GONZALO,** Independent Director,
Virginie MERCIER PITRE, Director representative of Valoptec*, association of shareholders employees and former employees, Non-Independent Director,
Mario NOTARI, Non-Independent Director,
Swati A. PIRAMAL,** Independent Director,
Cristina SCOCCHIA,** Independent Director,
Nathalie von SIEMENS,** Independent Director,
Andrea ZAPPIA,** Independent Director.

(a) Jean-Luc Biamonti is Lead Director from February 22, 2023.
* Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
** For a summary table detailing each Director's compliance or non-compliance with the independence criteria of the AFEP-MEDEF Code for the fiscal year 2023 refer to Section 3.1.1.3.

The EssilorLuxottica bylaws approved by the Shareholders' Meeting of May 11, 2017 entered into force on October 1, 2018, along with the Board of Directors' Internal Rules as amended from time to time, a full version of which is available on the Company's website under Governance.

Special Committees

Audit and Risk Committee	Chairman: Jean-Luc Biamonti Members: Romolo Bardin, Cristina Scocchia.
Nomination and Compensation Committee	Chairman: Andrea Zappia Members: Romolo Bardin, José Gonzalo.
Corporate Social Responsibility (CSR) Committee	Chairwoman: Swati Piramal Members: Virginie Mercier Pitre, Nathalie von Siemens.

The Report on Corporate Governance reported in the following Sections has been reviewed by the Board of Directors of EssilorLuxottica on February 14, 2024.

3.1 Information on Corporate Governance

In accordance with the provisions of Article L.225-37 and L.22-10-11 of the French Commercial Code, this report includes notably the following information:

- the composition of the Board of Directors and the description of the diversity policy applied to the members of the Board of Directors, as well as a description of the aims of this policy, its implementation and the results obtained during the financial year;
- the agreements signed between Directors or significant shareholders and a subsidiary;
- the conditions governing the preparation and organization of the work of the Board of Directors during the fiscal year ended December 31, 2023;
- the AFEP-MEDEF Code[1] recommendations to which the Company has referred and the applications that have been disregarded (Section 3.4)[2];
- the restrictions on the powers of the Chairman and Chief Executive Officer decided by the Board of Directors (Section 3.1.3);
- the specific procedures for shareholders participation in Shareholders' Meetings (Section 3.2);
- the summary table of current authorizations granted by the Shareholders' Meeting in respect of increases in share capital, and the use made of these authorizations during the financial year (Section 3.2.3);
- the information that may have an impact in the event of a public offering (Section 3.2.4);
- the compensation for corporate officers and specifically the compensation policy applicable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer and the corresponding resolution submitted for approval by the Shareholders' Meeting convened in 2024 to approve the financial statements for the fiscal year ending December 31, 2023 (Section 3.3).

This report was presented to the Nomination and Compensation Committee at its meetings of February 8 and 13, 2024 before being submitted to the Board of Directors for approval on February 14, 2024.

3.1.1 Composition of the Board of Directors

Principles relating to the composition of the Board of Directors of EssilorLuxottica

The Board of Directors of EssilorLuxottica is composed as follows:

(i) Article 11 of EssilorLuxottica's bylaws stipulates that "the Company shall be governed by a Board of Directors, the minimum and maximum number of members of which is defined by the legal provisions in force, currently a minimum of three (3) members and no more than eighteen (18) members", it being specified that the Directors representing employees shall not be taken into account when determining the minimum and maximum number of members stipulated in paragraph 1 of this article;

(ii) the EssilorLuxottica Board of Directors is composed of fourteen members.

The composition of the EssilorLuxottica Board of Directors and Committees shall comply with applicable laws and regulations and the AFEP-MEDEF Code (subject to limited exceptions). As of the date of this document, the deviations from the AFEP-MEDEF Code are described in Section 3.4.

Combination of Chairman and CEO functions:

Upon the death of Mr. Leonardo Del Vecchio, the Board of Directors decided on June 28, 2022, to recombine the functions of Chairman and CEO and to entrust Mr. Milleri as CEO with the role of Chairman of the Board of Directors.

The Board of Directors has considered that, in light of the challenges to be addressed in the integration phase of Essilor, Luxottica and GrandVision, this governance model was the most efficient and appropriate for the operations of the Company. It gives some continuity, given the close working relationship that existed between Mr. Milleri and the late Mr. Leonardo Del Vecchio.

Furthermore, the balance of power within the Company's bodies is ensured by the composition of the Board of Directors and its committees which comprises a high proportion of independent Directors and members having a wide diversity of profiles and skills, who are fully involved in the work of the Board.

On February 22, 2023, the Board of Directors, upon recommendation of the Nomination and Compensation Committee, appointed Jean-Luc Biamonti as lead director (hereafter the "Lead Director") for the duration of his mandate as Director, in accordance with Article 3.2 of the AFEP-Medef Code, which provides that the Board may appoint a lead director among its independent members.

The Lead Director shall maintain a regular dialogue with and coordination of the Directors and ensure the quality of the information provided to Directors and the proper functioning of the Company's governance bodies.

3.1.1.1 Composition of the Board of Directors at December 31, 2023

As at December 31, 2023, EssilorLuxottica's Board of Directors had 14 members, including one member representing Valoptec[3] and two members representing employees.

As required by the law, the complete list of the positions of Directors in office is provided in Section 3.5.

EssilorLuxottica Board of Directors' members have a three-year term of office. Any new member of the EssilorLuxottica Board of Directors is nominated for election at EssilorLuxottica's Shareholders' Meeting by the EssilorLuxottica Board of Directors based on the recommendation of the EssilorLuxottica Nomination and Compensation Committee or any EssilorLuxottica shareholder in accordance with applicable law.

(1) This Code can be viewed online at http://www.medef.com.
(2) Since 2009, the Company has referred to the AFEP-MEDEF code as modified from time to time, the latest version referred to in this URD being from December 2022.
(3) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

Composition of the Board of Directors at December 31, 2023

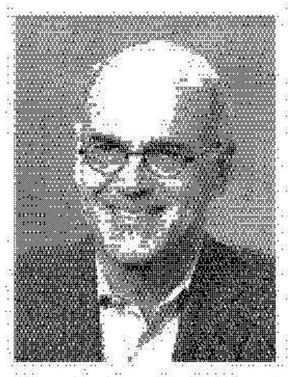
14	7	2	1	6	5
Directors	Independent Directors ●	Directors Representing Employees □	Director Representing Valoptec Association[a] ■	Women	Nationalities



Francesco Milleri

Non-Independent Director

Chairman Deputy Chief Executive and Chief Executive Officer of EssilorLuxottica (mandate renewed on 05/21/2021)



Paul du Saillant

Non-Independent Director

Officer of EssilorLuxottica (mandate renewed on 05/21/2021)



Margot Bard

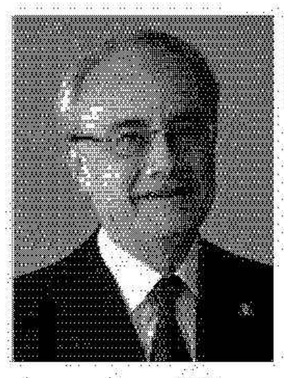
□

Director representing employees



Romolo Bardin

Non-Independent Director



Jean-Luc Biamonti

●

Independent Director

Lead Director



Sébastien Brown

□

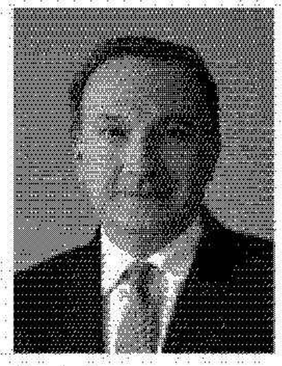
Director representing employees



Marie-Christine Coisne-Roquette

●

Independent Director



José Gonzalo

●

Independent Director



Virginie Mercier-Pitre[a]

■

Director representative of Valoptec[a], association of shareholders employees and former employees

Non-Independent Director



Mario Notari

Non-Independent Director



Swati A. Piramal

●

Independent Director



Cristina Scocchia

●

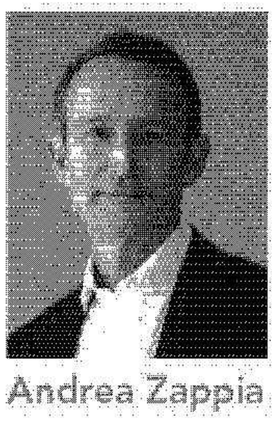
Independent Director[b]



Nathalie von Siemens

●

Independent Director



Andrea Zappia

●

Independent Director[b]

(a) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(b) Qualified as an independent Director by derogation from the criteria defined by the AFEP-MEDEF Code; see Section 3.4.

Composition of the Board of Directors at December 31, 2023

Director	Gender	Age	Nationality	Main positions	Term of office: Start date	Term of office: End date[b]
Francesco Milleri Non-independent Director, Chairman and Chief Executive Officer	M	64	Italian	Chairman and CEO of EssilorLuxottica	10/01/2018	2024
Paul du Saillant Non-independent Director, Deputy Chief Executive Officer	M	64	French	Deputy CEO of EssilorLuxottica	03/30/2020	2024
Margot Bard Non-independent Director, Employees' representative	F	58	French	Supply Chain (SC) Services Director for Essilor's Worldwide SC Department	09/22/2021	2024
Romolo Bardin Non-independent Director	M	45	Italian	CEO of Delfin S.à r.l (Luxembourg)	10/01/2018	2024
Jean-Luc Biamonti Independent Director, Lead Director	M	70	Monegasque	Chairman of the Strategic Committee of Calcium Capital	05/21/2021	2024
Sébastien Brown Non-independent Director, Employees' representative	M	29	French	Ideal State Survey Manager	09/22/2021	2024
Marie-Christine Coisne-Roquette Independent Director	F	67	French	Chairperson of Sonepar Group	05/21/2021	2024
José Gonzalo Independent Director	M	58	French	Executive Director of Direct Investment of Bpifrance	05/21/2021	2024
Virginie Mercier Pitre Non-independent Director Representative of Valoptec[a], association of shareholders employees and former employees	F	57	French	VP Key Accounts EssilorLuxottica EMEA Representative of Valoptec Association	01/20/2022	2024
Mario Notari Non-independent Director	M	59	Italian	Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)	06/28/2022	2024
Swati A. Piramal Independent Director	F	67	Indian	Vice Chairperson of Piramal Enterprises Limited (India)	05/21/2021	2024
Cristina Scocchia Independent Director	F	50	Italian	Chief Executive Officer of illycaffè (Italy)	10/01/2018	2024
Nathalie von Siemens Independent Director	F	52	German	Positions in Supervisory Boards (Germany)	05/21/2021	2024
Andrea Zappia Independent Director	M	60	Italian	EVP and CEO New Markets & Business of Sky Group	05/21/2021	2024

(a) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(b) Date of the Annual Shareholders' Meeting for Directors not representing employees.

Directors' terms of office

Pursuant to Article 11 of the bylaws, "Directors shall serve for a three-year term. The terms of office of directors representing employees shall terminate automatically on the relevant anniversary date of their appointment, and shall not require any specific notice. The Company shall take all measures to organize a new appointment no later than one (1) month before the expiry date of their terms of office."

Consequently the terms of office of the current Directors appointed by the Shareholders' Meeting convened in 2021 to approve the financial statements for the fiscal year ending December 31, 2020 shall expire at the date of the Shareholders' Meeting convened in 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

Notwithstanding Recommendation 15.2 of the AFEP-MEDEF Code, during the Initial Term[1], the terms of office of the Directors of EssilorLuxottica have not been staggered, to ensure a smooth transition and seamless integration of the Essilor and Luxottica groups in the context of the combination of the two groups. The Shareholders' Meeting held on May 21, 2021 amended Article 13 of the bylaws so that the staggered term of office of Directors only starts to apply in 2024. This allowed Directors renewed and newly appointed in 2021 to have three full years of stability to work more efficiently (see Section 3.4, "Summary table of recommendations of the AFEP-MEDEF Code that have not been applied").

All the current mandates of Directors are expiring at the end of the 2024 Annual Shareholders' Meeting.

It is proposed that the Shareholders' meeting re-appoint all the current Directors for different durations, to allow a staggering in time, of their terms of office.

Pursuant to Article 15.2 of AFEP-Medef Code, "Terms of office should be staggered so as to avoid replacement of the entire body and to favor a smooth replacement of directors".

Pursuant to article 13 of the By-laws, as of 2024, a staggering of their terms of office has to be implemented so that the Board of Directors is fully renewed at the end of each three-year period.

In order to implement a staggering of the Directors' terms of office, it is proposed to the April 30, 2024 Shareholders' Meeting:

- to **appoint for a 3 year term** as Director:
  - Francesco Milleri,
  - Paul du Saillant,
  - Jean-Luc Biamonti,
  - Marie-Christine Coisne-Roquette;
- to **appoint for a 2 year term** as Director:
  - Romolo Bardin,
  - José Gonzalo,
  - Virginie Mercier-Pitre,
  - Mario Notari,
  - Swati Piramal,
  - Cristina Scocchia,
  - Nathalie von Siemens,
  - Andrea Zappia.

Using this staggered approach, as of 2026 the Board of Directors will be partly renewed every year and fully renewed at the end of a three-year period. The mandates of Margot Bard and Sébastien Brown, Directors representing employees, will end on September 21, 2024 when the Group's Works Council will appoint two Directors representing employees for a three-year term.

(1) The governance principles defined in the Combination Agreement between Delfin and Essilor were applicable during an initial term that expired at the Shareholders' meeting of May 21, 2021 (the "Initial Term").

3.1.1.2 Expertise and skills of Directors

Director (as of December 31, 2023)	Contribution to the Board of Directors' work
Francesco Milleri Non-independent Director, Chairman and Chief Executive Officer	Extensive expertise as a strategist for global companies and proven ability to futurize business through digital technology and infrastructure.
Paul du Saillant Non-independent Director, Deputy Chief Executive Officer	39 years of international experience in world-class groups with successful long-term strategy, values and global/local presence. He contributes detailed knowledge of the optical business, markets and technology as well as of human and sustainability aspects.
Margot Bard Non-independent Director, employees' representative	Knowledge of the optics industry and supply chain.
Romolo Bardin Non-independent Director	High level expertise in terms of strategy, management and finance.
Jean-Luc Biamonti Independent Director, Lead Director	International expertise in retail and luxury goods.
Sébastien Brown Non-independent Director, employees' representative	Knowledge of the optics industry and of IT systems.
Marie-Christine Coisne-Roquette Independent Director	Extensive international expertise in terms of strategy and management ability.
José Gonzalo Independent Director	Extensive expertise and practice in terms of strategy, mergers and acquisitions and management.
Virginie Mercier-Pitre Non-independent Director, Representative of Valoptec[a], association of shareholders employees and former employees	In-depth knowledge of EssilorLuxottica through its manufacturing and sales operations. Nominated by Valoptec Association. Her membership is a strong indication of the importance EssilorLuxottica attaches to employee share ownership.
Mario Notari Non-independent Director	Profound expertise in corporate, financial and competition Law and practise in corporate governance and M&A deepened over the years.
Swati A. Piramal Independent Director	Experience in healthcare, financial services, manufacturing and academic general management with long term perspectives, as well as a knowledge of the Indian market.
Cristina Scocchia Independent Director	Extensive experience in strategy and management.
Nathalie von Siemens Independent Director	Experience in governing bodies of global leading companies active in various industries as well as expertise in terms of management in impact-oriented philanthropy.
Andrea Zappia Independent Director	Extensive expertise in terms of strategy and management in key industrial sectors.

(a) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

Obligation of Directors appointed by Shareholders' Meeting to hold shares

In accordance with Article 12 of the bylaws, each Director appointed by a Shareholders' Meeting must own at least 1,000 shares of the Company. Notwithstanding the foregoing, the Director representing employees is not required to hold shares, pursuant to Article L.225-25 of the French Commercial Code.

The information relating to each Director (see Section 3.5), state the number of shares held by each of them.

Independence of the members of the Board of Directors

The criteria for determining Directors' independence are set out in the Board of Directors' Internal Rules as adopted by the Board of Directors on October 1, 2018 as last updated on October 2, 2023. These criteria, which comply with the AFEP-MEDEF Corporate Governance Code, are as follows:

A Board of Directors' member is independent when he/she has no relationship of any kind whatsoever with the Company, the Group or the management thereof which may color his/her judgment. The criteria for a member to qualify as independent are as follows:

1. not to be and not to have been during the course of the previous five years:
   - an employee or Executive Officer[1] of the Company,
   - an employee, Executive Officer or Director of a company belonging to the Group (other than a Director of the Company, Essilor International (SAS) or Luxottica Group S.p.A.)[2];
2. not to be an Executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee or an Executive Officer of the Company (currently in office or having held such office during the last five years) is a Director;
3. not to be a customer, supplier, commercial banker or investment banker (or be linked directly or indirectly to these persons):
   - that is material to the Company or its Group,
   - or for a significant part of whose business the Company or its Group accounts;
4. not to be related by close family ties to a Company's officer;
5. not to have been an Auditor of the Company within the previous five years;
6. not to have been a Director of the Company for more than 12 years. Loss of the status of independent Director occurs on the date at which this period of 12 years is reached.

Given the EssilorLuxottica group's structure, the fact that a Company Director has a seat on the Board of Directors of one of its two operating subsidiaries, Essilor International (SAS) or Luxottica Group S.p.A., does not affect his or her independence.

Board of Directors' members representing shareholders who do not have a controlling interest in the Company are considered independent Directors.

However, if a Board of Directors member represents a shareholder holding more than 10% of the share capital or voting rights, the Board of Directors determines whether that Board of Directors member is an "independent Director," based on the written opinion of the Nomination and Compensation Committee. This opinion takes into account:

- the composition of the Company's share capital;
- whether there exists a potential conflict of interest.

Every year, the Board of Directors reviews the situation of each Director with regard to the independence criteria set out in the AFEP-MEDEF Code in force.

As at February 14, 2024, seven Directors could be considered independent under the independence criteria of the AFEP-MEDEF Code, namely Jean-Luc Biamonti, Marie-Christine Coisne-Roquette, José Gonzalo, Swati A. Piramal, Cristina Scocchia, Nathalie von Siemens, Andrea Zappia.

On that date, the Board of Directors' independence ratio was 58.33%, pursuant to the recommendations of the AFEP-MEDEF Code (*i.e.*, not including the two Directors representing employees).

The Board of Directors is of the opinion that none of these Directors who qualified as independent had any material business relationships with the Company and its Group.

Upon the Nomination and Compensation Committee's recommendation, the Board of Directors of February 14, 2024 considered that the indirect business relationship between a Director and the EssilorLuxottica group were not material and not likely to question a Director's independence or to create a conflict of interest, when they were in the ordinary course of business, at "arms length", in a classic competitive environment and with no economic dependency link or exclusivity in the field at stake.

Upon of the Nomination and Compensation Committee's recommendation, the Board of Directors of February 14, 2024 considered that the indirect business relationship between Ms Marie-Christine Coisnes-Roquette and the EssilorLuxottica group via the Sonepar group fulfilled these criteria and also noted that purchases made by the EssilorLuxottica group from the Sonepar group represented less than 0,5 % of EssilorLuxottica's global purchases.

(1) In these Internal Rules, "executive officer" designates the CEO and any Deputy CEO when used in reference to the Company or any similar function in companies registered under a different corporate form; "non-executive officer" designates any non-executive Chairperson of the Board; "corporate officers" includes the executive officers, the non-executive officers and the other Board members.

(2) Nearly all the independent Board members in place at EssilorLuxottica prior to the May 2021 change in the Board of Directors, were Board members who also served as independent Board members, either on the Luxottica or Essilor International Board of Directors prior to the combination of the two groups. This situation results from the fact that the merger of the two groups did not occur through a conventional merger, but through the implementation of an *ad hoc* structure in which Luxottica and Essilor International became two sister companies, subsidiaries of the same holding company called EssilorLuxottica, the management of which was very broadly autonomous. This is therefore a different situation from what is addressed by Article 9.5.1 of the AFEP-MEDEF Code, which aims to prevent situations in which a Board member is asked to monitor, supervise or question decisions in which s/he himself or herself has taken part as a corporate officer ("mandataire social") within a controlled subsidiary. It was to take account of the specific nature of the operation that the EssilorLuxottica Board Internal Rules stipulated from the outset that, with regard to what constitutes independence, and as an exemption from the principle set out in Article 9. 5.1 of the AFEP-MEDEF Code, the fact of being or having been a Board member of Essilor International or Luxottica in the five preceding years would not affect the "independent" criterion. The Board's rules in relation to conflict of interests apply to all Board members and these provisions should also apply in case of conflicts of interests between EssilorLuxottica and its subsidiaries, including Essilor International and Luxottica Group. Consequently, Ms. Scocchia and Mr. Zappia would be prevented from deliberating and voting on any decision concerning a matter relating to Luxottica Group that derives from a decision submitted to the Board of Directors of this entity at the time they were member of such Board.

The following Directors did not qualify as independent according to the AFEP-MEDEF Code:

- Francesco Milleri (Chairman and Chief Executive Officer);
- Paul du Saillant (Deputy Chief Executive Officer);
- Romolo Bardin (Chief Executive Officer of Delfin);
- Margot Bard and Sébastien Brown (the two Directors representing employees appointed as of September 22, 2021 by the Essilor "Comité de Groupe" following deliberation of July 9, 2021 for a three-year term in application of the By-laws);
- Virginie Mercier Pitre (Director representative of Valoptec[1], association of employees and former employees shareholders);
- Mario Notari (Director of Delfin).

3.1.1.3 Summary table detailing the compliance or non-compliance of each Director in office at December 31, 2023 with the independence criteria of the AFEP-MEDEF Code

In the table below, √ indicates an independence criterion has been satisfied, X indicates that it has not.

	AFEP-MEDEF independence criteria							
	Employee or Executive Director	Employee, Executive Director or Director						
	within the past five years							
Director	of the Company	of the Company or a Group company	Cross-Directorships	Is a client, supplier, investment banker or Financing banker (significant Business relationships)	Has a close family tie with a corporate officer	Has been a Statutory Auditor Within the past five years	Has been a Director for more than 12 years	Represents a major shareholder
Francesco MILLERI	x	x	√	√	√	√	√	x
Paul du SAILLANT	x	x	√	√	√	√	√	√
Margot BARD	√	x	√	√	√	√	√	√
Romolo BARDIN	√	√	x	√	√	√	√	x
Jean-Luc BIAMONTI*	√	√	√	√	√	√	√	√
Sébastien BROWN	√	x	√	√	√	√	√	√
Marie-Christine COISNE-ROQUETTE*	√	√	√	√	√	√	√	√
José GONZALO*	√	√	√	√	√	√	√	√
Virginie MERCIER PITRE	√	x	√	√	√	√	√	√
Mario NOTARI	√	√	√	√	√	√	√	x
Swati A. PIRAMAL*	√	√	√	√	√	√	√	√
Cristina SCOCCHIA*	√	√	√	√	√	√	√	√
Nathalie von SIEMENS*	√	√	√	√	√	√	√	√
Andrea ZAPPIA*	√	√	√	√	√	√	√	√

* Independent Director within the meaning of the AFEP-MEDEF Code. (Given the EssilorLuxottica group's structure, the fact that a Company Director has or had, a seat on the Board of Directors of one of its two operating subsidiaries, Essilor International or Luxottica Group, does not affect his or her independence, see Section 3.4).

(1) Valoptec is not an employees' representative body within the meaning of Article L.225-23 of the French Commercial Code.

3.1.1.4 Composition of the Company's Board of Directors from January 1, 2023

The composition of the EssilorLuxottica Board of Directors was as follows for the year 2023 and at December 31, 2023:

1. Francesco Milleri, qualified as non-independent Director, Chairman and Chief Executive Officer;
2. Paul du Saillant, qualified as non-independent Director, Deputy Chief Executive Officer;
3. Margot Bard, employees' representative, qualified as non-independent Director;
4. Romolo Bardin, qualified as non-independent Director;
5. Jean-Luc Biamonti, qualified as independent Director, Lead Director;
6. Sébastien Brown, employees' representative, qualified as non-independent Director;
7. Marie-Christine Coisne-Roquette, qualified as independent Director;
8. José Gonzalo, qualified as independent Director;
9. Virginie Mercier Pitre, representative of Valoptec[1], association of employees and former employees' shareholders, qualified as non-independent Director;
10. Mario Notari, qualified as non-independent Director;
11. Swati A. Piramal, qualified as independent Director;
12. Cristina Scocchia, qualified as independent Director;
13. Nathalie von Siemens, qualified as independent Director;
14. Andrea Zappia, qualified as independent Director.

The composition of the EssilorLuxottica Board of Directors is seven Directors qualified as independent (58.33% of the members of the EssilorLuxottica Board of Directors[2]) and six women (five women not taking into account the Directors representing employees, which is more than 40% of the members of the EssilorLuxottica Board of Directors) in compliance with applicable laws and regulations and the recommendations of the AFEP-MEDEF Code.

As detailed in section 3.1.1.1, in order to implement a staggering of the Directors' terms of office, it is proposed to the April 30, 2024 Shareholders Meeting:

- to **appoint for a 3 year term** as Director:
  - Francesco Milleri,
  - Paul du Saillant,
  - Jean-Luc Biamonti,
  - Marie-Christine Coisne-Roquette;
- to **appoint for a 2 year term** as Director:
  - Romolo Bardin,
  - José Gonzalo,
  - Virginie Mercier-Pitre,
  - Mario Notari,
  - Swati Piramal,
  - Cristina Scocchia,
  - Nathalie von Siemens,
  - Andrea Zappia.

3.1.1.5 Diversity policy

a) Applied to the members of the EssilorLuxottica Board of Directors

The Board of Directors comprises:

- seven independent Directors within the meaning of the AFEP-MEDEF Code;
- five women; more than 40% of the EssilorLuxottica Board of Directors, as required under Articles L.225-18-1 and L.22-10-3 of the French Commercial Code are women (the female Director representing employees was not taken into account when calculating the aforementioned 40% minimum requirement);
- five nationalities (French, German, Indian, Italian and Monegasque).

In accordance with Article L.22-10-10 of the French Commercial Code, the two summary tables in Sections 3.1.1.1 and 3.1.1.2 detailing the main criteria (gender, age, nationality, qualifications and professional experience) illustrate the Company's efforts to promote diversity.

Gender balance

EssilorLuxottica ensures that it complies with the principle of balanced gender representation on its Board of Directors. Six of the Board of Directors' 14 members are women, (five of the Board of Directors' 12 members excluding Directors representing employees), which is over 40% of its membership.

Average age of Directors

As at December 31, 2023, the Board of Directors had 14 Directors with an average age of 57.1 years.

b) Applied to the members of any given committee set up, as appropriate, by senior management to assist it on a regular basis in the performance of its general duties and in connection with the results in terms of gender balance in the 10% of positions with the most responsibility. If the Company does not apply such a policy, the report must include an explanation of the reasons for this

EssilorLuxottica strives to create a community that values all backgrounds, identities and cultures. 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.

The establishment in October 2022 of a DE&I (Diversity, Equity and Inclusion) department marked a new milestone in EssilorLuxottica's commitment to accelerating and expanding its actions in support of diversity, equality and inclusion.

(1) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.
(2) In accordance with the AFEP-MEDEF Code, Directors representing employees are not taken into account for the calculation of this percentage.

To achieve these objectives, the new global division of Diversity, Equity and Inclusion is leading the pillars of the 2023 Global DE&I strategy, which are to Drive Internal & External Awareness by fostering a culture of Inclusivity & belonging, Build & Evolve More Inclusive Processes and Policies, Ensuring Diversity of Thought through Ambassadors and Regional Networks.

At December 31, 2023, Women represented 39% of the Management bodies and 33% of Senior Executives.

c) Applied to the members of the Board of Directors of the operating companies, Essilor International (SAS), Luxottica Group S.p.A. and GrandVision B.V.

Composition of the Essilor International (SAS) and Luxottica Group S.p.A. Boards of Directors and of the GrandVision B.V. Management Board as at December 31, 2023

Essilor International (SAS) (unlisted operating company)	Luxottica Group S.p.A.	GrandVision B.V.
Francesco MILLERI, Chairman and CEO	Francesco MILLERI, Chairman and CEO	Massimiliano MUTINELLI, Member of the Management Board
Paul du SAILLANT, Director	Leonardo Maria DEL VECCHIO, Director	Niccolò BENCIVENNI, Member of the Management Board
Stefano GRASSI, Director	Paul du SAILLANT, Director	
	Stefano GRASSI, Director	
	Mr. Luigi FRANCAVILLA, Honorary Chairman (not a Board member)	

3.1.1.6 Directors' ethical awareness and conflicts of interest management

No potential conflicts of interest

In accordance with the Board of Directors' Internal Rules and with the Directors' Charter, Directors have an obligation to inform the Board of Directors of any conflict of interest, even potential, as provided for in the rules defined by the Board of Directors' Internal Rules, an extract from which is provided in the box below and pursuant to the criteria of the AFEP-MEDEF Code to which the Company refers (throughout the different versions and henceforth in this URD in the version as of December 2022).

Participation of the Director in a transaction in which the Company, or any other Group company, is directly involved is brought to the attention of the Board of Directors prior to the completion of that transaction.

As part of an annual declaration, the Director informs the Board of Directors of the terms of office and positions he or she holds in other companies and must request the opinion of the Nomination and Compensation Committee prior to accepting any new Directorship.

The Director must, more specifically, make an annual declaration of any conflicts of interest, even potential, he or she has detected. On the basis of these declarations, the Board of Directors has not identified any conflict of interest.

Based on the information above, to the best of the Company's knowledge:

- there are no potential conflicts of interest between the duties, with regard to the issuer, and the private interests and/or other duties with regard to third parties, of any of the members of the Company's Board of Directors, except as disclosed below (see Section 3.6 on related parties agreements). To this end, the Directors' Charter stipulates that Directors have an obligation to inform the Board of Directors of any conflict of interest, even potential, and must refrain from participating in the deliberations related thereto;
- none of the Executive or non-Executive Directors has a service contract with EssilorLuxottica or any of its subsidiaries providing for the award of benefits at the end of such contract;
- none of the Executive or non-Executive Directors has been convicted of a fraudulent offense in the past five years;
- none of the Executive or non-Executive Directors has been associated with bankruptcy, receivership or liquidation as a member of an administrative, management or supervisory body or as Chief Executive Officer within the past five years;
- none of the Executive or non-Executive Directors has been publicly charged and/or sanctioned by statutory or regulatory bodies (including designated professional bodies);
- there are no family ties between the members of the Board of Directors.

At the date of this Universal Registration, EssilorLuxottica had not set up any Executive Committee or collective body to assist Francesco Milleri and Paul du Saillant within the meaning of the regulation.

The organisation of EssilorLuxottica is the following:

- Executive Corporate Officers:
  Chairman and Chief Executive Officer: Francesco Milleri;
  Deputy Chief Executive Officer: Paul du Saillant.

EXTRACT FROM BOARD OF DIRECTORS' INTERNAL RULES ON THE MANAGEMENT OF CONFLICTS OF INTEREST (AS MODIFIED ON OCTOBER 2, 2023)

"1.3 Conflicts of Interest

Any Director (whether he/she is an individual Director or a permanent representative of a legal entity holding directorship) of the Company shall consider himself or herself as being bound by the provisions of Article 21 of the AFEP-MEDEF Code, the Director's Charter included as Annex 1 to these Board Rules of Procedure and the rules set forth in the following paragraphs.

1.3.1 Situations giving rise to Conflict of Interest

Any Director who is directly or indirectly exposed to an actual or potential conflict between his or her interests (or those of the legal entity holding directorship he/she represents) and those of the Company (or any company of the Group) because of the positions that he/she holds, and/or any interests that he/she has elsewhere (a "Conflict of Interest"), shall inform the Chairperson of the Board with a copy to the Secretariat of the Board, and the Chairperson of the relevant Committees, if applicable. When a Director takes office and by January 31 of each year, he/she shall prepare (and update when needed) and submit to the Chairperson of the Board and to the Nomination and Compensation Committee, a statement indicating any actual or potential Conflict of Interest he/she may have with any Group's companies.

A Director may be requested by the Chairperson, at any time, to confirm in writing that he or she is not in a Conflict of Interest situation. Pursuant to Section 3.5 below, Directors and any other persons who attend Board Meetings shall be required to treat all information provided during these meetings as strictly confidential.

1.3.2 Guidelines for dealing with Conflicts of Interest

In the event of a Conflict of Interests, the concerned Director shall (i) prior to the concerned meeting, inform in due time the Chairperson with a copy to the Secretariat of the Board, and (ii) shall not attend the Board (or Committee) meeting during the discussions and debates on the concerned items of the agenda and shall not vote on the concerned deliberations.

It is specified that if the concerned Director is the Chairperson of a Committee and the concerned meeting is one of such Committee, then, such Director shall notify his or her Conflict of Interest situation to the other Committee's members and shall not attend the meeting during the discussions and debates on the concerned items of the agenda and shall not vote on the concerned deliberations.

Any issues concerning the implementation of this Section "Conflicts of interest" shall be submitted to the Chairperson with a copy to the Secretariat of the Board, and for Committee meetings, the Chairperson of the relevant Committee. If an issue relating to any concerned Director cannot be resolved following discussions between them, then, the Board (or the Committee) shall make a decision.

1.3.3 Sensitive information as defined in competition law

In the event of a Conflict of Interest relating to a position or interest in an entity whose interests compete with those of the Group, no sensitive information, as defined in competition law, may be disclosed or discussed in the presence of the concerned Director.

The definition of sensitive information in competition law covers all information not in the public domain that could enable the concerned Director to understand or influence the Company's commercial and other strategies in markets served by the entity whose interests compete with those of the Company and with which the concerned Director has ties, including, without limitations, recent, current or future pricing strategies and prices (including discounts or rebates), detailed information concerning technology and R&D projects, recent current or future profit margins on, or profitability targets for, specific products or services, and current or future strategic plans, business development projects, particularly planned potential mergers and acquisitions, market shares, market analyses, covering *inter alia* forecast changes in offer and/or demand and prices.

The risk of an exchange of sensitive information as defined in competition law is equivalent in all respects to a conflict of interest within the meaning of this Section "Conflicts of interest"."

Agreements between one of the Executive Corporate Officers or shareholders with more than 10% of voting rights with a subsidiary of EssilorLuxottica group (with the exception of agreements concerning day-to-day operations entered into under normal conditions)

A non-compete agreement has been entered into on May 21, 2021 between EssilorLuxottica and Mr. Francesco Milleri. This agreement was duly authorized by the Board of Directors on May 21, 2021.

Agreements between a subsidiary of EssilorLuxottica group and a company in which an Executive Corporate Officer has a direct or indirect interest (with the exception of agreements concerning day-to-day operations entered into under normal conditions)

Jean-Luc Biamonti and Romolo Bardin are Directors of EssilorLuxottica; they are not Executive Corporate Officers (this term designates the Chairman and CEO and the Deputy CEO). Nevertheless, the following agreement is reminded. In 2023 EssilorLuxottica entered into a service agreement with the French company Covivio S.A., among others, as real estate advisor, regarding its support in the management of EssilorLuxottica's real estate portfolio (the "Service Agreement"). Since Jean-Luc Biamonti and Romolo Bardin are respectively Chairman of the Board of Directors and Director of Covivio S.A., this agreement is a related party agreement ("convention réglementée") and was preliminarily authorized by the Board of Directors on May 15, 2023 (see Section 3.6 on related parties agreements).

Procedure set up to regularly evaluate if the agreements relating to ordinary transactions concluded under normal terms still fulfil those conditions

Pursuant to Article L.22-10-12 of the Commercial Code, the Charter regarding related-party agreements includes a procedure set up to regularly evaluate if the agreements relating to ordinary transactions concluded under normal terms still fulfil those conditions. The person directly or indirectly involved in the agreement does not take part to the evaluation.

Insider dealing

On October 1, 2018, the Board of Directors approved the EssilorLuxottica Directors' Charter, updated on May 21, 2021, which includes the stipulation that any holder of inside information shall refrain from engaging in any transaction involving the Company's securities or from causing or allowing others to engage in such transactions based on such information for as long as such information has not yet been made public (Articles 8, 10 and 14 of European Regulation no. 596/2014 of April 16, 2014 on market abuse – the Market Abuse Regulation ("MAR")). The Charter states that Directors must, in addition to the period preceding the publication of any inside information of which they are aware, refrain from engaging in any transaction in the Company's securities during the blackout periods set in accordance with Article 19.11 of the MAR and the AMF guide to ongoing disclosure and management of inside information.

Lastly, Directors must inform the AMF, on an annual basis, of any transactions involving EssilorLuxottica securities performed by themselves or by individuals with whom they are closely associated. These individual reporting obligations regarding securities transactions are covered in the Directors'Charter, the full version of which is available on the Company's website.

The summary statement of transactions involving EssilorLuxottica securities carried out in 2023 by the Corporate Officers is included in Section 3.3.6.

On July 28, 2022, the Board of Directors has updated its "Procedure for Management and Public Disclosure of Corporate Information" and its appendix, the Insider List Procedure and the Internal Dealing Procedure, to take into account the changes in the Company's Governance.

3.1.2 Preparation and organization of the work of the Board of Directors

The operating procedures of the Board of Directors and special Committees are governed by Board of Directors' Internal Rules adopted by the Board of Directors on October 1, 2018, as last updated on October 22, 2023 and by a Directors' Charter. These documents are periodically reviewed by the Board of Directors.

The documents reflect the main principles regarding the decision-making process in the EssilorLuxottica Group. The key points of both documents are reproduced or summarized below. The full version of these documents, along with the bylaws, is available on the Company's website.

3.1.2.1 Board of Directors' Internal Rules and the Directors' Charter

The Board of Directors' Internal Rules and the Directors' Charter, both of which were approved by the Board of Directors, as last amended on October 22, 2023, reflect the basic principles regarding the decision-making process in the EssilorLuxottica group. These principles are outlined below.

Powers of the EssilorLuxottica Chairman and Chief Executive Officer and Deputy Chief Executive Officer

The EssilorLuxottica Chairman and Chief Executive Officer is vested with full powers to act in all circumstances in the name of EssilorLuxottica. He shall exercise those powers within the limits of the corporate purpose and subject to the powers expressly granted to the EssilorLuxottica Shareholders' Meeting and to the EssilorLuxottica Board of Directors by law as well as to the limitations set forth by the bylaws of EssilorLuxottica and by the Board of Directors' Internal Rules.

The Deputy CEO is in charge of Administration and Finance. As such, he is in charge of the management and supervision of all the activities of the Holding Company EssilorLuxottica.

Powers of the Board of Directors of EssilorLuxottica

The Board of Directors of EssilorLuxottica directs EssilorLuxottica's business and oversees its implementation in accordance with its corporate interest, taking into account the social and environmental stakes of its activity. Subject to the powers expressly granted to the Shareholders' Meeting, the limitations set forth by the bylaws of EssilorLuxottica and within the limits of the corporate purpose, the Board of Directors deals with all matters concerning the proper running of EssilorLuxottica and the EssilorLuxottica Group, in accordance with the Board of Directors' Internal Rules. Upon the proposal of the management, the Board of Directors determines the Company's multi-annual strategic guidelines on social and environmental responsibility. The Board of Directors examines the results obtained each year and the opportunity, when appropriate, to adapt the action plan or revise the objectives.

A set of material decisions relating to EssilorLuxottica and/or the EssilorLuxottica group are subject to prior approval by the EssilorLuxottica Board of Directors (see Section 3.1.2.2).

The Board of Directors' Internal Rules are supplemented by a Directors' Charter which stipulates a certain number of rights and obligations, including the commitment to regularly attend meetings of the Board of Directors and Shareholders' Meetings, to inform the Board of Directors of any potential or actual conflict of interest, and to refrain from participating in the corresponding proceedings, including the work of special Committees. Directors must consider themselves subject to an obligation of professional secrecy as regards information which is not public and which they have come to know in the course of their duties; this goes further than the obligation of discretion provided for in Article L.225-37 paragraph 5 of the French Commercial Code.

3.1.2.2 Roles and responsibilities of the Board of Directors

The EssilorLuxottica Group's internal governance rules stipulate that the Board of Directors must grant its prior approval, under the conditions of quorum and majority set forth in Section 3.6.2 of the Internal Rules, for any issue, event, act or decision concerning the Company and any entity of its Group, related to:

a) review and approval of the statutory financial statements and of the consolidated financial statements of the Company;

b) approval and modification of the Group's annual budget (including the annual investments budget) upon the presentation of the forecast of the financing needs of the Group for the year made by the CFO;

c) approval and modification of the Group's three-years strategic plan;

d) any transaction outside the scope of the Group's stated strategy or above €150 million individually, except when such transaction corresponds to usual purchases, sales or leases, in the ordinary course of business;

e) distribution of dividends, interim dividends, premium, reserves and/or any other distributions by the Company;

f) any amendment, or any decision that will entail such amendment, to the Articles of Association of the Company;

g) decision relating to the admission to listing on any regulated stock exchange of securities in any Group's company;

h) any change in accounting methods or principles, or of the tax practices applied within the Group (save for mandatory changes resulting from regulatory changes);

i) appointment and renewal of the Statutory Auditors of the Company, based on the recommendation of the Audit and Risk Committee;

j) decisions on capital expenditures, acquisitions or divestments with a value exceeding €150 million;

k) any transaction resulting in the expansion of the geographical footprint of the Group to a new country where the Group has no operations, including through any distribution network, whether wholesale or retail, directly or indirectly (through any acquisition, lease, commercial relationships or any agreement of any nature whatsoever) for which the value is above of €30 million or for which such expansion could raise a significant risk in terms of compliance with applicable regulations (e.g., sanctions, fraud, anti-corruption or money laundering regulations) or in terms of security;

l) unless decided otherwise by the Board, (x) any decision (and any delegations of powers or authority thereto) pertaining to the entering into of any bank loan or financing facility for a par value or a notional amount exceeding €1 billion, (y) any other decision (and any delegations of powers or authority thereto) pertaining to the financing of the Company (including, for example, the issuance of bonds, notes, debt instruments and/or hedging instruments) for a par value or a notional amount exceeding €300 million individually and €1 billion in the aggregate on a calendar year within the annual authorization for any banking financing and (z) any decision (and any delegations of powers or authority thereto) for any capital market transaction (either in equity or debt) whatever the amount of such transaction;

m) any liquidation, merger, spin-off (*scission*), contribution or other similar corporate restructuring (save for intra-Group transactions that trigger no change in the direct or indirect holding by the Company in the share capital or assets and liabilities of the concerned company or companies) involving any Group's company;

n) authorization, determination of the terms and conditions and modification of any mandatory or voluntary profit-sharing plan, stock option plan, free share plan (*plan d'attribution gratuite*) or other similar collective incentive schemes in favor of the management and/or employees of the Group (upon proposal of the Nomination and Compensation Committee when it concerns executive officers);

o) except for intra-group transactions, the purchase, transfer or disposal of trademarks or patents and/or the acquisition or the granting of any license with respect to the right to use a trademark or patent or any other transaction entailing, directly or indirectly or as an ancillary consequence thereof (including, for example, the acquisition of a business), the purchase, transfer, disposal or granting of any such trademarks, patents or licenses, for a value exceeding €10 million and, in the case of franchise, any franchise agreement with fees in excess of €20 million.

In addition, the Board is responsible in particular for:

- defining the notion of an "Independent Director" and deliberating on this matter each year;
- identifying the Independent Directors, following recommendation by the Nomination and Compensation Committee;
- assessing its own performance (collective and individual) and the performance of management;
- debating and, if applicable, approving any compensation following recommendation by the Nomination and Compensation Committee for Executive Officers;
- appointing the CEO and the Deputy CEO (if any) (following recommendation by the Nomination and Compensation Committee);
- debating and, if applicable, approving the appointment of the special Committee members (following recommendation by the Nomination and Compensation Committee);
- approving and implementing the succession plans for the replacement of the executive officers, following recommendation by the Nomination and Compensation Committee;

- examining the procedures for the identification, evaluation, control and monitoring of the Group's commitments and risk management, in coordination with the work of the Audit and Risk Committee and the Corporate Social Responsibility Committee;
- defining the financial communication policy for the market and analysts, applicable to the whole Group, in order to allow shareholders and investors to access the same information at the same time, and making sure that they are receiving relevant, balanced and meaningful information on the Company's long-term strategy through the financial statements, in the course of major operations and development, and outlook as part of the Group's financial communications.

3.1.2.3 Self-assessment of the Board of Directors' operating procedures

The independent Directors on the Nomination and Compensation Committee, Andrea Zappia and Jose Gonzalo conducted a self-assessment of the Board of Directors' functioning between June and July 2022.

The self-assessment was based on questionnaires covering the following topics: 1) composition of the Board of Directors and Committees, 2) Board of Directors process, 3) Board of Directors information and accountability, 4) Board of Directors and strategy, 5) Communication with shareholders and the markets, 6) the standards of conduct and 7) Evaluation and comments on the Board Committees. It included the assessment of how each Director individually contributes effectively to the Board's work.

The results of the questionnaires were analyzed in August and September and presented to the Board of Directors on October 6, 2022. The Board of Directors unanimously approved the self-assessment summary. The overall results of the self-assessment were very satisfactory.

There was unanimity on the following topic as being treated in a "Consistently good" or "Excellent" manner: size of the Board, diversity policy; exercise of their roles as Board members by Executive officers; quality of the financial information; active participation and contribution of Directors; quality of the Universal Registration Document and the Shareholders meeting; Board digital portal.

A more in-depth analysis was done of topics with at least 2 votes for "Need improvement" or "Need significant improvement". As a result, the following suggestions were made: Provide for more time at each Board meeting for the business or strategy updates; Hold more "in person" Board meetings and offsite meetings.

On July 25, 2023, the Board of Directors discussed the functioning of the Board of Directors and acknowledged that the recommendations for improvement resulting from the 2022 self-assessment had been implemented. There was an increase in the time dedicated to business and strategy updates and a meeting of the Board of Directors was held "in person" in Milano, with a site visit for the Directors, including more explanations on the products and business.

3.1.2.4 Information and training for the Board of Directors

Information

Any documentation required to ensure that the Directors are informed about the agenda and any items to be discussed by the Board of Directors will either be enclosed with the notice of meeting or sent or delivered at the latest five days before the meeting.

Any such documentation shall be drafted in English, and a French and Italian courtesy translations can also be provided at the request of any Director. In case of discrepancy between the English version and one of its translations, the English version shall prevail, except for those documents whose official language is French pursuant to applicable law.

To be prepared for decisions to be made, Directors must check that the information they deem necessary for the proper flow of the Board of Directors' or special Committee's work has been made available to them. If any information has not been made available or has not properly been made available in a Director's opinion, that Director must request it. Such requests should be addressed to the Chairman, with copy to the secretariat of the Board, who must satisfy themselves that the Directors are in a position to fulfil their duties.

In addition, Directors will receive between meetings any useful or critical information on significant events or operations relating to the Company or the Group, in particular press communications released, or Financial Reports made by the Company.

Training

Any Director may avail himself or herself of supplementary training on the specific concerns of the Company, its industry or business sectors as well as on social and environmental responsibility aspects, including with respect to climate related issues, if he or she deems it necessary. From the time of their appointment, members of the Audit and Risk Committee receive information on the Company's accounting, financial and operational affairs.

Directors representing employees or Director(s) representing employees shareholders should be provided with suitable training enabling them to perform their duties, in accordance with regulations. In 2022, the two Directors representing employees attended courses on legal and financial matters. The legal courses focused on corporate governance and the Director's role. The financial courses were on financial statements, tax, treasury and shared services at Group level. They also attended several courses on communication. In 2023, they attended a course on the "Practice of a Company Board of Directors" from the IFA (Institut Français des Administrateurs) and FNSP (Fondation Nationale des Sciences Politiques), entitled "Exercising a mandate of company Director".

3.1.2.5 Meetings of the Board of Directors in 2023

The Board is convened by the Chairperson. The Board of Directors shall meet as often as necessary in the interests of the Company, but at least five times per year.

The meetings of the Board of Directors are chaired by the Chairperson, or, in the absence of the Chairperson, by the Vice-Chairperson (if any), or in the absence of the Vice-Chairperson, by the person appointed by the Board to chair the meeting.

Directors may choose to be represented by another Director at meetings of the Board of Directors.

Each Director may represent no more than one other Director at any Board of Directors' Meeting.

The quorum for any decision taken by the Board of Directors shall be at least half of the Directors present (in person or, as the case may be, by videoconference or telecommunication means).

The decisions shall be taken by a simple majority of the members present or represented. In 2023, the Board of Directors of EssilorLuxottica met seven times.

Attendance of the members of the Board of Directors

As allowed by the Company's bylaws, the Board of Directors' Internal Rules state that Directors may participate in exceptional circumstances by using videoconferencing or other forms of telecommunications, with the exception of those cases explicitly stipulated, such as the approval of the financial statements and preparation of the Management Report. The Board of Directors' Internal Rules state that Directors who participate in this way are considered to be present when calculating the quorum and voting majority for the meeting.

The table below shows the number of Board of Directors and Committee meetings held during fiscal year 2023, as well as their members as at December 31, 2023 and the individual attendance at each meeting. The average attendance of the Directors was 92.97% for all meetings of the Board of Directors and the Committees in 2023.

Attendance as of December 31, 2023

	Board of Directors	Audit and Risk Committee	Nomination and Compensation Committee	CSR Committee
NUMBER OF MEETINGS IN 2023	**7**	**5**	**6**	**3**
ATTENDANCE *(IN %)*				
Francesco Milleri	100%			
Paul du Saillant	100%			
Margot Bard	100%			
Romolo Bardin	100%	80%	100%	
Jean-Luc Biamonti	100%	100%		
Sébastien Brown	100%			
Marie-Christine Coisne-Roquette	100%			
José Gonzalo	100%		100%	
Virginie Mercier Pitre	100%			100%
Mario Notari	85.71%			
Swati Piramal	100%			100%
Cristina Scocchia	100%	80%		
Nathalie von Siemens	85.71%			33.33%
Andrea Zappia	100%		100%	

Major accomplishments of the Board of Directors in 2023

The Board of Directors met seven times with an attendance rate of 97.96%.

For the period from January 1, 2023 to December 31, 2023 the EssilorLuxottica Board of Directors was informed about, reviewed or discussed the following issues:

- **Corporate governance:**
  - upon the NCC's recommendation, the Board of Directors appointed Jean-Luc Biamonti as lead director (hereafter the "Lead Director"), in accordance with Article 3.2 of the AFEP-Medef Code, for the duration of his mandate as Director,
  - the Board Internal Rules were amended to take into account the appointment of a Lead Director. The Board of Directors also approved additional Board rules amendments to (i) reflect the latest modifications of the Afep-Medef Code (dated December 2022) relating to the Board's role in determining guidelines on social and environmental responsibility, and (ii) simplify the "reserved matters" to avoid Board approval of ordinary course of business contracts and decisions,
  - assessment of the independence of Directors,
  - follow up on the Board functioning;
- **Gender Diversity in management bodies:** the Board reviewed and approved the plan presented by Management to increase gender diversity in management positions;
- **2023 Budget:** the 2023 budget was discussed at a Board Meeting at the beginning of the year;
- **Accounts:** review and/or approval of the Company and consolidated financial statements for the 2022 financial year, the half-year financial statements and the forecast financial statements, after hearing the reports of the work done by the Audit and Risk Committee and the Statutory Auditors. The Board of Directors also reviewed the Company's financial and cash position;
- **Dividend:** the Board of Directors approved the option for a payment in shares of the dividend, and gave powers to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer to acknowledge the share capital increase resulting therefrom;
- **Regulated agreements** (*i.e.* related parties' transactions): the Board approved an agreement between EssilorLuxottica and Covivio SA;
- **Shareholders' Meeting of May 17, 2023:** the Board of Directors convened the Shareholders' Meeting and decided on the draft resolutions to be submitted to the Shareholders;
- **Authorizations to increase the share capital:** the Board of Directors, upon recommendation from the Audit and Risk Committee, decided to submit to the shareholders meeting resolutions renewing the delegations of authority granted to the Board of directors (i) to increase share capital by capitalizing all or part of reserves, profits or shares, mergers or contribution premiums, (ii) to issue, with retention of preferential subscription rights, Company shares and securities granting access, directly or indirectly, to share capital of the Company. It also decided to submit to the shareholders meeting a resolution granting authority to the Board of Directors to issue, with cancellation of existing shareholders' preferential subscription rights, securities giving access to the share capital, immediately or in the future, by way of an offer to the public as provided for in Article L.411 2, 1°, of the French Monetary and Financial Code (see details in Section 3.2.2);
- **Business performance:** at each meeting scheduled under the annual calendar the executive corporate officers presented the general situation of the Company in the preceding period, developments of key financial indicators, noteworthy events in commercial and technical fields, the state of the competition, *etc.*;
- **Major commercial agreements:** renewal and/or signing of license agreements;
- **Acquisitions:** approval of the acquisition of an additional 6% interest in a non-listed company based in Asia operating in the eyewear market (the Company had already bought 10%);
- **New business opportunities** were discussed, including the combination of vision and hearing devices;
- **Weare project:** identification and consolidation of One Company culture and values;
- **Compliance:** regular updates were done on various compliance topics;
- **Financial authorizations:**

  The Board of Directors decided to:
  - renew for a period of one year (from February 22, 2023 to February 21, 2024 inclusive) the authorization to issue notes and/or bonds, within the framework of the EMTN program or outside this framework, up to a nominal amount equal to five (5) billion euros or its equivalent in any other currency to finance the Company's current needs; renew for the same period the authorization to renew and update the EMTN program as required; delegate all powers, with the option of sub-delegation, to Mr. Francesco Milleri, in his capacity as Chairman and Chief Executive Officer, for the same period to update and implement the EMTN program and do whatever is necessary and/or useful for the purposes of the programs,
  - delegate to the Chairman and CEO the powers to implement a share buy-back program,
  - renew its authorization, for a period up to and including July 24, 2024, of an envelope and cap for the granting by the Company of guarantees, endorsements, securities and/or Comfort Letters, of an amount of one (1) billion euros; and delegate full powers, with the power to sub-delegate, to Mr. Francesco Milleri, in his capacity as Chairman and Chief Executive Officer, to grant such guarantees, endorsements, securities and/or Comfort Letters;
- **Employee shareholding:**
  - acknowledgement of the completion of the share capital increase resulting from the issue of new shares following the exercise of stock options (i) from May 16 to December 31, 2022 and (ii) from January 1 to June 30, 2023,
  - Allocation of performance shares to employees and to Executive corporate officer;

- **Compensation of corporate officers:**
  - the Board of Directors reviewed the performance of the Executive Corporate Officers for the 2022 financial year and set the variable proportion of compensation due to the latter for the 2023 financial year, the payment of which was submitted for approval to the Shareholders' Meeting on May 17, 2023;
  - allocation by the Board of Directors to the Chairman and Chief Executive Officer of 70,000 performance shares and to the Deputy Chief Executive Officer of 35,000 performance shares, subject to compliance with the ceilings defined in the compensation policy. These performance shares will be allocated at the end of a vesting period starting on October 2, 2023 and expiring after three years;
- **Committee reports:** in preparation for its deliberations the Board of Directors heard the reports from the Audit and Risk Committee, the Nomination and Compensation Committee and the Corporate Social Responsibility Committee respectively, in the areas that concern them;
- **Internal Audit:** the Board of Directors approved the audit plan for 2023 and the performance of the Head of Internal Audit in 2022 and his new objectives for 2023.

3.1.2.6 Committees of the Board of Directors

On the recommendation of the Nomination and Compensation Committee, the Board of Directors may create special Committees and set the rules governing their duties and composition. The Company has three permanent Directors Committees:

- Audit and Risk Committee;
- Nomination and Compensation Committee; and
- Corporate Social Responsibility (CSR) Committee.

These Committees act on the authority delegated to them by the Board of Directors and make recommendations and proposals to the Board of Directors. The Committees do not act in the place of the Board of Directors, but rather as an extension of the Board of Directors, facilitating its work.

Committee members may choose to be represented by another member at meetings of the Committee. Each member may represent no more than one other member at any Committee meeting. The deliberations of the Committees shall be valid only if at least half of their members attend the meeting in person.

Decisions shall be made based upon a majority vote of the members attending. If vote is tied, then the Chairperson of the meeting shall not have any casting vote.

Audit and Risk Committee

Composition

The Board of Directors' Internal Rules stipulate that the Audit and Risk Committee shall consist of three members appointed by the Board of Directors from among its members. At least two third of its members must be independent Directors.

The Committee shall not include any executive Directors.

The members of the Audit and Risk Committee must have special competency in financial, risk management or accounting matters.

The Chair of the Audit and Risk Committee will be held by an independent Director.

The Audit and Risk Committee is chaired by Jean-Luc Biamonti. The other members are Romolo Bardin and Cristina Scocchia.

Role

Under the Board of Directors' Internal Rules and in accordance with Article L.823-19 of the French Commercial Code, the Audit and Risk Committee, acting under the responsibility of the Board of Directors, follows up on issues related to the preparation and audit of the financial statements and financial information.

For any issues relating to the compliance and the efficiency of the internal audit and major risk management systems, the Audit and Risk Committee must work closely with the Corporate Social Responsibility Committee to establish a comprehensive picture of any financial or non-financial issues.

Without prejudice to the powers of the Board of Directors, this Committee monitors the specific procedures to ensure:

- the integrity of the financial statements, in particular, the statutory and consolidated accounts, the scope of the consolidated accounts and the off-balance sheet commitments;
- when preparing the financial information, that the accounting methods employed are relevant and applied consistently, in particular when dealing with major transactions;
- when reviewing the accounts, a focus on major transactions which could have given rise to conflicts of interest;
- the efficiency of the internal control and risk management systems;
- when monitoring the effectiveness of the internal control and risk management systems and, where applicable, the internal audit of the procedures relating to the preparation and processing of the accounting and financial information, that it hears the persons responsible for the internal audit and risk control and that it is informed of the internal audit schedule and internal audit reports or a periodical summary of these reports;
- compliance with legal requirements and regulations;
- the review of major risks and off-balance-sheet commitments, assessing the significance of any deficiencies or weaknesses of which it has been informed, and informing the Board of Directors, as the case may be;
- the performance, qualification, independence and control of incompatibilities of the Auditors;
- the performance of internal audit.

It issues a recommendation to the Board of Directors on the Auditors of the Company which have been proposed to be appointed by the Shareholders' Meeting.

The responsibilities incumbent on the Audit and Risk Committee are set out in Article 4.1.2 of the Board of Directors' Internal Rules, available on the Company's website.

The Chairperson of the Audit and Risk Committee organizes the Committees' work every year based on his or her assessment of the importance of certain types of risk, in consultation with the management and the Board of Directors, as well as the Chairperson of the CSR Committee.

The Chairperson of the Audit and Risk Committee must regularly coordinate with the Chairperson of the other Committees, and in particular with the Chairperson of the CSR Committee which is in charge of identifying and monitoring the non-financial risks.

The Chairperson of the Audit and Risk Committee or the Board of Directors may convene a meeting at any time, whenever it deems it necessary.

The Chairman, and the Vice-Chairman if applicable, may jointly request the Chairperson of the Audit and Risk Committee to arrange a meeting whenever they deem it useful.

The Audit and Risk Committee shall meet at least three times per year.

The meeting agenda is determined by the Chairperson of the Audit and Risk Committee or agreed with the Board of Directors, the Chairman or the Vice-Chairman if applicable, if the Board of Directors, the Chairman, or the Vice-Chairman if applicable, has initiated the meeting. The agenda is sent to the Audit and Risk Committee members before the meeting together with any information that is useful for the discussions.

Sufficient time must be available for the Accounts to be provided and for their review. In order to perform its duties properly, the Audit and Risk Committee must be given a delay of at least five days for considering in advance the documents on which discussions will be based and, in particular, for examining the accounts before their publication.

During the meetings, the Committee hears the Statutory Auditors and may receive presentations from the Company's corporate officers and EssilorLuxottica's Key Executives (and such other persons as it deems appropriate) who are responsible for the accounts, the risk management system (including compliance) and internal audit. Management (assisted by a person of its choice) makes a presentation to the Committee on the Group's exposure to risks and significant off-balance sheet commitments.

The Committee may also gather information directly from persons who are able to assist it with fulfilling its duties, in particular certain business and financial managers and those responsible for handling data, whilst keeping management informed. In addition, the Committee may consult external experts, if it deems this necessary, at the Company's expenses, within the limits of the budget approved by the Board of Directors for the Audit and Risk Committee.

Major accomplishments in 2023 achieved by the Audit and Risk Committee

The Audit and Risk Committee's assignments are carried out on the basis of the recommendations stipulated in the AMF working group's report for Audit Committees dated July 22, 2010.

The Audit and Risk Committee met five times with an attendance rate of 86.67%. In particular, the committee heard the Group's Chief Financial Officer, the Chief Compliance Officer, the Head of the Internal Audit, the General Counsel and Secretary of the Board of Directors and the Statutory Auditors.

During the period from January 1 to December 31, 2023, the Audit and Risk Committee reviewed the following issues:

- **Financial statements:** review of the 2022 consolidated and statutory financial statements; review of the part of the Management Report concerning primarily risk factors and internal control procedures; review of the consolidated financial statements for the first and second half of 2023 and of the Statutory Forecasts;
- **Budget:** review of the 2023 budget;
- **Finance:** renewal of the EMTN program;
- **Statutory Auditors:** presentation of the reports from the Statutory Auditors for the 2022 financial year; review of the result of the 2022 external audit plan from the Statutory Auditors and key audit points described in the Statutory Auditors' Report; review of the draft Statutory Auditors' report for the first half of 2023; review of the Auditors' qualifications, performance, fees and independence (particularly by considering the annual statement of independence);
- **Annual Shareholders' Meeting on May 17, 2023:** dividend in shares; draft resolutions of a financial nature, in particular regarding the share buy-back program, the renewal of delegations regarding the share capital and the delegation by the shareholders to grant the Board the option to issue convertible bonds;
- **Non-financial performance statement:** presentation of the non-financial statement; preparation of the 2023 non-financial performance declaration (Chapter 5 of the 2022 Universal Registration Document);
- **Internal audit:** presentation of the implementation of the 2022 audit plan and presentation of the 2023 audit plan; presentation of audits carried out during 2022; 2022 Management Report including the main features of the internal control systems; annual assertion on Internal Auditing Standards; results of the External Quality Assessment Review done by an external firm to evaluate the Internal Audit activity's conformity with the standards and the IIA Code of ethics; review of the performance of the Head of Internal Audit in 2022 and assignment of 2023 objectives;
- **Compliance:** regular reports on compliance, including the Sapin 2 Risk map summary presentation, the update on policies and Code of Ethics and the new whistleblowing system implementation;
- **Risk management:** update on risk factors; 2022 Management Report including the main characteristics of the risk management;
- **Special event:** the CAR reviewed regularly the situation following a personal data incident.

Nomination and Compensation Committee

Composition

The Board of Directors' Internal Rules as last amended by the Board of Directors on October 2, 2023 stipulate that the Nomination and Compensation Committee shall comprise three members, the majority of whom shall be appointed from among the Board of Directors' independent Directors (as defined by the AFEP-MEDEF Code).

The Committee shall be chaired by an independent Director (as defined by the AFEP-MEDEF Code).

The Nomination and Compensation Committee is chaired by Andrea Zappia. The other Committee members are Romolo Bardin and José Gonzalo.

Role

As described in the Board of Directors' Internal Rules, the main duties of the Nomination and Compensation Committee within the work of the Board of Directors are as follows:

Nominations:

- it examines and recommends to the Board of Directors the persons who may be appointed as Directors, taking into account, in particular, the appropriate balance of the composition of the Board and its Committees in view of the composition and development of the Company's shareholder base, the skills and expertise required to perform the Board's duties, and the gender balance on the Board; it may, in particular, organize a procedure to select future Independent Directors and examine potential candidates before any contact is made with them;
- it develops a succession plan for the Company's executive officers.

Assessment:

- it assists the Board in the periodic assessments of its membership, organization and operation as well as that of its committees;
- it may put forward proposals to improve the functioning of the Board;
- it puts forward proposals for creation of Committees and assignment for each of them;
- it monitors changes in the Company's shareholdings structure and Company's awareness of such changes with a view to monitor the representation of shareholders (including employee shareholders) in the governance;
- it conducts yearly a case-by-case assessment of each Director with regard to the independence criteria set forth in the AFEP-MEDEF Code and the Board Rules of Procedure and, in this respect, it puts forward its recommendations to the Board;
- it receives the conflict of interest statements (and any update of such statements when needed) prepared and submitted by each Director when he or she takes office and by January 31 of each year;
- it is informed before any corporate officer or Director accepts a new directorship or a management position in a company outside the Group; it being specified that a Director may not take on any personal responsibilities in companies or businesses that are in direct competition with the Company and its subsidiaries without first informing the Chairman of the Board of Directors, whose prior written approval must be obtained as well as the Chairman of the Nomination and Compensation Committee.

Compensation:

- it puts forward proposals on the compensation policy and the compensation of the executive officers of the Company;
- it examines the compliance of the compensation policy, its structure and components with legal requirements and the AFEP-MEDEF Code;
- it examines termination provisions and financial conditions of departure for any executive officer;
- it puts forward proposals to the Board of Directors on the general policy and terms and conditions for granting stock-options and/or free performance shares, the allocation of free shares and the setting-up of employee share ownership plans, profit-sharing measures as well as any other incentive schemes for the Company's or Group's employees;
- it puts forward proposals on the allocation of stock options[1] and/or free performance shares for executive officers of the Company as well as the number of shares resulting from the exercise of stock options or performance shares that they will be required to retain until the termination of their office;
- it puts forward proposals on Directors' compensation policy and notably the fees amount and their allocation taking into account Directors' attendance rate;
- it reviews the terms and conditions of any service agreement to be entered into with any member of the Board of Directors or any executive officer of EssilorLuxottica prior to their entering into;
- it contributes to the preparation of the parts of the corporate governance report relating to the compensation policy for corporate officers and issues an opinion on the related draft resolutions on which the Shareholders' Meeting is called upon to vote in accordance with French regulations.

Governance:

- it assesses whether corporate governance practices within the Group comply with the AFEP-MEDEF Code and recommendations of the AMF and proxy agencies and monitors their compliance thereto;
- where appropriate, it points out deviations from the AFEP-MEDEF Code and prepares the related explanations.

The Nomination and Compensation Committee shall be associated in the preparation of any report (including the Universal Registration Committee) for the sections pertaining to its areas of expertise and duties.

It may consult external advisors, consultants, counsels or experts at the Company's expenses if necessary for the completion of its duties (including to identify directorship's candidates or to assess the membership and functioning of the Board of Directors), within the limits of the budget approved by the Board of Directors for the Nomination and Compensation Committee.

(1) In line with the compensation policy, no more stock options have been granted since 2022.

Major accomplishments in 2023 achieved by the Nomination and Compensation Committee

Between January 1 and December 31, 2023, the Committee met six times, with an attendance rate of 100% for the year.

It reviewed the following matters:

- **Board of Directors' assessment:**
  - follow-up on the performance assessment of the Board of Directors and its Committees,
  - review of the independence of each director with respect to the criteria set forth in the AFEP-MEDEF Code,
  - presentation of changes to the AFEP-MEDEF Code;
- **Nomination:**
  - appointment of a lead director,
  - review of succession plans for key Group executives,
  - analysis of interviews with shareholders, investors and proxy advisors regarding governance topics,
  - determination of gender diversity objectives for Management bodies in consultation with Senior Management, and presentation of the methods for achieving these objectives;
- **Compensation:**
  - determination of the compensation of the Lead Director,
  - determination of the achievement rate of the 2022 corporate social responsibility criteria and definition of the 2023 corporate social responsibility criteria for the annual variable compensation component in connection with the *"Eyes on the Planet"* sustainability program,
  - determination of the achievement rate of the variable compensation component of Mr. Francesco Milleri and Mr. Paul du Saillant for the 2022 fiscal year,
  - comparison between the Chief Executive Officer's total compensation and the compensation paid to executive corporate officers of other comparable companies,
  - for each of the executive corporate officers: determination of their respective fixed compensation, structure and objectives for their target annual variable compensation and granting performance shares for 2023 fiscal year,
  - proposal of the Executive Corporate Officers' compensation policy for 2023,
  - review of the resolutions regarding executive corporate officers' compensation submitted to the Shareholders Meeting held on May 17, 2023 and of the approval rate of these resolutions after the Meeting,
  - analysis of interviews conducted with shareholders, investors and proxy advisors regarding compensation topics,
  - reflection on changes to be made to the performance criteria for performance share plans, in order to maximize the long-term commitment of employees, taking into account the expectations expressed by investors and proxy advisors, as well as best market practices;
- **Employee share ownership:** the Committee approved the main following measures to be submitted to the Board of Directors: renewal of the Company Savings Plan for the employees of the Company and of EssilorLuxottica's French subsidiaries; roll-out of the international Employee Shareholding Plan (Boost) to almost all Group countries; granting performance shares for the benefit of Group's employees after review of the proposals made by management;
- **Other matters:** the Committee reviewed the "Weare" project, designed in a participative and inclusive way to create a "One Company" culture, enhance engagement and elevate the Group's Mission and business strategy. The new "Diversity, Equity and Inclusion" policy was presented to the Committee. The policy is based on three pillars and is described in Chapter 5 of this Document;
- **Organization of the committee:** review of the Committee's priorities throughout the year and setting of a schedule for the next Committee's meetings for 2024.

Corporate Social Responsibility (CSR) Committee

Composition

The Board of Directors' Internal Rules stipulate that the CSR Committee shall comprise three members, two of whom must be Independent Directors.

The CSR Committee is chaired by an Independent Director.

Swati Piramal (Independent Director) chairs the CSR Committee, the other committee members are Virginie Mercier Pitre and Nathalie von Siemens.

Role

The main duty of the CSR Committee, within the remit of the Board of Directors, is to ensure that the Group effectively addresses the deployment of its Mission to help people "see more and be more" which is fully integrated in the strategy of the Company to improve vision around the world by creating the best possible eyewear that protects and corrects each individual's eyesight while addressing their personal tastes and aspirations with the goal to respond to the world's growing vision needs by meeting the changing lifestyles of existing consumers and inventing new ways to reach the 2.7 billion people who suffer from uncorrected poor vision and the 6.2 billion people who do not protect their eyes from harmful rays.

The CSR Committee's duties go beyond philanthropy, including business and compliance to address the manner in which the Company manages its economic, social and environmental impacts and the relationships with its stakeholders, including e.g. customers, shareholders, suppliers, employees, community associations, governmental authorities and institutions, multi-lateral agencies, financial analysts and ratings agencies, consumers and the media. This policy is anchored in the common principles and values of the Group that form the basis of the corporate culture and are shared across the Group. For example, they are reflected in the way the Group works as a community of entrepreneurs, in the importance given by the Group to employee shareholding as well as in the emphasis put on the health and socially significant roles of vision correction and vision protection that allow people to learn and work to the best of their ability and to fully interact with the world around them.

The CSR Committee is notably responsible under the authority of the Board of Directors for:

- **The sustainable development matters:**

  The CSR Committee also addresses the deployment of the EssilorLuxottica's sustainibility program (Eyes on the Planet) .

  The committee reviews and assesses the Company's strategy, policies and procedures on issues related to corporate responsibility and sustainable development as described below and provides the Board of Directors with its views on the Group's long-term development, including its economic development, through its CSR initiatives in matters of sight and its improvement. In fulfilling its role, the committee is responsible for the following:

  - to review the Group's environmental policies and management systems,
  - to review policies with respect to relationships with stakeholders,
  - to review the inclusive business roll-out,
  - to review the charitable policies of the Group and any philanthropic initiatives performed directly or via dedicated entities or in partnership with non-profit organizations,
  - to review the human resources policies and the risk management in relation to the following areas: health and safety, diversity, equal employment, employee relations and related matters,
  - to review the social impacts of the main restructuring and/or reorganizational projects,
  - to review the Group's human rights policy,
  - to receive, on an annual basis, the presentation of the Group's risk map concerning social responsibility and sustainable development; it reviews the risks and the opportunities thus identified and is kept informed of their evolution and of the characteristics of their management systems,
  - to review and assess the reporting and control procedures on non-financial indicators (environmental, health and safety, social reporting and indicators),
  - to review the rankings and assessments made on the Group by ranking agencies and non-financial agencies,
  - to review the reporting, evaluation and control systems to enable the Company to produce reliable non-financial information and primarily give an opinion on the CSR report to be published in accordance with the French legal obligations (Article L.225-102-1 and L.22-10-36 of the French Commercial Code);

- **The Ethics and Compliance matters:**

  The CSR Committee reviews and monitors the Company's policies on compliance and ethics matters and the systems and procedures in place to implement these policies and provides the Board of Directors with its views. In fulfilling its role, the CSR Committee is responsible for the following:

  - to review the definition of the Group's core values and ethics and compliance policy,
  - to review and put forward proposals to promote the corporate culture and employee shareholdings,
  - to promote ethics and ensure harmonization of ethical rules within the Group's entities and monitor their compliance thereto; it reviews the organization of the Compliance function and makes recommendations if any,
  - to review the Group's Code of Ethics, rules and procedures,
  - to receive, on an annual basis, the presentation of the Group's risk map concerning ethics and compliance; it reviews the risks thus identified and is kept informed of their evolution and of the characteristics of their management systems.

The CSR Committee shall coordinate its works with the Audit and Risk Committee for all matters related to the CSR Committee's areas of intervention, in particular concerning the internal control, compliance, management and review of risks of non-financial information and major litigation. The CSR Committee may also be consulted, jointly with the Audit and Risk Committee, on the management procedures with regard to any unusual risks, whenever the Board or management deems this useful.

The CSR Committee shall be associated in the preparation of any report (including the Annual Report) for the sections pertaining to its areas of expertise and duties.

It may consult external advisors, consultants, counsels or experts at the Company's expenses if necessary for the performance of its duties, within the limits of the budget approved by the Board for the CSR Committee.

Major accomplishments of the CSR Committee in 2023

For the period from January 1 to December 31, 2023, the committee met three times with an attendance rate of 77.78% for the year and reviewed the following issues:

- **EssilorLuxottica Mission:** review of various actions in progress and action plans such as actions towards advocating for a UN special envoy for vision care, the partnering with governments to help them take action on the UN resolution, review of key sustainable access models that increase the local access to vision care, the mix of direct and indirect programs for cost-effective philanthropy, review of the Mission highlights;
- **2022 non-financial statement,** corresponding to the Chapter 5 of the 2022 Universal Registration Document, with an update on the main changes and improvements in the reporting of the Group's environmental, labor and social indicators, and PwC's verification report;
- **new regulatory approach** to non-financial reporting starting from FY 2024 disclosure, pursuant to the Corporate Sustainability Reporting Directive (CSRD);
- **the execution and progress of the Group sustainability program "Eyes on The Planet"** along with its five strategic pillars (Eyes on Carbon, Eyes on Circularity, Eyes on Inclusion, Eyes on Ethics and Eyes on World Sight) with examples of main operational projects, such as an update on the Company's circularity efforts in its own stores to enlarge the product life (e.g. the Ray-Ban renewal station, the collect and reuse service in Salmoiraghi&Viganò); and a presentation of the Smart Eyewear lab, a project developed with Polimi (Politecnico di Milano), in Agordo and Milan;
- **an overview and update on the "Weare" project**, whose purpose is to define and consolidate the Company's culture in order to foster a sense of belonging and to elevate the company's Mission and business strategy.

3.1.3 Organization of the powers of management and controlof the Company and powers of the Chairman and Chief Executive Officer

Following the death of Mr. Leonardo Del Vecchio, at its meeting of June 28, 2022, the Board of Directors decided:

- to appoint Francesco Milleri as Chairman of the Board of Directors for the remaining term of office of late Mr. Leonardo Del Vecchio, *i.e.* for a duration expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023;
- that Francesco Milleri will continue to serve concurrently as Chief Executive Officer (*Directeur Général*) of the Company pursuant to Article 15 of the Company's By-laws, for the duration of his mandate as Director, expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023;
- to confirm that Paul du Saillant remains Deputy Chief Executive Officer for the duration of his mandate as Director, expiring at the end of the Shareholders' Meeting to be called in 2024 to approve the financial statements for the year ended December 31, 2023.

The Chairman and Chief Executive Officer is vested with full powers to act in all circumstances in the name of EssilorLuxottica. He shall exercise these powers within the limits of the corporate purpose and subject to the powers expressly granted to the EssilorLuxottica Shareholders' Meeting and Board of Directors by law, as well as to the limitations set forth by the bylaws of EssilorLuxottica and by the Internal Rules of the EssilorLuxottica Board of Directors.

However, in application of Article 3.2 of the Board of Directors' Internal Rules, a certain number of decisions require prior approval from the Board of Directors, after review by the competent committee if required.

3.2 Special procedures for shareholder participation in Shareholders' Meetings

All holders of ordinary shares are entitled to participate in Shareholders' Meetings, regardless of the number of shares they own, provided all payments due for such shares have been met.

The rights of shareholders to be represented by proxy at Shareholders' Meetings and to participate in the vote are exercised in accordance with the relevant laws and regulations.

EssilorLuxottica's bylaws (Section V – Shareholders' Meetings) include the following provisions concerning the organization of Shareholders' Meetings, the meetings' main powers and the rights of shareholders, which are in compliance with the law.

As an exemption to the provisions of the last paragraph of Article L.22-10-46 of the French Commercial Code, no double voting rights are conferred on the shares of the Company.

3.2.1 Ordinary Shareholders' Meetings (Article 24)

The Ordinary Shareholders' Meeting has the powers defined by law and the bylaws of the Company.

The Ordinary Shareholders' Meeting votes under the rules of quorum and majority required by law. It is reminded that Article 23 of the bylaws provides for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws.

3.2.2 Extraordinary Shareholders' Meetings (Article 25)

The Extraordinary Shareholders' Meeting has the powers defined by law and these bylaws. Under no circumstances may it increase the commitments of the shareholders or undermine the equality of their rights unless the shareholders unanimously approve such a decision, subject to the obligation imposed on shareholders to buy or sell fractional shares, in the event of a consolidation of shares, capital increase or reduction, merger or demerger.

The Extraordinary Shareholders' Meeting votes under the rules of quorum and majority required by law. Notwithstanding the foregoing, an Extraordinary Shareholders' Meeting that decides to carry out a capital increase through the capitalization of reserves, profits or issue premiums, votes under the rules of quorum and majority required for Ordinary Shareholders' Meetings. It is reminded that Article 23 of the bylaws provides for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws.

The Extraordinary Shareholders' Meeting may also, if applicable, amend the rights of various classes of shares. However, in the event that a decision by the Extraordinary Shareholders' Meeting would affect the rights attached to a class of shares, this decision will only become final after it has been ratified by a Special Shareholders' Meeting for the relevant class. Regarding the specific capital that it represents, said Special Meeting will be subject to the legal and regulatory provisions governing Extraordinary Shareholders' Meetings. If none of the Company's Directors holds shares in the class giving rise to said Special Meeting, that Special Meeting elects its own Chairman.

3.2.3 Delegations and authorizations granted by the Shareholders' Meeting to the Board of Directors

Share capital issued and non-issued authorized share capital[1]: the table below summarizes the current delegations granted by the Shareholders' Meetings to the Board of Directors in respect of share capital and the use made of these delegations. (For a summary of the delegations to be submitted to the Shareholders' Meeting of April 30, 2024, see Section 6.2.2)

Type of delegation	Date of Shareholders' Meeting (resolution no.)	Duration (Date of expiration)	Maximum authorized amount	Use made of the delegation
INCREASE IN SHARE CAPITAL FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE CORPORATE OFFICERS				
Increase in share capital reserved to employees (members of a Company savings plan)[a]	May 17, 2023 (18th)	26 months (July 16, 2025)	0.5% of the share capital (at the date of issue)	0.05%
AUTHORIZATIONS RELATED TO THE EMPLOYEE SHARE OWNERSHIP POLICY TO ALLOT EXISTING SHARES (USE OF VESTED SHARES UNDER THE SHARE BUYBACK PROGRAM – NO INCREASE IN SHARE CAPITAL)				
Bonus share award (performance shares) for the benefit of employees and executive corporate officers	May 21, 2021 (15th)	38 months (July 20, 2024) A renewal of this authorization is submitted to the 2024 Shareholders meeting	2.5% of the share capital (at the award date)	1.64%
INCREASE IN THE SHARE CAPITAL				
Delegation of authority to increase the share capital by capitalization of premiums, reserves, profits or other rights	May 17, 2023 (15th)	26 months (July 16, 2025)	€500 million	Not used
Delegation of authority to issue shares and securities entailing a share capital increase with preferential subscription rights	May 17, 2023 (16th)	26 months (July 16, 2025)	€4 million (around 5% of the share capital as of December 31, 2022) The nominal amount of any debt securities issued pursuant to this delegation may not exceed €1.5 billion.	Not used
Delegation of authority to issue, with cancellation of existing shareholders' preferential subscription rights, securities giving access to the share capital by way of an offer to the public as provided for in Article L.411-2, 1°, of the French Monetary and Financial Code	May 17, 2023 (17th)	26 months (July 16, 2025)	€4 million (around 5% of the Company's share capital as of December 31, 2022) The nominal amount of any debt securities issued pursuant to this delegation may not exceed €1 billion.	Not used
BUYBACK BY THE COMPANY OF ITS OWN SHARES				
Purchase by the Company of its own shares	May 17, 2023 (13th)	18 months (November 16, 2024) A renewal of this authorization is submitted to the 2024 Shareholders meeting	10% of the share capital at the date of purchase	See section 6.3.1
REDUCTION IN THE SHARE CAPITAL BY CANCELLATION OF SHARES				
Cancellation of shares acquired by the Company under Article L.22-10-62 of the French Commercial Code	May 17, 2023 (14th)	26 months (July 16, 2025) A renewal of this authorization is submitted to the 2024 Shareholders meeting	10% of the share capital at the date of cancellation by 24-month periods	Not used

(a) For the record, under the employee share ownership policy, employees based abroad are also entitled to an international "Boost" offer, this annual program, launched in 2018, did not result in an increase in share capital as existing treasury shares were used to deliver shares to employees.

(1) Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

3.2.4 Factors that may have an impact in the event of a public offering

In accordance with Article L.22-10-11 of the French Commercial Code, the factors that may have an impact in the event of a public offering are presented below:

3.2.4.1 Structure of the Company's share capital

The structure of the Company's share capital is detailed in Section 6.2.1 of this Universal Registration Document.

Pursuant to the terms of the Combination Agreement, Delfin has agreed not to file a tender offer for shares of EssilorLuxottica for a period of ten (10) years as from the signature date of the Combination Agreement, provided that no third-party (acting alone or in concert) comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica, or announces its intention to file a tender offer for all of the shares of EssilorLuxottica (the "**Standstill Undertaking**").

3.2.4.2 Statutory restrictions in the exercise of voting rights

- **Obligation to disclose threshold crossings**

  The Company's bylaws stipulate a disclosure requirement for any person who acquires directly or indirectly a fraction equal to 1% of the voting rights. The crossing of any additional threshold of 2% must be brought to the attention of the Company under the same conditions. This information must also be provided to the Company under the same conditions if the percentage of voting rights held falls below the above-mentioned thresholds.

  If this disclosure requirement is not complied with, at the request of one or several shareholders owning at least 5% of the share capital, the shares exceeding the fraction that should have been declared shall be denied voting rights under the conditions stipulated by law. This mechanism is described in Section 6.1 of this Universal Registration Document.

- **Article 23 of the Company's bylaws sets forth a 31% cap on voting rights, applicable to any shareholder based on a formula described therein.**

  Consequently, no shareholder may exercise, either personally or through a proxy holder, voting rights of shares that they hold, directly or indirectly, representing more than 31% of the total number of voting rights of the Company, calculated as indicated above.

  Given the share capital structure as of December 31, 2023, this cap is applicable to Delfin (see Section 6.2.1 of this Universal Registration Document).

REMINDER OF THE STATUTORY CALCULATION FORMULA (ARTICLE 23 OF THE BYLAWS)

"If no more than one natural person or corporate entity, acting alone or in concert with one or more other natural persons or corporate entities, directly or indirectly holds more than ten percent (10%) of the share capital or voting rights of the Company as of the Shareholder Listing Date for the relevant General Shareholders' Meeting or exercises more than ten percent (10%) of the voting rights of the Company for itself or as a proxy holder, the number of voting rights that any shareholder may express, personally or through a proxy holder, with respect to the voting rights attached to the shares or to the divisions of share ownership (for the rights he or she is authorized to exercise, as the case may be) that he or she holds, directly and indirectly, alone or in concert, cannot exceed the number resulting from the following formula:

$$31\% * (N-P-D)/100$$

where

- (N) the total number of voting rights of the Company existing on the Shareholder Listing Date for the relevant General Shareholders' Meeting and reported to the shareholders on the date of the General Shareholders' Meeting;
- (P) the total number of voting rights attached to the treasury shares within the limits of a maximum amount of treasury shares corresponding to 1% of the Company's share capital;
- (D) the total number of voting rights of the concerned shareholder which are neutralized by this statutory clause limiting voting rights for the fraction of voting rights attached to the shares that he or she holds exceeding 34% of the Company's share capital.

If at least two (2) natural persons or corporate entities, each acting alone or in concert with one or more natural persons or corporate entities, each hold more than ten percent (10%) of the share capital or voting rights of the Company on the Shareholder Listing Date for the relevant General Shareholders' Meeting or each exercise more than ten percent (10%) of the voting rights of the Company for themselves or as proxy holders on the Shareholder Listing Date for the relevant General Shareholders' Meeting, the above-mentioned voting right limitation shall apply with the exception of elements (P) and (D), which will not be deducted."

As at the date of this Universal Registration Document, the Company has no knowledge of any agreement clauses that provide for preferential disposal or acquisition rights concerning at least 1% of the Company's share capital or voting rights.

3.2.4.3 Direct or indirect investment in the Company's share capital, to the Company's knowledge

The Company's shareholder structure is presented in detail in Section 6.2.1 of this Universal Registration Document.

Crossing of legal and statutory thresholds in 2023

The crossing of legal and statutory thresholds occurred in 2023 are listed in Section 6.4 of this Universal Registration Document.

3.2.4.4 Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board

The following principles apply to the appointment of the Directors:

- the members of the Board of Directors of EssilorLuxottica will be appointed for a term of office of three years; and
  - as from the expiry of the terms of office of Directors appointed by the General Shareholders' Meeting convened to approve the financial statements for the year 2020, the Board of Directors shall be renewed each year during the Ordinary General Shareholders' Meeting convened to approve the financial statements for the year ended, for the number of members necessary for the Board of Directors to be fully renewed at the end of each three-years (3-years) period,
  - later on, in order to provide the possibility to put in place and maintain a staggered term system for Directors and ensure the best possible candidate selection and smoothest transition between directors, the Ordinary General Shareholders' Meeting may appoint one or more Directors for a term of office of two (2) years. Directors may always be re-elected. (Article 13 of the by-laws);
- any new member of the Board of Directors of EssilorLuxottica will be proposed for election at EssilorLuxottica's Shareholders' Meeting by the Board of Directors of EssilorLuxottica on the recommendation of the EssilorLuxottica Nomination and Compensation Committee.

3.2.4.5 Powers of the Board of Directors

The Company's current authorization to buy back its own shares excludes any buyback during a public offering on the Company's shares. In addition, the delegations set out above in Section 3.2.3, granted to the Board of Directors to buyback Company shares, stipulate that they may not be used during public offerings.

3.2.4.6 Control mechanisms provided for by any staff shareholding system, when control rights are not exercised by the latter

Internal shareholders and partners own 4.30% of the share capital and 4.40% of the voting rights, as of December 31, 2023. They may exercise voting rights individually, with the possibility of delegating this power to representatives of the Actionnariat EssilorLuxottica FCPE and EssilorLuxottica FCPE; they may also give power to the Chairman of Valoptec Association who will issue a vote in accordance with the vote by the Shareholders' Meeting of Valoptec Association held prior to the Shareholders' Meeting of the Company.

3.2.4.7 Significant agreements that may be amended or ended if the Company has a change in control

- The joint venture contract with Nikon Corporation includes a clause allowing Nikon Corporation, under certain conditions, to purchase the Company's 50% stake in the Nikon-Essilor joint venture or to request the liquidation of the joint venture in the event of a change in the Company's control.
- Certain licensing agreements for the production and distribution of eyewear products include clauses allowing the relevant licensor, under certain conditions, to terminate the respective agreement in the event of a direct or indirect change of Luxottica's control.
- Financing agreements entered into by the Company (or some of its subsidiaries) include acceleration clauses in the event of a change in the Company's control.

To the Company's knowledge, there is no other significant agreement which would be modified or ended in case of a change in control of the Company.

3.3 Compensation of corporate officers

3.3.1 Compensation policy for corporate officers

Pursuant to Articles L.22-10-8 and R.22-10-14 of the French Commercial Code (*Code de commerce*), the compensation policy for EssilorLuxottica corporate officers is presented in this corporate governance report and will be subject to the approval of the Annual Shareholders' Meeting of April 30, 2024, in the eighth (compensation policy of the members of Board of Directors), ninth and tenth resolutions (compensation policy for corporate officers).

Reminder regarding governance

Following the Annual Shareholders' Meeting of May 21, 2021, the Board of Directors appointed:

- Leonardo Del Vecchio as Chairman of the Board of Directors;
- Francesco Milleri as Chief Executive Officer;
- Paul du Saillant as Deputy Chief Executive Officer.

On June 28, 2022, following the passing of Leonardo Del Vecchio, Francesco Milleri was appointed as Chairman, in addition to his role as Chief Executive Officer, and Paul du Saillant was confirmed as Deputy Chief Executive Officer.

In February 2023, to ensure the principle of balance of powers within the governance structure, on the recommendation of the Nomination and Compensation Committee, the Board appointed Jean-Luc Biamonti as Lead Director.

The reappointment of Francesco Milleri and Paul du Saillant as Directors will be submitted for approval at the next Annual Shareholders' Meeting. Subject to approval by the Annual Shareholders' Meeting, the Board of Directors has decided that Francesco Milleri and Paul du Saillant will be reappointed as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively.

Stakeholder Discussions

In order to address their expectations, the Group holds regular discussions with proxy advisors and the main institutional investors. The Company welcomed and discussed the stakeholders' views and standpoints both before and after the Annual Shareholders' Meeting, as part of its standard best practice of maintaining an open dialogue and welcoming their engagement requests. The Company met more than 700 investment firms in 2023. In addition, the Chairman of the Nomination and Compensation Committee met with the main investors and proxy advisors.

Compensation policy

In preparation for the new compensation policy and in the context of the reappointment of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, the Nomination and Compensation Committee reviewed the compensation policy in force since the Annual Shareholders' Meeting of May 17, 2023, and, taking into account the approval rate for the 2023 compensation policy for corporate officers and the concerns expressed by the main shareholders and stakeholders, wishes to propose certain adjustments, which are presented in section 3.3.1.2.2 of this Universal Registration Document.

In light of the discussion with various stakeholders and on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to amend the compensation policy for corporate officers as follows:

Compensation components	Type of changes	Comments/Justification
Long-term incentive	• Introduction of a financial performance condition (Earnings Per Share) and a corporate social responsibility performance condition, • Introduction of a clawback clause, • Introduction of a pro-rata principle in the event of departure.	• To ensure a better balance in the measurement of Pay for Performance; • Alignment with the expectations of investors and proxy advisors, in accordance with best practices.
Termination benefits/non-compete clause	• Introduction of an option for the Board of Directors to waive the application of the non-compete clause, • Extension of the period of application of the non-compete clause beyond the age of 65, • Tightening the performance measure of severance payment by introducing a minimum threshold for each year.	• Alignment with the AFEP-MEDEF Code recommendations; • To preserve the Group's strategic interests in the event of departure, regardless of age; • Alignment with the expectations of investors and proxy advisors, in accordance with market practices.

In addition, on the recommendation of the Nomination and Compensation Committee, the Board of Directors has defined the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for the entire term of office[1] as follows:

	Fixed compensation	Annual variable compensation	Long-term incentive
Francesco Milleri Chairman and Chief Executive Officer	**€2,100,000**	Target: **150% of fixed compensation** Maximum: **300% of fixed compensation**	Maximum **100,000** performance shares
Paul du Saillant Deputy Chief Executive Officer	**€1,350,000**	Target: **125% of fixed compensation** Maximum: **250% of fixed compensation**	Maximum **45,000** performance shares

Explanations regarding the changes will be detailed below.

(1) Unless major events or exceptional circumstances justify modifying the compensation policy, which would of course then be subject to shareholder approval.

3.3.1.1 General principles

3.3.1.1.1 Main aims of the policy

EssilorLuxottica, a fully integrated player, 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 "see more and be more" by addressing their vision needs and style aspirations while creating value for its employees, customers, consumers and communities. At EssilorLuxottica, 2023 marked a great year for global digital transformation, with the introduction of innovative tools and applications plus optimized offline and online interactions to enhance consumer experience. EssilorLuxottica continued to boldly build on its expertise in smart eyewear with the release of the Ray-Ban | Meta Collection. Finally, the Group announced its expansion into the hearing solutions market with the aim of meeting the needs of people with mild to moderate hearing loss while removing the stigma associated with traditional hearing aids.

Inventing and developing solutions that correct, protect and enhance the sight of each consumer requires operational excellence and the relentless commitment of the Group's 190,000 employees.

The compensation policy is a key driver of employee engagement. Compensation must reward performance in relation to the Company's business strategy and should be aligned with the interests of the Company and its shareholders and reflect the Group's long-term development objectives, by:

- promoting the recruitment, development and long-term retention of the talent required for the Group's growth;
- encouraging and rewarding long-term value creation for all stakeholders;
- developing a culture of sustainable performance, excellence and innovation by setting ambitious long-term objectives that are correlated with EssilorLuxottica's business and sustainability strategy;
- sharing the shareholder value generated with the widest number of employees through a proactive employee shareholding policy;
- supporting employee well-being thanks to a groundbreaking social well-being policy.

a) For members of the Board of Directors

The aim of the compensation policy for members of the Board of Directors is to set competitive compensation from an international perspective in order to promote diversity on the Board and the presence of members with a wide range of complementary skills. Separate compensation is set for the Lead Director in order to take into account the specific duties associated with this position. It is specified that the corporate officers and Directors performing duties within the Group receive compensation for their office as Director or committee member.

b) For Executive Corporate Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

The compensation policy for Executive Corporate Officers is determined on the basis of the following objectives:

- compensation must be governed by simple, clear, transparent rules;
- compensation must be considered as a whole: all components (cash compensation, long-term incentive, employee benefits and, where appropriate, supplementary pension) and the balance between those components must be taken into account;
- The pillars and principles of the compensation policy are based on:

Pay for Performance	Alignment with the shareholders' interests	Consistency with other Group employees	Competitiveness
• Predominant weighting of the variable component: ~80% (at target); • Performance evaluation based solely on quantitative criteria; • Financial and social responsibility objectives balanced between the annual variable component and long-term incentives.	• Significant portion of total compensation in the form of shares; • Performance conditions aligned with Group's strategic priorities and shareholder expectations; • Shareholder value creation criteria integrated into the annual variable component and long-term incentive plans.	• Financial and CSR criteria have been included in the annual or long term variable compensation of employees; • Identical criteria for all long-term incentive beneficiaries; • Employee compensation and employment conditions taken into account in the compensation policy for corporate officers.	• Practices of comparable European and international companies taken into account; • Compensation policy designed to support the Group's strategic ambitions, to attract, develop and retain exceptional leaders.

3.3.1.1.2 Process used to determine, revise and implement the compensation policy

The compensation policy for corporate officers is set by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

a) For members of the Board of Directors

In accordance with Article 14 of the bylaws, the Annual Shareholders' Meeting determines the total annual amount allocated to members of the Board of Directors as compensation for their duties as Director.

On November 29, 2018, the Board of Directors approved the rules for allocating this total annual amount between the Directors, pursuant to the aforementioned principles. A specific compensation package for the position of Lead Director was approved by the Board of Directors on February 22, 2023. These rules will apply until a further decision is made by the Board of Directors.

b) For Executive Corporate Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

Role of the Nomination and Compensation Committee

When drafting the compensation policy for the Company's corporate officers, the Nomination and Compensation Committee considers any changes to be made to the policy in the spirit of continuous improvement.

In order to prepare the compensation policy for the Company's corporate officers, the Nomination and Compensation Committee:

- relies in particular on the AFEP-MEDEF Code, the report of the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), and the AMF report on corporate governance and executive compensation at listed companies;
- analyzes the applicable governance rules and reviews any changes that have occurred or that are planned;
- takes note of the expectations expressed by all stakeholders (investors and proxy advisors, notably through reports drawn up in conjunction with governance roadshows);
- analyzes the approval rates for resolutions on compensation for the Company's corporate officers;
- carefully considers the compensation and employment conditions of the Group's employees with a view to ensuring the consistency of the Group's policy.

Annual work cycle of the Nomination and Compensation Committee

January-February	Recommendations regarding the previous year's compensation: • Evaluation of annual variable compensation after reviewing financial and non-financial results • Draft resolutions to be submitted to the Annual Shareholders' Meeting on the components of compensation paid or awarded Recommendations regarding the current year's compensation: • Amount of fixed compensation • Performance criteria and amount of annual variable compensation • Performance criteria and amount of long-term variable compensation • Supported, where appropriate, by a benchmarking study of the Executive Corporate Officers' compensation carried out by an external, independent consultancy firm • Draft resolution to be submitted to the Annual Shareholders' Meeting on the compensation policy
April - May	Preparation of the Annual Meeting: • Presentation of the draft resolutions on compensation • Where appropriate, consideration of first feedback from proxy advisors and investors on the resolutions relating to compensation
September-December	Recommendation regarding employee shareholding plans: • Performance share awards/long-term incentive plans • Information on the deployment of other employee shareholding plans (Boost, Company Savings Plan, *etc.*) • Information on the delivery of performance share plans of prior fiscal years Preparation of the compensation policy for the following year: • Report on the results of the Annual Meeting, on proxy advisors' and investors' remarks • Presentation of market trends in compensation and of the practices of companies of a comparable size, operating in comparable sectors, by an external, independent consultancy firm, where appropriate • Discussion of priorities in terms of compensation for the following fiscal year and possible changes to the compensation policy (benchmark, *etc.*)

The Nomination and Compensation committee determines the various components of the compensation policy with regard to the following principles:

FIXED COMPENSATION
• Fixed compensation must help attract exceptional leaders from within EssilorLuxottica, or from outside the Group if necessary, to the most senior management positions, and ensure the long-term commitment of executives who know the Company and the business sector well and are capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. Any changes to fixed compensation must be substantiated, mainly in terms of the change in responsibilities, strategic alignment with the market and need to retain exceptional leaders.

ANNUAL VARIABLE COMPENSATION
• Annual variable compensation must be linked to the achievement of strategic financial and non-financial objectives for the year to come. The structure of the variable component, the nature of the objectives and the assessment scales are established at the start of each fiscal year. • The objectives must be demanding but remain achievable and be selected from those that allow the best possible implementation of EssilorLuxottica's strategy. • The annual variable component must be based predominantly on quantifiable indicators (financial and non-financial). The weighting of each indicator is reviewed annually according to the fiscal year's priorities. • The Nomination and Compensation Committee assesses whether said objectives have been achieved at the start of the following fiscal year (February). The financial objectives are assessed on the basis of information provided by the Audit and Risk Committee. • The variable component for year Y is payable during year Y+1 once it has been approved by a vote taken at the Annual Shareholders' Meeting.

LONG-TERM INCENTIVE
• Long-term incentive plans are designed to encourage the creation of lasting value for shareholders and to align the interests of the corporate officers with those of shareholders. • Long-term incentive plans take the form of performance share awards pursuant to Articles L.225-197-1 *et seq.* of the French Commercial Code and the authorizations approved by the Annual Shareholders' Meeting. • On the basis of ambitious objectives, the Nomination and Compensation Committee suggests the performance criteria that will determine the number of performance shares awarded within the Group. • As sustainable development is at the heart of EssilorLuxottica's operations, the long term variable compensation must include an objective in this respect. Sustainable development includes corporate social responsibility practices, charitable initiatives and employee shareholding. • The Nomination and Compensation Committee suggests the number of performance shares to award to the Executive Corporate Officers. Share awards are made during the same calendar periods (fourth quarter). In exceptional circumstances, the Board of Directors may, on the recommendation of the Nomination and Compensation Committee, revise the award schedule. In this case, these changes are made public after the Board of Directors' meeting that approved them and are disclosed in the summary table of the AFEP-MEDEF recommendations not applied (see Section 3.4).

Role of the Board of Directors

On the basis of the work and the recommendations of the Nomination and Compensation Committee, the Board of Directors:

- defines the compensation policy for corporate officers for the year in progress;
- approves the Executive Corporate Officers' annual variable compensation for the previous year after assessing their performance;
- defines the employee shareholding policy for the year in progress;
- approves the terms and conditions of the long-term incentive plans, records the performance levels achieved with respect to plans that have expired and awards performance shares with respect to the year in progress.

All decisions taken by the Board of Directors concerning the compensation of Executive Corporate Officers must be published on the Company's website.

The decision-making process used to determine the compensation policy is also applicable in the event of any revisions of this policy.

3.3.1.1.3 Managing conflicts of interest

In order to prevent conflicts of interest, the corporate officers do not attend Nomination and Compensation Committee meetings that pertain to them personally and do not take part or vote in deliberations of the Board of Directors concerning their compensation and benefits in kind.

Pursuant to the Board of Directors' Internal Rules of procedure and the Directors' Charter (see Section 3.1.2.1), the Directors are required to notify the Board of Directors of any conflicts of interest or potential conflicts of interest in accordance with the rules set out in the Board of Directors' Internal Rules of procedure, an excerpt of which is presented in Section 3.1.1.6 of this Universal Registration Document.

3.3.1.2 Criteria for determining, allocating and awarding the components of corporate officers' compensation

Pursuant to the aforementioned principles, the criteria for determining, allocating and awarding the components of EssilorLuxottica corporate officers' compensation are described below.

3.3.1.2.1 Members of the Board of Directors of EssilorLuxottica

The compensation policy for members of the Board of Directors builds on the policy approved by the Annual Shareholders' Meeting of May 17, 2023.

A fixed maximum amount of €2,000,000 approved by the Combined Shareholders' Meeting of November 29, 2018 will be awarded and allocated by the Board of Directors among the various members, giving priority to the variable component in accordance with the AFEP-MEDEF Code recommendations, based on the type of offices held on the Board and its committees and the actual presence of the members at Board and committee meetings, pursuant to the rules summarized as follows:

Compensation	Fixed component (full-year basis)	Variable component (full-year basis) based on attendance
All Board of Directors' members	€40,000	€60,000
Chairman of the Audit and Risk Committee	€20,000	€15,000
Member of the Audit and Risk Committee	€10,000	€15,000
Chairman of the Nomination and Compensation Committee	€15,000	€15,000
Member of the Nomination and Compensation Committee	€5,000	€15,000
Chairman of the CSR Committee	€15,000	€10,000
Member of the CSR Committee	€5,000	€10,000
Lead Director	€40,000	-

Additional compensation (consisting solely of a fixed component) for the function of Lead Director has been set up to reflect the importance given by the Group to the specific governance duties assigned to the Lead Director as detailed in Section 3.1.1 of this Universal Registration Document.

The amounts shown above are determined on a full-year basis.

Pursuant to Article 5 of the Board of Directors' Internal Rules of Procedure, the Directors may seek reimbursement of the reasonable costs required to exercise their corporate office, on the presentation of supporting documents and under the Group's standard travel conditions set out in the expenses policy applicable to all of the Group's employees.

In addition, given the changes to working methods, Directors are now compensated regardless of how they participate in Board meetings (for example by videoconferencing techniques). The Board of Directors favors attending meetings in person whenever possible, but takes into account changes in communication methods, which allow Directors to participate in meetings and discussions under conditions as good as those of in-person meetings.

3.3.1.2.2 Chairman and Chief Executive Officer and Deputy Chief Executive Officer

Overview

The new compensation policy has been designed around discussions with investors and proxy advisors, and takes into account the Group's future prospects. In drawing up this policy, the Board of Directors also took into account the results of the vote on the compensation of corporate officers at the Annual Shareholders' Meeting of 2023, in accordance with Article R.22-10-14, I, 6° of the French Commercial Code. In particular, the Nomination and Compensation Committee recognized that the compensation policies applicable to the Chairman and Chief Executive Officer and Deputy Chief Executive Officer, approved by 69.59% and 88.11% respectively at the Annual Shareholders' Meeting of May 17, 2023, had prompted comments from investors and proxy advisors. The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in 2022 or awarded in respect of 2022 to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer were approved at 90.29% and 89.95% respectively at the Annual Shareholders' Meeting of May 17, 2023.

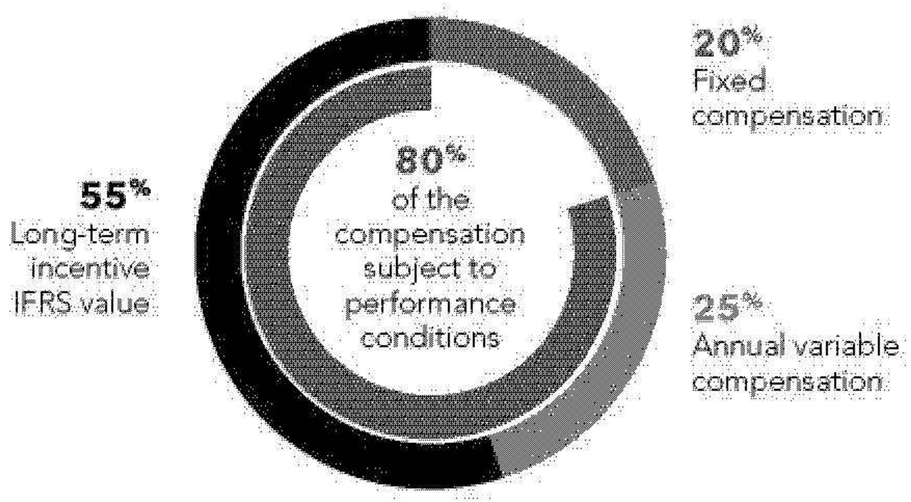
Thus, in order to meet investors' expectations, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, considered it appropriate to:

- diversify the performance conditions of the long-term incentive plan;
- introduce a clawback clause in the long-term incentive plan for Executive Corporate Officers;
- introduce a pro-rata principle for the long-term incentive plan in the event of forced departure or retirement for Executive Corporate Officers;
- give the Board of Directors the option of waiving the non-compete clause; and
- tighten the performance measure of severance payment by introducing a minimum threshold for each year.

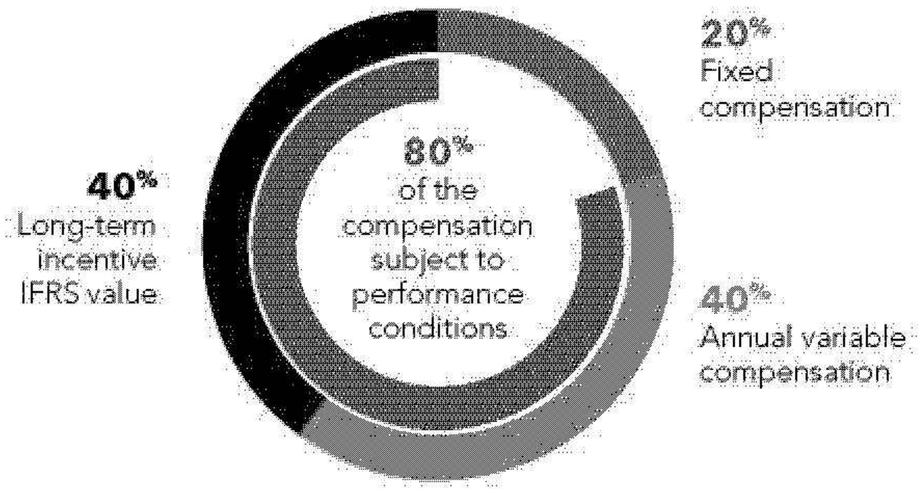
	Compensation policy in force	New Compensation policy
Fixed compensation	Chairman and Chief Executive: **€1,800,000** Deputy Chief Executive Officer: **€1,250,000**	Chairman and Chief Executive Officer: **€2,100,000** Deputy Chief Executive Officer: **€1,350,000**
Annual variable compensation	Chairman and Chief Executive Officer: Target: **125% of fixed compensation** Maximum: **250% of fixed compensation** Deputy Chief Executive Officer: Target: **100% of fixed compensation** Maximum: **200% of fixed compensation**	Chairman and Chief Executive Officer: Target: **150% of fixed compensation** Maximum: **300% of fixed compensation** Deputy Chief Executive Officer: Target: **125% of fixed compensation** Maximum: **250% of fixed compensation**
	Performance conditions: • 40% Group adjusted Earnings per share (EPS) • 20% Revenue growth (at constant exchange rates, excluding strategic acquisitions) • 20% Adjusted Operating profit • 20% Corporate social responsibility: Reduction in greenhouse gas emissions	Performance conditions: • 40% Group adjusted Earnings per share (EPS) • 30% Revenue growth (at constant exchange rates, excluding strategic acquisitions) • 30% Adjusted Operating profit as a percentage of revenue (at constant exchange rates)
Long-term incentive (LTI)	Chairman and Chief Executive Officer: maximum **70,000** performance shares Deputy Chief Executive Officer: maximum **35,000** performance shares	Chairman and Chief Executive Officer: maximum **100,000 performance shares** Deputy Chief Executive Officer: maximum **45,000 performance shares**
	Performance conditions: • Annualized growth in share price • Penalty in the event of underperformance compared with the EuroStoxx 50 index	Performance conditions: • 40% Annualized growth in share price and penalty in the event of underperformance compared with the EuroStoxx 50 index • 40% Group adjusted Earnings per share (EPS) • 20% Corporate social responsibility
Shareholding policy	At least the equivalent of 400% of their fixed annual compensation in EssilorLuxottica shares within five years from the appointment. Moreover, they are required to keep, for the duration of their term of office, one-third of their vested performance shares until they reach the said requirement.	Unchanged

At least 80% of the total annual compensation of the Executive Corporate Officers is subject to performance conditions, of which nearly half depend on long-term performance.

Target structure



Maximum structure



Benchmarking

The Nomination and Compensation Committee uses independent specialist firms to measure the competitiveness of its compensation for Executive Corporate Officers.

Their surveys provide the Nomination and Compensation Committee with external insight into the competitive positioning of the compensation paid to the Executive Corporate Officers and market trends. They are one of the elements used to determine their compensation.

The Nomination and Compensation Committee contracted Willis Towers Watson to update the benchmarking study on the competitiveness of the Chairman and Chief Executive Officer's compensation. The composition and characteristics of panel have not changed. Reminder: the total 2023 compensation for the Chairman and Chief Executive Officer stood between the market median and the third quartile of the panel in the last compensation benchmarking study (presented in Section 3.3.1.2.2 of the 2022 Universal Registration Document).

The compensation levels for the role of Chief Executive Officer are shown below:

	1st quartile	Market Median	3rd quartile
Fixed compensation	€1,380,000	€1,775,000	€2,030,000
Cash compensation (fixed + target bonus)	€3,375,000	€4,035,000	€5,100,000
Total compensation (fixed + target bonus + long-term incentive valued with IFRS)	€6,845,000	€7,940,000	€10,700,000

Francesco Milleri and Paul du Saillant are to remain in their respective positions of Chairman and Chief Executive Officer and Deputy Chief Executive Officer, subject to the approval of their reappointment as Directors by the Shareholders' Meeting.

The Board of Directors, on the recommendation of the Nomination and Compensation Committee, has determined the new compensation packages of the Executive Corporate Officers for their new term of office (2024-2027), unless major events or exceptional circumstances justify modifying the compensation policy, which would of course then be subject to shareholder approval.

This proposal is based on the in-depth analysis summarized below.

Together, this French-Italian team coordinated the merger of two European champions to form a global industry leader and positioned it on a highly innovative strategic pathway.

In the face of an uncertain economic and geopolitical environment and the passing of Leonardo Del Vecchio in 2022, this management team drove the Group to maintain and strengthen its successful track record, with solid results, revenue growth exceeding targets and improved profitability.

This performance is the result of a major transformation, characterized by an expanded business scope (with the integration of Grand Vision in particular), diversification, accelerated innovation (innovative solutions such as myopia management lenses) and the integration of advanced technologies and digital innovations into products and services (Ray-Ban Meta connected glasses and the new HELIX division).

The management team has also succeeded in unifying the organization, developing a generation of talented and promising leaders, mobilizing employees around shared values, developing employee shareholding (77,500 internal employee shareholders), supporting the Mission via the OneSight EssilorLuxottica Foundation (which has helped correct and protect the vision of 72 million people worldwide), and developing an ambitious sustainability program, "Eyes on the Planet", which enabled the Group to achieve carbon neutrality in Europe as early as 2023.

These outstanding achievements highlight the crucial strategic and operational roles played by Francesco Milleri and Paul du Saillant.

Today, the Group is committed to continuing its transformation by integrating new visual health technologies, while confirming its role as an engine and spearhead in the eyecare and eyewear sector.

Inspired by the vision of eyeglasses as a powerful multi-function digital platform, and thanks to the acquisition of Nuance Hearing, the Group has also started developing glasses that incorporate a hearing solution to meet the needs of people with mild to moderate hearing loss, opening up new strategic prospects in a hitherto under-exploited market. Other initiatives aimed at propelling the Group beyond current boundaries and boldly shaping the sector's future are currently underway.

The Board of Directors has therefore considered it essential to recognize the quality of this management team and maintain it in place, in order to successfully pursue the ongoing transformations, meet future challenges and realize future ambitions. It has therefore decided to offer a new compensation package that reflects the Group's ambitions and is designed to guarantee the commitment of these Officers over the long term.

The proposed compensation for these Officers reflects their crucial role in the Group's performance and transformation. Over 80% of this compensation is conditional on the Company's performance, ensuring that the officers' interests are aligned with those of the Group and its shareholders.

This proposal aims to ensure that the Group's proven growth momentum, continuity and strategic stability continue, while recognizing and rewarding the quality of these Officers and their exceptional contribution to our collective success.

Key figures

	2019[a]	2023	Comments
Revenue	€ 17.39 bn	€ 25.39 bn	+ € 8 bn (+46%)
Adjusted Group Net Profit	€ 1.94 bn	€ 2.95 bn	~+ €1 bn (+52%)
Earnings per share adjusted	€ 4.46	€ 6.58	(+48%)
Free Cash Flow	€ 1.82 bn	€ 2.39 bn	(+31%)
Market Capitalization *(as of December 31)*	€ 59.4 bn	€ 82.4 bn	+ € 23 bn of value created for shareholders
Active Employee Shareholders	56,000	77,500	+ 21,500 new employee shareholders

(a) The 2020 performance was affected by the Covid-19 pandemic. Consequently, the base year used for comparison is 2019.

Fixed annual compensation

Fixed compensation reflects the incumbent's level of responsibility, performance and development in the position. It must be consistent with market practices.

The fixed annual gross compensation proposed is set at:

- €2,100,000 for Francesco Milleri, Chairman and Chief Executive Officer;
- €1,350,000 for Paul du Saillant, Deputy Chief Executive Officer.

Annual variable compensation

Payment of the annual variable compensation is subject to the achievement of specific objectives, in line with the Group's strategy.

For Chairman and Chief Executive Officer:

Target: The annual variable component is equal to 150% of the fixed compensation if targets are achieved in full.

Ceiling: The annual variable component payable may not exceed 300% of the fixed compensation.

For Deputy Chief Executive Officer:

Target: The annual variable component is equal to 125% of the fixed compensation if targets are achieved in full.

Ceiling: The annual variable component payable may not exceed 250% of the fixed compensation.

The annual variable compensation due for 2024 will be paid in 2025, subject to approval by shareholders at the Annual Meeting to be held in 2025 to approve the financial statements for the year ending December 31, 2024.

The Board of Directors approved a variable component based exclusively on financial quantifiable objectives.

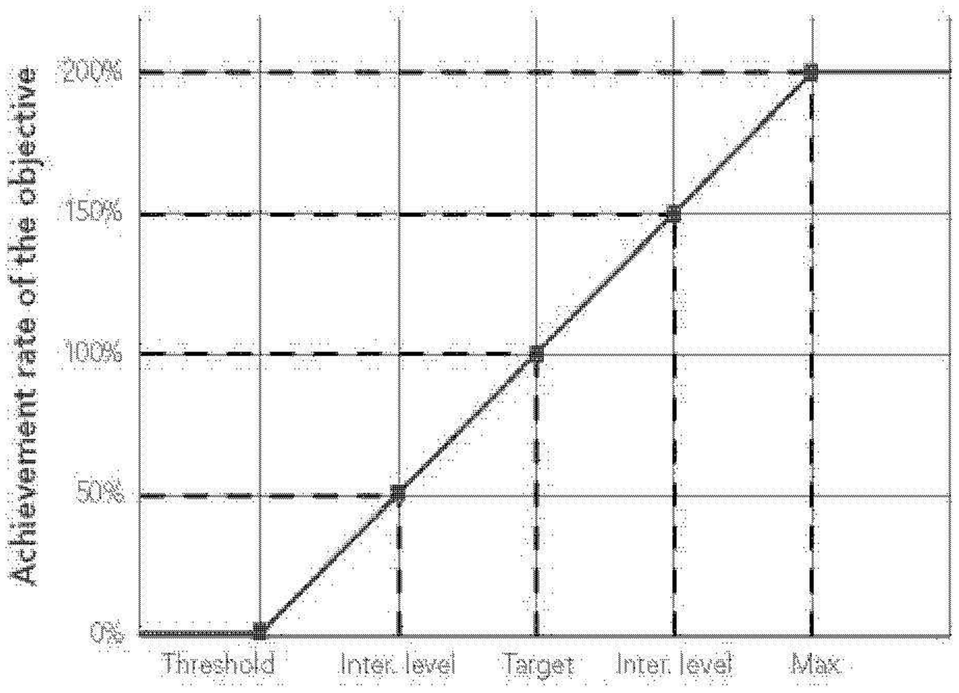
Based on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to renew three of the four criteria used for the 2023 fiscal year, adjusting their weighting as follows:

Objectives	Rationale/Link with strategy	Weighting	Nature of objective
Group adjusted[a] Earnings per share (EPS) (at constant[b] exchange rates)	This indicator reflects the Company's overall performance and the value created for the shareholders.	40%	Quantifiable financial
Revenue growth (at constant[b] exchange rates, excluding strategic acquisitions)	EssilorLuxottica has devised a growth strategy to meet the needs of billions of consumers seeking to both improve their vision and express their style. This strategy aims to contribute to the transformation and accelerated development of the eye care industry.	30%	Quantifiable financial
Adjusted[a] Operating profit as a percentage of revenue (at constant[b] exchange rates)	This indicator reflects the Company's business performance and the profitability of its business model.	30%	Quantifiable financial

(a) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(b) Constant exchange rates: figures at constant exchange rates are calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

Based on the recommendation of the Nomination and Compensation Committee, the Board of Directors preferred to integrate a Corporate Social Responsibility criterion into the long-term incentive plan, the corresponding objectives are inherently in line with a sustainable approach.

For each objective, an assessment scale has been devised, as follows (by way of illustration, curve not necessarily linear):



Calibration of the objective

The level of performance required to achieve each of these four objectives has been established in a precise, demanding and rigorous manner but cannot be disclosed for confidentiality reasons. For the financial objectives, the target corresponds to the budget approved by the Board of Directors at the beginning of the year.

The calculation method and the definition of the assessment scale are reviewed by the Board of Directors at the beginning of the year. They may change from one year to the next to take into account the priorities and specific focuses of the coming year.

To assess the achievement of quantifiable objectives, indicators are calculated by neutralizing factors beyond the Executive Corporate Officer's control (such as exchange rate fluctuations). Each criterion is evaluated independently.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors is afforded a certain degree of discretion to adapt and/or modify the calculation grid, upwards or downwards, in exceptional circumstances. The Board of Directors may exercise this discretion in accordance with this compensation policy, without having to comply with the conditions required for the application of the legal derogation provided for in Article L.22-10-8, III, paragraph 2 of the French Commercial Code, as it simply has a certain degree of leeway with respect to the assessment. Exceptional circumstances include any significant change in the Group's scope of consolidation or in the scope of responsibility of the relevant Executive Corporate Officer, a change of accounting method or any major external event impacting the Group's business that could not have been anticipated at the date when the targets were set. The Board will ensure that any adaptations or modifications that are made remain aligned with the general principles described in Section 3.3.1.1. Any such adaptations may not, under any circumstances, lead to a modification in the respective weighting of each objective, or an increase in the ceiling represented by the variable annual compensation compared to the fixed compensation. Where it exercises this discretionary power, the Board of Directors will make public the adjustments or modifications made after the meeting at which they were decided and provide a detailed explanation thereof.

Clawback clause

The Board of Directors has the possibility to request the return of all or part of the annual variable compensation paid to the Executive Corporate Officers in exceptional and serious circumstances. Consequently, if during the five years following the payment of the annual variable compensation it turns out that:

- the financial, accounting or quantitative data used to measure performance has been clearly and intentionally misstated; or
- the Executive Corporate Officer has been guilty of serious or gross misconduct;

The Board of Directors may ask the Executive Corporate Officer in question to return all or part of the variable compensation paid.

Long-term incentive

Performance shares mean that a predominant portion of Executive Corporate Officers' compensation is subject to the achievement of the Group's long-term performance objectives.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors approved a maximum award in the fourth quarter of 2024 to the Executive Corporate Officers:

- 100,000 performance shares to the Chairman and Chief Executive Officer;
- 45,000 performance shares to the Deputy Chief Executive Officer.

Performance conditions

On the recommendations of the Nomination and Compensation Committee, the Board of Directors revised the criteria for the long-term incentive plan.Besides share price performance, the plan is now subject to a financial objective and a corporate social responsibility (CSR) commitment. The aim of this innovative move, which is the result of constructive discussions with the Group's investors, is to obtain a more comprehensive and balanced performance assessment in order to strengthen employee engagement over the long term.

The vesting of the performance shares will be wholly subject to the achievement of three performance conditions measured over a period of three years:

Objectives	Rationale	Weight
Annualized growth in the share price	EssilorLuxottica's growth strategy must create shareholder value in the medium to long term. Performance shares must therefore vest in direct proportion to the growth in the share price and the gain that this represents for shareholders. If the EssilorLuxottica share grows but underperforms the EuroStoxx 50 index, a penalty is applied with respect to the number of shares that actually vest.	40 %
Group adjusted[(a)] Earnings per share (EPS) (at constant[(b)] exchange rates)	Adding the earnings per share (EPS) criterion in the long-term incentive plan, in addition to the annual bonus, aims to foster profitable and sustainable growth, aligning the interests of the beneficiaries with those of long-term shareholders. This balanced strategy encourages not only the achievement of immediate results, but also decisions that guarantee the future success	40 %
Corporate social responsibility	EssilorLuxottica's growth strategy includes a corporate social responsibility component with the *"Eyes on the Planet"* sustainability program. The introduction of a CSR criterion is intended to reinforce commitment to sustainability over the long term.	20 %

(a) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(b) Constant exchange rates: figures at constant exchange rates will be calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

Annualized growth in share price (40%)

The performance scale for this objective is as follows:

- For any annualized growth in the EssilorLuxottica share price of less than 2% per year or 6.1% over 3 years, no performance share will vest.
- If the minimum threshold of 2% growth per year is exceeded and if EssilorLuxottica outperforms the EuroStoxx 50 index, the acquisition of performance shares will vest as follows:

Annualized growth in the EssilorLuxottica share price*	Number of shares vested *(as a % of initial grant)*
• between 2% and 3% per year (*i.e.* between 6.1% and 9.3% after three years**)	50%
• between 3% and 4% per year (*i.e.* between 9.3% and 12.5% after three years)	60%
• between 4% and 5% per year (*i.e.* between 12.5% and 15.8% after three years)	70%
• between 5% and 6% per year (*i.e.* between 15.8% and 19.1% after three years)	80%
• between 6% and 7% per year (*i.e.* between 19.1% and 22.5% after three years)	90%
• ≥7% per year (*i.e.* ≥22.5% after three years)	100%

* Annualized growth in relation to the Initial Reference Share Price, as approved by the Board of Directors.
** Growth as an absolute value (and not annualized) in relation to the Initial Reference Share Price.

- If the minimum threshold of 2% growth per year is exceeded but EssilorLuxottica underperforms compared to the EuroStoxx 50 index, the acquisition of performance shares will be capped at 50%.

To summarize, performance conditions linked to annualized growth in share price is as follow:

Annualized growth in the EssilorLuxottica share price*	Number of shares vested (as a % of initial grant)	
	If the EssilorLuxottica share outperforms the EuroStoxx 50 index	If the EssilorLuxottica share underperforms the EuroStoxx 50 index
• <2% per year (*i.e.* <6.1% after three years**)	0%	0%
• between 2% and 3% per year (*i.e.* between 6.1% and 9.3% after three years)	50%	50%
• between 3% and 4% per year (*i.e.* between 9.3% and 12.5% after three years)	60%	
• between 4% and 5% per year (*i.e.* between 12.5% and 15.8% after three years)	70%	
• between 5% and 6% per year (*i.e.* between 15.8% and 19.1% after three years)	80%	
• between 6% and 7% per year (*i.e.* between 19.1% and 22.5% after three years)	90%	
• ≥7% per year (*i.e.* ≥22.5% after three years)	100%	

* Annualized growth in relation to the Initial Reference Share Price, as approved by the Board of Directors.
** Growth as an absolute value (and not annualized) in relation to the Initial Reference Share Price.

Group adjusted Earnings per share (EPS) (40%)

The achievement of the objective will be measured with respect to the group EPS over the 3 years period (2024-2026).

The level of performance required to achieve EPS objective is defined by the Board of Directors at the beginning of the 3-year period.

It has been established in a precise, demanding and rigorous manner but cannot be made public for reasons of confidentiality.

In the event of performance below a lower limit to be set for the objective, no shares will vest under this criterion. In the event of performance exceeding the target to be set by the Board of Directors, all shares under this criterion will vest. Between these two limits, vesting will be progressive (between 0% and 100%).

Corporate social responsibility (20%)

The performance conditions governing the long-term incentive scheme will be complemented by a specific performance indicator reflecting the Group's long-term commitment to climate change in accordance with its *Eyes on the Planet* sustainability program.

The assessment scale for this criterion will be meticulously defined by the Board of Directors, in line with the carbon reduction roadmap developed according to the Science Based Targets initiative, and will be disclosed when the 2024 performance share plan is announced.

In the event of performance below a lower limit to be set for the objective, no shares will vest under this criterion. In the event of performance exceeding the target to be set by the Board of Directors, all shares under this criterion will vest. Between these two limits, vesting will be progressive (between 0% and 100%).

On the recommendation of the Nomination and Compensation Committee, the Board of Directors is afforded a certain degree of discretion to adapt and/or modify the performance scales of the adjusted EPS and CSR criteria , upwards or downwards, in exceptional circumstances. The Board of Directors may exercise this discretion in accordance with this compensation policy, without having to comply with the conditions required for the application of the legal derogation provided for in Article L.22-10-8, III, paragraph 2 of the French Commercial Code, as it simply has a certain degree of leeway with respect to the assessment. Exceptional circumstances include any significant change in the Group's scope of consolidation or in the scope of responsibility of the relevant Executive Corporate Officer, a change of accounting method or any major external event impacting the Group's business that could not have been anticipated at the date when the targets were set. The Board will ensure that any adaptations or modifications that are made remain aligned with the general principles described in Section 3.3.1.1. Any such adaptations may not, under any circumstances, lead to a modification in the respective weighting of each objective, or an increase of the maximum number of performance shares awarded. Where it exercises this discretionary power, the Board of Directors will make public the adjustments or modifications made after the meeting at which they were decided and provide a detailed explanation thereof.

The annual variable compensation and the long-term incentive are based on complementary performance criteria, making it possible to assess the Group's performance from different perspectives.

In the event of death or disability, under the plan rules applicable to all beneficiaries, the performance conditions are deemed to be met.

Employment condition

In order to vest, the shares will be subject to a three-year employment condition as from the award date.

In the event of voluntary resignation or dismissal for serious or gross misconduct during the vesting period, the shares initially allocated by the Board of Directors will be forfeited.

In the event of forced departure, non-renewal of the term of office for reasons other than serious misconduct, or retirement, the allocation rate for performance shares will be determined pro rata to the length of time the corporate officer has been with the Company during the performance criteria assessment period for the plans concerned, subject to fulfilment of the performance conditions.

In the event of disability, death or exceptional circumstances due to a change of control during the vesting period of the performance shares, this employment condition will be deemed satisfied, in accordance with the plan's terms, for all beneficiaries.

Award limits

For Executive Corporate Officers, the following award limits apply:

- a maximum number of 100,000 shares;
- performance share awards valued in accordance with IFRS as applied for the preparation of the consolidated financial statements, may not represent more than 70% of total maximum compensation (corresponding to the sum of fixed annual compensation, the maximum annual variable component and the long-term incentive valued in accordance with IFRS);
- All Executive Corporate Officers may not receive an award exceeding 10% of the total granted each year.

Mandatory shareholding policy and rules applicable to Executive Corporate Officers

The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer must hold in registered form, either directly or indirectly through an investment company in which they fully hold the capital and are legally responsible, at least the equivalent of 400% of their fixed annual compensation in EssilorLuxottica shares. Once they are appointed, they must acquire these shares within five years.

Moreover, they are required to keep, for the duration of their term of office, one-third of their vested performance shares. This requirement to hold shares no longer applies when they hold in registered form, either directly or indirectly through an investment company in which they hold the capital and are legally responsible, a number of EssilorLuxottica shares representing an amount equivalent to 400% of their fixed annual compensation. The fixed compensation used is that for the year during which an Executive Corporate Officer intends to sell performance shares.

In accordance with the AFEP-MEDEF Code, the corporate officers have pledged, until the expiration of their term of office, not to use any hedging strategies to manage the risk related to the shares awarded under long-term incentive plans.

Pursuant to the Directors' Charter, the corporate officers are required, *inter alia*, to refrain from trading in EssilorLuxottica securities during:

- the period prior to the publication of any inside information of which they are aware;
- the 30 calendar days preceding the publication of the annual consolidated financial statements, half-yearly consolidated financial statements and, where applicable, quarterly consolidated financial statements, and the 15 calendar days preceding the publication of quarterly financial information. The corporate officers are permitted to trade in EssilorLuxottica securities only from the day after the publication of the information concerned, provided they do not use any inside information. The corporate officers are given the dates of blackout periods at the start of each year.

Clawback clause

In line with market best practice, the Board of Directors proposes to introduce, with effect from 2024, the possibility of reducing or canceling unvested performance shares or requesting the return of all or part of vested performance shares in exceptional and serious circumstances. Consequently, if during the five years following the allocation or vesting of performance shares:

- the financial, accounting or quantitative data used to measure performance has been clearly and intentionally misstated; or
- the Executive Corporate Officer has been guilty of serious or gross misconduct.

The Board of Directors may require the Executive Corporate Officer concerned to repay all or part of the vested shares, or reduce or cancel all or part of the unvested performance shares.

Supplementary defined benefit pension plan

Francesco Milleri is not eligible for this plan.

Paul du Saillant is eligible for the plan under the same conditions as those that apply for beneficiaries that are not Executive Corporate Officers. Pursuant to the PACTE law (Action Plan for Business Growth and Transformation) and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan has been closed and the amount of the beneficiaries' pension will be calculated taking into account their length of service at December 31, 2019 (*i.e.*, 11 years and two months for Paul du Saillant). Paul du Saillant has not accrued any additional rights since that date.

The supplementary defined benefit pension plan was designed to reward the loyalty of executives who have spent a significant portion of their careers with the EssilorLuxottica group by entitling them to a pension in line with market practices.

The supplementary pension plan was built around the following principles:

- a minimum length of service condition of ten years with the EssilorLuxottica group must be met in order to benefit from the plan;
- potential beneficiaries must end their careers working with the EssilorLuxottica group;
- the pension benefit is proportional to the length of service with the EssilorLuxottica group;
- the reference compensation on which the calculation of the final pension is based is calculated according to the gross compensation (annual fixed + annual variable component effectively paid) over the last three years;
- the potential annual entitlement is below the statutory maximum of 3% and is subject to performance conditions;
- the final pension benefit is capped.

Employment contract and severance payment

Employment contract and corporate office

As from the Annual Meeting of May 21, 2021, any employee who is promoted to Chief Executive Officer or Chairman and Chief Executive Officer must resign from their position of employment. The Deputy Chief Executive Officer is permitted to maintain an employment contract, pursuant to the provisions of the AFEP-MEDEF Code.

Accordingly, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer by the Board of Directors' meeting that followed the Annual Shareholders' Meeting of May 21, 2021.

Paul du Saillant has held a permanent employment contract with Essilor International SAS since November 1, 2008. Following his appointment as Chief Executive Officer of Essilor International SAS on March 30, 2020, his employment contract was suspended. It was decided to maintain the suspension of his employment contract upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, in accordance with the AFEP-MEDEF Code.

Termination benefits upon termination of corporate office

EssilorLuxottica's policy is to adhere strictly to the law and the recommendations of the AFEP-MEDEF Code.

Thus, in the case of an Executive Corporate Officer eligible for a termination benefit on the termination of their corporate office:

- this termination benefit is capped at two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last short-term variable compensation due or received);
  - all cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.) will be deemed cases of forced departure giving rise to the payment of the termination benefit, except in the case of serious or gross misconduct. No termination benefit will be paid in the event of serious or gross misconduct, resignation or where the beneficiary is able to claim a full pension, in accordance with the AFEP-MEDEF Code;
- this may only be paid in the event of a forced departure and is fully subject to the achievement of a performance condition as set out below:
  - The right to receive the termination benefits is subject to meeting a performance condition duly noted by the Board of Directors at the time of or after the termination of duties. Performance conditions are measured using the average achievement rate of the objectives for the annual variable component of the Executive Corporate Officers' compensation over the three years prior to their departure. The annual objectives are those set by the Board of Directors for Executive Corporate Officers and used to calculate their annual variable compensation,
  - In line with the expectations of investors and proxy advisors, performance criteria have been tightened. A minimum performance rate of 50% must be achieved in each of these three years to trigger payment of these benefits. In the event of exceptional events beyond the control of the Corporate Officers, the Board of Directors may decide to waive this threshold for one of the three years concerned.
  - Beyond, the termination benefit is calculated on a strictly proportionate basis up to a maximum of 100% (for example, if the average performance rate reaches 90% of the target, 90% of the termination benefit will be paid).
  - This condition is directly related to the fulfilment of the objectives underlying the short-term compensation of the Executive Corporate Officers and is therefore in keeping with the fundamental principles of the compensation policy applicable to them, in that it takes into account the achievement of performance objectives that are aligned with the Group's strategy.

Case of an Executive Corporate Officer without an employment contract – Applied to the Chairman and Chief Executive Officer (Francesco Milleri)

The principles for paying the termination benefit upon termination of the aforementioned corporate office apply to the Chairman and Chief Executive Officer or to any Executive Corporate Officer who does not have an employment contract.

Case of an Executive Corporate Officer with a suspended employment contract – Applied to the Deputy Chief Executive Officer (Paul du Saillant)

In the specific case of an Executive Corporate Officer with a suspended employment contract that includes a severance payment, the severance payment will comprise:

- a severance payment required under law or related to the collective bargaining agreement (not subject to performance conditions);
- a supra-legal severance payment for the corporate office that is wholly subject to a performance condition, under the same conditions as described above for the Chairman and Chief Executive Officer.

In any event, the aggregate of these two payments may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination, plus one-twelfth of the last short-term variable compensation due or received).

As a reminder, the amount of the severance payment to which Paul du Saillant could be entitled under the collective bargaining agreement in the event of dismissal, would represent 6.75 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve of three (which is more favorable) months immediately preceding the notice of his dismissal).

In the event of the termination of the employment contract, the notice period is set in accordance with the applicable legal provisions and the collective bargaining agreement and must be complied with by both Parties.

Non-compete payment

The Chairman and Chief Executive Officer is eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends. The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received). In accordance with the AFEP-MEDEF Code:

- the non-compete payment may not be paid if the officer retires;
- the aggregate amount of the non-compete payment and the termination benefits (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap;

The compensation policy applicable to the Chairman and Chief Executive Officer for 2023 provided for the non-compete payment not to be granted beyond the age of 65. However, the Board considered that preserving strategic information and the Group's interests is essential and remains necessary in the event of an executive officer's departure, irrespective of their age. This is because even after the age of 65, the executive officer is still able to carry out executive or non-executive duties (either as a consultant or in a non-executive capacity) in competing groups or in situations likely to harm the Company's interests. The risk that the Group seeks to mitigate by means of such agreements therefore persists, regardless of age. The Board also took into account the fact that no payment under the non-compete clause could be made in the event of the Chairman and Chief Executive Officer's retirement, so maintaining the age limit at 65 was not necessary in practice.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to modify the non-compete payment policy by eliminating any reference to age. This deviation from the provisions of the AFEP-MEDEF Code is described in greater detail in Section 3.4 of the Appendix: Summary table of recommendations of the AFEP-MEDEF Code that have not been applied.

The non-compete undertaking entered into with Francesco Milleri did not provide for the possibility for the Board of Directors to waive the clause upon his departure, considering the importance of maintaining stability in a competitive environment. Although crucial during this period of transition and new governance, the Board of Directors has decided, on the recommendations of the Nomination and Compensation Committee, to reconsider its automatic application and to reserve the right to release the Chairman and Chief Executive Officer from this commitment, in accordance with the AFEP-MEDEF Code.

Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code.

Under his employment contract, the Deputy Chief Executive is eligible for a non-compete payment, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract.

Accordingly:

- the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company;
- the non-compete payment may not be paid if the officer retires ;
- the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

The compensation policy applicable to the Deputy Chief Executive Officer for 2023 provided for the non-compete payment not to be granted beyond the age of 65. However, the Board considered that preserving strategic information and the Group's interests is essential and remains necessary in the event of an executive officer's departure, irrespective of their age. This is because even after the age of 65, the executive officer is still able to carry out executive or non-executive duties (either as a consultant or in a non-executive capacity) in competing groups or in situations likely to harm the Company's interests. The risk that the Group seeks to mitigate by means of such agreements therefore persists, regardless of age. The Board also took into account the fact that no payment under the non-compete clause could be made in the event of the Deputy Chief Executive Officer's retirement, so maintaining the age limit at 65 was not necessary in practice.

On the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to modify the non-compete payment policy by eliminating any reference to age. This deviation from the provisions of the AFEP-MEDEF Code is described in greater detail in Section 3.4 of the Appendix: Summary table of recommendations of the AFEP-MEDEF Code that have not been applied.

Benefits in kind

The Executive Corporate Officers are eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which they are assimilated for the purpose of determining benefits and other components of their compensation.

The defined contribution pension plan is based on a flat employer contribution rate, currently set at 1% of gross compensation paid over the year.

The Executive Corporate Officers are eligible for a company car with a driver and are entitled to reimbursement, upon presentation of receipts, of accommodation, travel and assignment expenses incurred in the performance of their duties.

In addition, on the recommendation of the Nomination and Compensation Committee, the Board of Directors may decide, after considering the specific circumstances of the Executive Corporate Officers, to provide them with company accommodation or grant them a housing allowance in the form of a lump sum payment.

Therefore, if provided during the year under review, details of such benefits will be reported in the compensation report.

Compensation policy for appointed Executive Corporate Officers

Developing an effective long-term strategy means not only having a thorough knowledge of the market, customers, competitors and technologies, but also of EssilorLuxottica's culture. For that reason, EssilorLuxottica prioritizes internal talent development as much as possible. However, the ability to attract talented individuals from all over the world is also a key driver of EssilorLuxottica's future success.

The principles and criteria of the compensation policy will apply, where appropriate, to any successor to the position of Chairman and Chief Executive Officer and of Deputy Chief Executive Officer, appointed after the Annual Shareholders' Meeting of April 30, 2024. Similarly, these principles and criteria will apply, where appropriate, to any additional Executive Corporate Officer appointed after that date.

Based on the recommendation of the Nomination and Compensation Committee, the Board of Directors would adapt these principles and criteria of the compensation policy to the specific situation of the appointed Executive Corporate Officer (fixed compensation, amount and objectives underlying the variable compensation, etc.).

In each of these situations, the total compensation offered to hire an Executive Corporate Officer from a company outside the Group should correspond to the "fair market price" in consideration of the position and the candidate's profile. This compensation would be in accordance with the general principles set out above (Section 3.3.1.1) and would be calculated taking into account, where applicable, any difference in the level of responsibility and in line with previous practices within the Company, it being specified, however, that the balance between the fixed, short-term variable and long-term variable components would be maintained and that any new Chief Executive Officer or new Deputy Chief Executive Officer could not, respectively, be awarded compensation higher than that provided for in the compensation policy for the current Chairman and Chief Executive Officer, and for the current Deputy Chief Executive Officer, respectively.

For the purpose of recruiting the Executive Corporate Officer, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, reserves the right to compensate them for items of compensation or benefits which they enjoyed in their previous position. This compensation may take the form of a sign-on premium and/or a one-off performance share award.

In any event:

- the effective payment of a sign-on premium may only take place following approval by the Meeting;
- the aggregate amount of the sign-on premium and, if applicable, the one-off performance share award would be equivalent to no more than the amount of compensation lost by the candidate, and would be duly communicated by the Company along with an explanation of the amount.

For Executive Corporate Officers appointed during the year, annual variable compensation objectives may be set during the year given the exceptional circumstances. In such cases, the variable component of their compensation will be calculated on a pro rata basis.

If the functions of Chairman and Chief Executive Officer are separated

The compensation of the appointed Chairman of the Board of Directors should consist solely of fixed compensation, in accordance with the recommendations of the AFEP-MEDEF Code. The Chairman of the Board of Directors could not receive any variable compensation (annual variable compensation or long-term incentive) or post-termination benefits (termination benefits, non-compete payment).

In accordance with the recommendation of the Nomination and Compensation Committee, the Board of Directors will determine the fixed annual compensation of the Chairman at the time of appointment, in accordance with the general principles set out in Section 3.3.1.1.1 or in accordance with the following general principles:

- the responsibilities and duties entrusted to the Chairman, as described in the bylaws and the Board's Internal Rules;
- the Chairman's skills, experience and knowledge of the Group;
- the compensation levels for the same position within companies comparable to EssilorLuxottica.

The Chairman of the Board of Directors may be eligible for compensation for his position as Director, as set out in Section 3.3.1.2.1.

3.3.2 2023 compensation of corporate officers

Change of governance structure

At the close of the Shareholders' Meeting of May 21, 2021, the Board of Directors, decided to maintain Leonardo Del Vecchio, Francesco Milleri and Paul du Saillant to their respective positions as Chairman of the Board of Directors, a non-executive position, Chief Executive Officer and Deputy Chief Executive Officer.

On June 28, 2022, following the passing of Leonardo Del Vecchio, the Board of Directors appointed Francesco Milleri as Chairman of the Board of Directors for the remainder of his current term of office, in addition to his role as Chief Executive Officer of EssilorLuxottica. In addition, the Board of Directors confirmed Paul du Saillant as Deputy Chief Executive Officer of the Company.

Following the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors' meeting of February 22, 2023, on the recommendation of the Nomination and Compensation Committee, appointed Jean-Luc Biamonti as Lead Director.

3.3.2.1 2023 compensation of members of the Board of Directors

The components of compensation for members of the Board of Directors presented below were set by the Board of Directors on the recommendation of the Nomination and Compensation Committee.

In accordance with the allocation rules for the compensation of members of the Board of Directors described in Section 3.3.1.2.1, the total amount of annual compensation due to the Board of Directors' members in 2023 amounted to €1,491,667, which is less than the maximum amount of €2,000,000, authorized by the Annual Meeting of November 29, 2018.

The compensation of members of the Board of Directors, in respect of their roles as Directors, is established as shown in the table below, given that non-Executive Directors did not receive any compensation other than the compensation listed below. Details of the compensation paid in or awarded in respect of 2023 to Executive Corporate Officers are provided in Section 3.3.2.2.

	Gross amount allocated in respect of 2022	Gross amount allocated in respect of 2023
F. Milleri	€100,000	€100,000
P. du Saillant	€100,000	€100,000
R. Bardin	€145,000	€141,250
M. Bard	€100,000	€100,000
S. Brown	€100,000	€100,000
J-L. Biamonti[a]	€135,000	€169,167
M-C. Coisne	€100,000	€100,000
J. Gonzalo	*José Gonzalo has decided to waive any compensation to which he may be entitled in respect of his directorship at EssilorLuxottica*	
V. Mercier Pitre[b]	€112,702	€115,000
M. Notari[c]	€50,333	€90,000
S. Piramal	€125,000	€125,000
C. Scocchia	€125,000	€121,250
N. von Siemens	€115,000	€100,000
A. Zappia	€130,000	€130,000
L. Del Vecchio[c]	€44,667	N/A
J. Favre[b]	€2,298	N/A
TOTAL	**€1,485,000**	**€1,491,667**

(a) Following the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer, the Board of Directors' meeting of February 22, 2023, on the recommendation of the Nomination and Compensation Committee, appointed Jean-Luc Biamonti as Lead Director.
(b) Virginie Mercier Pitre was co-opted to the Board of Directors on January 20, 2022, following her appointment to replace Juliette Favre as the new Chair of Valoptec Association.
(c) Mario Notari was co-opted as a new member of the Board of Directors on June 28, 2022, following the passing of Leonardo Del Vecchio on June 27, 2022.

3.3.2.2 2023 compensation of the Corporate Officers (Chairman and Chief Executive Officer and Deputy Chief Executive Officer)

3.3.2.2.1 Structure of the 2023 compensation of the Executive Corporate Officers

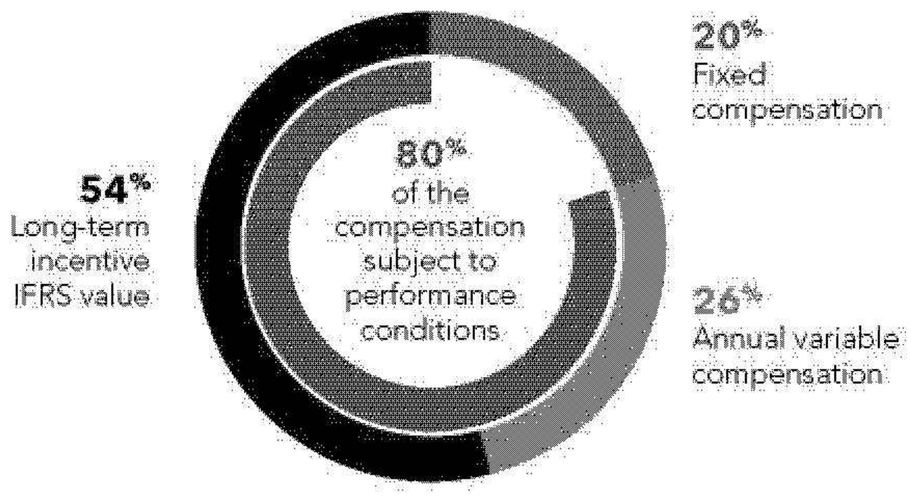
As a reminder, the 2023 compensation structure of Francesco Milleri and Paul du Saillant for the performance of their duties as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, is as follows:

	Francesco Milleri Chairman and Chief Executive Officer	Paul du Saillant Deputy Chief Executive Officer
Fixed annual compensation	**€1,800,000**	**€1,250,000**
Annual variable compensation	Target: **125% of fixed compensation** Maximum: **250% of fixed compensation** *i.e.*, a target amount of **€2,250,000**	Target: **100% of fixed compensation** Maximum: **200% of fixed compensation** *i.e.*, a target amount of **€1,250,000**
Long-term incentive	**70,000** performance shares	**35,000** performance shares

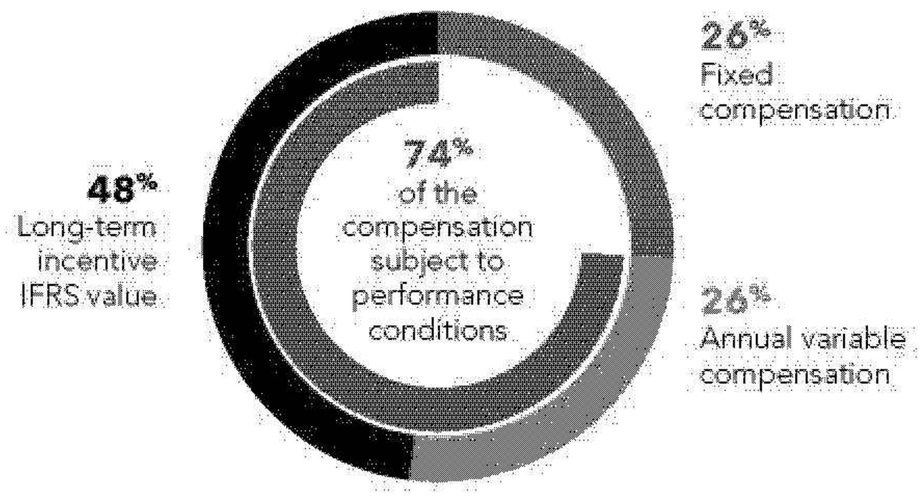
The rules for determining the Chairman and Chief Executive Officer's fixed compensation, annual variable compensation and long-term incentive are set out in section 3.3.1.2.2 of the 2022 Universal Registration Document.

2023 compensation structure for Francesco Milleri, Chairman and Chief Executive Officer, and Paul du Saillant, Deputy Chief Executive Officer

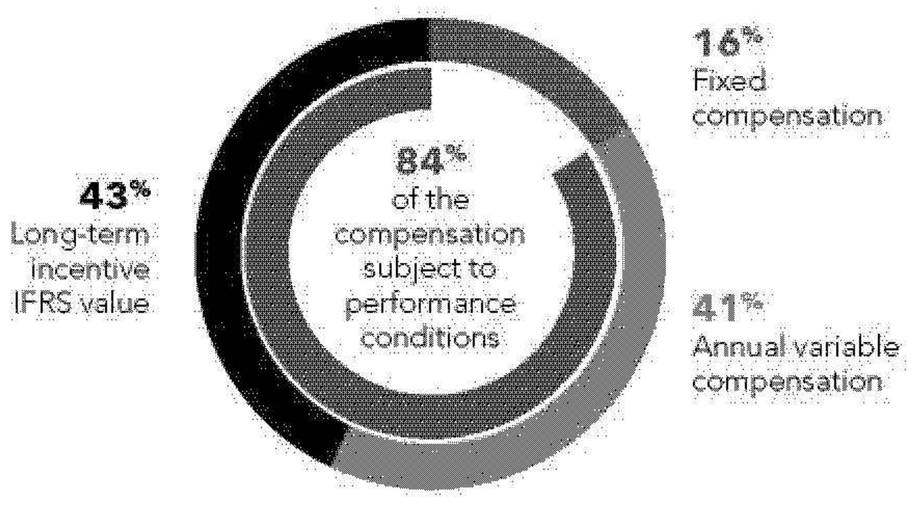
Compensation target for Francesco Milleri



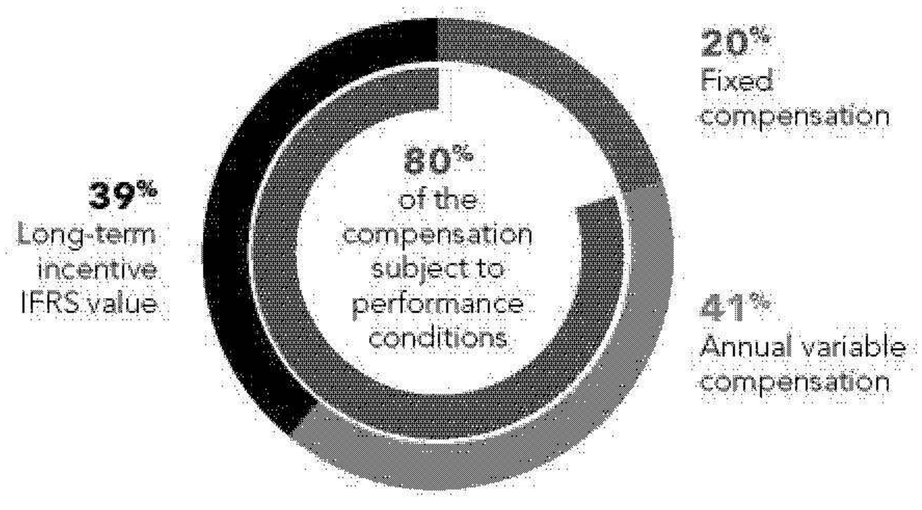
Compensation target for Paul du Saillant



Compensation maximum for Francesco Milleri



Compensation maximum for Paul du Saillant



It should be noted that almost three quarters of the total annual compensation of the Executive Corporate Officers is subject to performance conditions (80% for Chairman and Chief Executive Officer), of which nearly half depend on long-term performance.

The compensation presented above for Francesco Milleri and Paul du Saillant constitutes the entire compensation paid to them by EssilorLuxottica or one of its subsidiaries (excluding compensation received in respect of their roles as Directors within EssilorLuxottica).

3.3.2.2.2 Summary of 2023 compensation of the Executive Corporate Officers

	Francesco Milleri Chairman and Chief Executive Officer			Paul du Saillant Deputy Chief Executive Officer		
	2022	2023	Evol. 2023/2022	2022	2023	Evol. 2023/2022
ANNUAL CASH COMPENSATION						
Fixed	€1,500,000	€1,800,000	+20%	€1,250,000	€1,250,000	=
Target variable component	€1,500,000	€2,250,000		€1,250,000	€1,250,000	
Target cash compensation	**€3,000,000**	**€4,050,000**	**+35%**	**€2,500,000**	**€2,500,000**	**=**
Variable component due	€2,437,500	€3,152,250		€2,031,250	€1,751,250	
% achievement against target	162.5%	140.1% [a]		162.5%	140.1% [a]	
Maximum % (for reference)	200%	250%		200%	200%	
Cash compensation due	**€3,937,500**	**€4,952,250**	**+26%**	**€3,281,250**	**€3,001,250**	**-9%**
LONG-TERM INCENTIVE PLAN						
Performance shares awarded	**50,000**	**70,000**		**35,000**	**35,000**	
As a % of total number of shares awarded	2.3%	3.1%		1.6%	1.5%	
As a % of share capital at December 31 for the year	0.011%	0.015%		0.008%	0.008%	
IFRS valuation of performance shares [b]	€3,430,000 [b]	€4,733,400 [c]		€2,401,000 [b]	€2,366,700 [c]	
OTHER COMPENSATION						
Directors' compensation	€100,000	€100,000		€100,000	€100,000	
EMPLOYEE BENEFITS						
Benefits in kind	€0	€0		€0	€0	
Type						
Employer contributions to Group plans (health insurance, death/disability insurance, defined contribution pension plan)	€28,574	€32,304		€44,816	€41,160	
DEFERRED BENEFIT OBLIGATIONS						
Supplementary defined benefit "loyalty-based" pension plan	No	No		Yes, without acquiring any new rights	Yes, without acquiring any new rights	
Non-compete payment	Yes	Yes		Yes	Yes	
Termination benefits	With respect to the corporate office	With respect to the corporate office		With respect to his suspended employment contract	With respect to his suspended employment contract	

(a) Details of the achievement rate of the criteria are presented in Appendix 1 below.
(b) i.e., on the basis of the IFRS valuation, a price per share of €68.60.
(c) i.e., on the basis of the IFRS valuation, a price per share of €67.62.

3.3.2.2.3 2023 Compensation appendices

Six explanatory appendices are provided in addition to this summary table on 2023 compensation. They pertain to:

1. the 2023 variable component;
2. the 2023 performance share plan;
3. the supplementary defined benefit pension plan;
4. the termination benefits related to corporate office or suspended contract;
5. the non-compete payment;
6. Group plans and benefits in kind.

Appendix 1: 2023 variable component

The annual variable compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2023 was determined in accordance with the principles set out in the 2023 compensation policy described in Section 3.3.1. of the 2022 Universal Registration Document and was approved by the Annual Shareholders' Meeting of May 17, 2023 (under the eleventh resolution with respect to the Chairman and Chief Executive Officer and the twelfth resolution with respect to the Deputy Chief Executive Officer).

Payment of this variable component will be submitted for approval at the Annual Shareholders' Meeting to be held on April 30, 2024.

The target bonus for Francesco Milleri and Paul du Saillant as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, for 2023 was equal to 125% of their fixed compensation, *i.e.* €2,250,000 and €1,250,000 respectively.

Company performance for 2023

The performance criteria result for the 2023 fiscal year are as follows:

Weighting	Description	% achievement from 0% to 200% of the target	Weighted % achievement
W		A	W x A
40%	Group adjusted[a] Earnings per share (EPS) growth (at constant[b] exchange rates)	123.9%	49.6%
20%	Revenue growth (at constant[b] exchange rates, excluding strategic acquisitions)	150.0%	30.0%
20%	Adjusted[a] Operating profit (at constant[b] exchange rates)	102.5%	20.5%
20%	Corporate social responsibility	200.0%	40.0%
100%			**140.1%**

(a) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.
(b) Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

Achievement in amount

	Fixed Compensation for 2023 fiscal year (FC)	Target Variable compensation (% FC)	Weighted % achievement	Achievement in amount
Chief Executive Officer	€1,800,000	125%	140.1%	€ 3,152,250
Deputy Chief Executive Officer	€1,250,000	100%	140.1%	€ 1,751,250

Analysis of 2023 performance

Financial Performance

The Company posted Euro 25,395 million in revenue for the year, up 7.1% at constant exchange rates[1]. All four regions and both segments contributed to this performance, reflecting the Group's balanced and diversified sales model. EssilorLuxottica has thus recorded its third consecutive year of revenue growth at constant exchange rates[1] above 7%, after 7.5% in 2022 versus 2021[2] and 7.4% in 2021[2] versus 2019[2].

It was also a year of major investments: growing new product categories, with Stellest in myopia and Ray-Ban Meta in wearables, launch of the upgraded Varilux XR series, signing of new licenses with beloved brands like Monder and Jimmy Choo, leveraging artificial and business intelligence, expanding our operations footprint and reinforcing the retail presence globally.

In terms of profitability, the Group's performance was temporarily more under pressure in 2023, due to surging inflation at the global economy level together with the major currency headwinds as well as the addition of costs to support the aforementioned new initiatives. The adjusted gross profit[3] amounted to Euro 16,090 million in the full year, reaching 63.4% of revenue, 30 basis points lower than 2022 (or -20 basis points at constant exchange rates[1]).

The adjusted[3] operating profit reached Euro 4,178 million in the year, representing 16.5% of revenue, compared to 16.8% in 2022, a margin dilution of 30 basis points, while at constant exchange rates[1] the margin expanded by 10 basis points to 16.9% of revenue.

The adjusted[3] Group net profit amounted to Euro 2,946 million in the full year, representing 11.6% of revenue, compared to 11.7% in 2022, a margin dilution of 10 basis points, while at constant exchange rates[1] the margin expanded by 20 basis points to 11.9% of revenue.

It should be noted that the adjusted[3] operating profit and the adjusted[3] Group net profit grew respectively 7.7% and 9.4% at constant exchange rates[1] in a year where the inflationary headwinds impacted various cost items and in particular the cost of labor.

Corporate social responsibility

In 2023, in line with the progress of the Group sustainability program *"Eyes on the Planet"*, the Board decided, on the recommendation of the Nomination and Compensation Committee, to confirm the inclusion of a Corporate Social Responsibility criterion in the annual variable remuneration of executive officers and of 15,000 eligible employees. This CSR criterion reflected EssilorLuxottica's role in the fight against climate change and related to its public commitment to carbon neutrality made through the "*Eyes on the Planet*" sustainability program (see Chapter 5 of this Universal Registration Document). Specifically, the criterion was a reduction in greenhouse gas emissions (Scopes 1 and 2) measured in terms of year-on-year carbon effort pursued by the Company through the independent generation of renewable energy, the purchase of renewable energy and/or investments in Power Purchase Agreements (PPAs). In addition, a prerequisite was defined to assess the fulfillment of the CSR criterion and consisted in the achievement of Scope 1 and 2 carbon neutrality in Europe at the end of the fiscal year 2023, first milestone in the Group journey to carbon neutrality of its own operations by 2025.

Thanks to the efforts made by EssilorLuxottica and explained in Section 5.2.1 of this Universal Registration Document, not only Scopes 1 and 2 carbon neutrality was achieved in Europe, but the initiatives and investments in the field of renewable energy led to an estimated incremental carbon reduction effort of over 80KtCO$_2$eq in 2023. In line with the pre-defined assessment scales for the quantitative performance objectives, the achievement rate for the CSR criterion was 200%.

As a reminder, the achievement rate of the annual variable portion of the Executive Corporate Officers' compensation over the last four years was:

2019[a][b]	2020[a]	2021	2022
0%	22.9%	197.8%	162.5%

(a) Executive Corporate Officers were Leonardo Del Vecchio and Hubert Sagnières.
(b) Following the fraud at an Essilor plant in Thailand.

(1) Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.
(2) Comparable or pro forma (revenue): comparable revenue includes the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposal of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred at the beginning of the year (i.e. January 1). Comparable revenue has been prepared for illustrative purposes only with the aim to provide meaningful comparable informati
(3) Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance.

Appendix 2: 2023 Performance share plan

The Annual Shareholders' Meeting of May 21, 2021 authorized the Board of Directors, in its fifteenth resolution, to grant performance shares to employees and corporate officers, thereby giving the Board of Directors of EssilorLuxottica the opportunity to instigate a culture of employee shareholding throughout the EssilorLuxottica Group. Performance share awards are a key aspect of the Group's culture and enable employees to be fully involved in the Group's value creation and success. The significant level of employee shareholding contributes to the Group's competitiveness and is a source of pride among all EssilorLuxottica employees.

In 2023, performance shares were awarded to around 15,000 EssilorLuxottica group employees.

In addition to performance shares, the Group has proactive shareholding programs to enable as many employees as possible to become Group shareholders, in particular through the "Boost" International Employee Shareholding Plan. In 2023, close to 64,000 EssilorLuxottica employees participated in 80 countries, i.e., 67% of eligible employees (a higher participation rate than in 2022).

Performance condition - Annualized growth in the share price

The performance condition applicable to all beneficiaries is based on annualized growth in the EssilorLuxottica share price, calculated as follows:

- on October 2, 2023, the date of the award by the Board of Directors, the Initial Reference Share Price was set at €171.16 (corresponding to the average of the 20 opening prices of the EssilorLuxottica share preceding the award date);
- on October 2, 2026, *i.e.*, three years after the award date, the Average Share Price will be calculated, corresponding to the average of the opening share prices between July 2 and October 2, 2026.

The number of shares vested is determined as follows:

Annualized growth in the EssilorLuxottica share price*	Average Share Price three years after the award date	Number of shares vested *(as a % of initial grant)*
Lower than €181.6	Lower than 2%	0%
Between €181.6 and €187.0	between 2% and 3%	50%
Between €187.0 and €192.5	between 3% and 4%	60%
Between €192.5 and €198.1	between 4% and 5%	70%
Between €198.1 and €203.9	between 5% and 6%	80%
Between €203.9 and €209.7	between 6% and 7%	90%
Higher than or equal to €209.7	Higher than or equal to 7%	100%

* Annualized growth in relation to the Initial Reference Share Price of €171.16.

Performance conditions - Comparison with EuroStoxx 50

The performance condition, based on a comparison of the performance of the EssilorLuxottica share in relation to the EuroStoxx 50 index, is calculated as follows:

- For any annualized growth in EssilorLuxottica's share price of less than 2% per year, i.e., 6.1% over three years, no performance shares will vest.
- If the minimum 2% growth per year threshold is exceeded and EssilorLuxottica outperforms the EuroStoxx 50 index, the performance shares vest under the same terms as indicated above.
- If the minimum 2% growth per year threshold is exceeded but EssilorLuxottica underperforms the EuroStoxx 50 index, the vesting of performance shares is capped at 50%.

To summarize:

Average Share Price three years after the award date	Annualized growth in the EssilorLuxottica share price*	Number of shares vested (as a % of initial grant)	
		If the EssilorLuxottica share outperforms the EuroStoxx 50 index	If the EssilorLuxottica share underperforms the EuroStoxx 50 index
Lower than €181.6	<2%	0%	0%
Between €181.6 and €187.0	between 2% and 3%	50%	50%
Between €187.0 and €192.5	between 3% and 4%	60%	
Between €192.5 and €198.1	between 4% and 5%	70%	
Between €198.1 and €203.9	between 5% and 6%	80%	
Between €203.9 and €209.7	between 6% and 7%	90%	
Higher than or equal to €209.7	Higher than or equal to 7%	100%	

* Annualized growth in relation to the Initial Reference Share Price of €171.16.

The penalty in the event of underperformance in relation to the EuroStoxx 50 index reflects, where applicable, the insufficient returns obtained by shareholders and investors who chose to invest in EssilorLuxottica at the start of the performance measurement period, compared to the returns they would have obtained by investing in a basket of EuroStoxx 50 shares.

In the event of death or disability, in accordance with the plan's terms applicable to all beneficiaries, the performance conditions are deemed to be met.

Employment condition

In order to vest, the shares will be subject to a three-year employment condition as from the award date.

In the event of retirement, disability or death during the vesting period of the performance shares, this employment condition will be deemed satisfied, in accordance with the plan's terms applicable to all beneficiaries.

In the event of non-renewal of a term of office for a reason other than misconduct during the vesting period of the performance shares, the Board of Directors may decide to remove the employment condition, and provides a valid reason for its decision. The Board of Directors' decision is announced at the time of departure.

Appendix 3: Supplementary defined benefit "loyalty-based" pension plan

Pursuant to the PACTE law and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan was closed on that date.

The supplementary defined benefit pension plan (Article 39 of the French Tax Code) was open to Group senior executives in categories IIIC and HC within the meaning of the Metalworking Industry collective bargaining agreement.

At least 10 years' service (*versus* the two years recommended by the AFEP-MEDEF Code) with the EssilorLuxottica group is required in order to receive supplementary defined pension plan benefits. Grantees also have to be employees of EssilorLuxottica (or a member company) at the time they cease their professional activity. In accordance with the applicable regulations, an executive whose employment is terminated after reaching the age of 55 and who does not accept any other paid position is considered as having retired from the Company.

The supplementary pension is based on length of service within the Group and the average gross compensation (annual fixed and variable) paid for the three years preceding the last day worked (reference compensation).

More specifically, if the eligibility conditions are met, the supplementary pension is determined as follows:

- 10% of the reference compensation;
- plus, for each year of service in excess of 10 years and up to and including 20 years:
  - 1% of the reference compensation,
  - 1.5% of the portion of the reference compensation that exceeds the "tranche C" ceiling for Social Security contributions or 5% of the reference compensation, whichever is lower.

Accordingly, category IIIC and HC executives with at least 20 years' service with the Group are eligible for a maximum supplementary pension benefit of up to 25% of their reference compensation (*versus* a maximum of 45% provided for in the AFEP-MEDEF Code). The increase in potential rights is therefore a maximum of 1.25% per year (*versus* a maximum of 3% provided by law).

NB: The benefit obligation is accrued in the balance sheet during the vesting period (*i.e.*, the period during which the Executive Corporate Officer remains in office) and, upon the grantee's retirement, the liability is fully outsourced to an insurance company which is responsible for paying the benefits.

Francesco Milleri, Chief Executive Officer

Francesco Milleri is not eligible for the Company's defined benefit pension plan.

Paul du Saillant, Deputy Chief Executive Officer

Paul du Saillant recorded 11 years and two months of service at December 31, 2019. He has not accrued any additional rights since that date.

Under this plan, in view of his length of service in the Group when the plan was closed, the theoretical calculation of the annual benefits due to Paul du Saillant at December 31, 2023 would be 12.8% of the average compensation actually received in 2021, 2022 and 2023 (i.e., around €388,509).

Appendix 4: Termination benefits related to corporate office or suspended contract

Francesco Milleri, Chief Executive Officer

No termination benefit was granted to Francesco Milleri for 2023.

As a reminder, the terms of the commitment applicable since Francesco Milleri's appointment are as follows:

In accordance with the recommendations of the AFEP-MEDEF Code, as from the Annual Meeting of May 21, 2021, any employee who is promoted to Chief Executive Officer is required to resign from their position of employment. Accordingly, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer on May 21, 2021.

Termination benefit is wholly subject to a performance condition as described below.

Condition for allocating a termination benefit

Any cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.), would give rise to the payment of the termination benefit subject to a performance condition.

No payment will be made in the event of serious or gross misconduct, resignation or where the beneficiary is able to claim a full pension, in accordance with the recommendations of the AFEP-MEDEF Code.

Performance condition

The potential payment of this benefit would be subject to the following performance condition.

Performance would have been measured using Francesco Milleri's average achievement rate of his target annual variable component over the three years prior to his departure. These annual objectives would be those set by the Board of Directors in respect of Francesco Milleri's role as an Executive Corporate Officer and used to calculate his annual variable compensation.

- If the average performance rate is less than 50%, no benefit will be paid.
- For an average performance rate of at least 50%, the termination benefit would be determined on a strictly proportionate basis up to a maximum of 100% (for example, if the average performance rate reaches 90% of the target, 90% of the termination benefit would be paid).

This performance condition would be directly related to the fulfilment of the objectives underlying Francesco Milleri's annual variable compensation, in line with the compensation policy applicable to him, voted at Shareholders' Meetings and taking into account the achievement of performance targets that are aligned with the Group's strategy.

If the term of corporate office is shorter than the three-year reference period, his performance with respect to the annual objectives previously set for his duties at Luxottica Group S.p.A. may be taken into account to calculate the annual variable compensation.

Amount of the termination benefit

This termination benefit is set at a maximum of two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last annual variable compensation due or received).

The conditions for granting the termination benefit, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code.

Paul du Saillant, Deputy Chief Executive Officer

No termination benefit was granted to Paul du Saillant for 2023.

As a reminder, the terms of the commitment applicable since Paul du Saillant's appointment are as follows:

Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code.

In the specific case of Paul du Saillant with a suspended employment contract that includes a severance payment, the severance payment would comprise:

- a severance payment or dismissal payment required by law or related to the collective bargaining agreement (not subject to performance conditions);
- a supra-legal severance payment for the corporate office that is wholly subject to the following performance condition.

Condition for allocating a termination benefit

Any cases of forced departure, irrespective of the type of departure (removal, resignation request, non-renewal, etc.), would give rise to the payment of the supra-legal severance payment subject to a performance condition.

No supra-legal severance payment would be made in the event of serious or gross misconduct, followed by dismissal under the employment contract within one year of the end of the corporate office or where the beneficiary is able to claim a full pension, in accordance with the recommendations of the AFEP-MEDEF Code.

Performance conditions of the supra-legal severance payment

The supra-legal severance payment would be subject to the fulfilment of a performance condition assessed by determining the average achievement rate of the objectives underlying the annual variable component for the three years prior to departure.

These annual objectives would be set by the Board of Directors in respect of Paul Saillant's role as an Executive Corporate Officer and used to calculate his annual variable compensation.

- If the average performance rate is less than 50%, no benefit will be paid.
- For an average performance rate of at least 50%, the termination benefit would be determined on a strictly proportionate basis up to a maximum of 100% (for example, if the average performance rate reaches 90% of the target, 90% of the termination benefit would be paid).

This performance condition would be directly related to the fulfilment of the objectives underlying Paul du Saillant's annual variable compensation in line with the compensation policy applicable to him, voted at Shareholders' Meetings and taking into account the achievement of performance targets that are aligned with the Group's strategy.

If the term of corporate office would be shorter than the three-year reference period, his performance with respect to the annual objectives previously set for his duties at Essilor International SAS may be taken into account to calculate the annual variable compensation.

Amount of the severance payment

In any event, the aggregate of these two payments (legal and supra-legal) may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the employment contract, plus one-twelfth of the last annual variable compensation due or received).

The amount of the severance payment to which Paul du Saillant could be entitled under the collective bargaining agreement in the event of dismissal, would represent 6.75 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve of three (which is more favorable) months immediately preceding the notice of his dismissal).

In the event of the termination of the employment contract, the notice period is set in accordance with the applicable legal provisions and the collective bargaining agreement and must be complied with by both Parties.

The conditions for granting the severance payment, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code.

Appendix 5: Non-compete payment

Francesco Milleri, Chief Executive Officer

No non-compete payment was granted to Francesco Milleri for 2023.

As a reminder, the terms of the commitment applicable since Francesco Milleri's appointment are as follows:

As Chief Executive Officer of EssilorLuxottica, he is eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends.

The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received).

In accordance with the AFEP-MEDEF Code:

- the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit, may not exceed the two-year cash compensation cap.

It should be noted that the non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the Executive Corporate Officer to commit to respecting clear, predefined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders.

Paul du Saillant, Deputy Chief Executive Officer

No non-compete payment was granted to Paul du Saillant for 2023.

As a reminder, the terms of the commitment applicable since Paul du Saillant's appointment are as follows:

Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code.

Under his employment contract, Paul du Saillant is eligible for a non-compete payment, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. Accordingly:

- the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company;
- the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate;
- the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

Appendix 6: Group plans and benefits in kind

For the year ended December 31, 2023, Francesco Milleri and Paul du Saillant were eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which they are assimilated for the purpose of determining benefits and other components of their compensation.

The defined contribution pension plan is based on a flat employer contribution rate, currently set at 1% of gross compensation of the year.

The Executive Corporate Officers are eligible for a company car and are entitled to reimbursement, upon presentation of receipts of travel and assignment expenses incurred in the performance of their duties, in accordance with EssilorLuxottica's internal rules.

No benefits in kind were granted to Francesco Milleri and Paul du Saillant during the fiscal year 2023.

3.3.2.2.4 Maturity of the performance share award plan of October 1st, 2020

On October 1st 2020, the Board of Directors decided to grant a performance share plan, including 35,000 performance shares for Francesco Milleri and 35,045 performance shares for Paul du Saillant.

The vesting of the shares under the plan was linked to a presence condition and the achievement of a performance condition.

The performance condition applicable to all beneficiaries related to annualized growth in the share price, which had to be equal to or greater than 7% for all the shares initially granted to vest.

As a reminder, the performance scale was as follows:

Annualized growth in the EssilorLuxottica share price*	Average Share Price three years after the award date	Number of shares vested *(as a % of initial grant)*
<2%	Lower than €117.6	0%
between 2% and 3%	Between €117.6 and €121.1	50%
between 3% and 4%	Between €121.1 nd €124.6	60%
between 4% and 5%	Between €124.6 and €128.3	70%
between 5% and 6%	Between €128.3 and €132.0	80%
between 6% and 7%	Between €132.0 and €135.7	90%
>=7%	Higher than or equal to €135.7	100%

* Annualized growth in relation to the Initial Reference Share Price of €110.79.

Measured on September 30, 2023, the performance condition had been met at 100% (see table below).

Initial reference share price	Average of the 20 opening prices prior to October 1st 2020	€110.79
Average price	Average of the opening prices for the period from July 1 to September 30, 2023 (included)	€173.83
Annualized growth in the share price		+16%
Achievement of the Performance Condition		100%

Therefore, on October 1, 2023, a total of 1,734,884 shares were delivered to beneficiaries, including 35,000 to Francesco Milleri and 35,045 to Paul du Saillant. On the award date, Francesco Milleri and Paul du Saillant were not Executive Corporate Officers of the Company and were therefore not subject to the second specific performance condition applicable only to Executive Corporate Officers.

Additional lock-up period for Executive Corporate Officers

The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer must hold in registered form, either directly or indirectly through an investment company in which they fully hold the capital and are legally responsible, at least the equivalent of 400% of their fixed annual compensation in EssilorLuxottica shares. Once they are appointed, they must acquire these shares within five years.

Moreover, they are required to keep, for the duration of their term of office, one-third of their vested performance shares. This requirement to hold shares no longer applies when they hold in registered form, either directly or indirectly through an investment company of which they hold the capital and are legally responsible, a number of EssilorLuxottica shares representing an amount equivalent to 400% of their fixed annual compensation. The fixed compensation taken into account is that for the year during which the corporate officer intends to sell performance shares.

At December 31, 2023, Francesco Milleri and Paul du Saillant hold respectively 451,522(1) shares and 368,311 shares and therefore complied with their shareholding requirement.

(1) In addition, Mr. Milleri holds 57,343 EssilorLuxottica shares via Milleri S.r.l., a company that he fully owns.

3.3.3 AFEP-MEDEF compensation and benefits tables

Table 1 – Summary of compensation, options and shares awarded to each corporate officer

In euro (gross amount)	2023	2022
Leonardo Del Vecchio		**Chairman of the Board of Directors until June 27, 2022**
Compensation due for the year (detailed in Table 3)[a]		€290,500
Value of options granted during the year		
Value of performance shares awarded during the year[b]		
Francesco Milleri	**Chairman and Chief Executive Officer**	**Chief Executive Officer then Chairman and Chief Executive Officer since June 28, 2022**
Compensation due for the year (detailed in Table 3)[a]	€5,052,250	€4,037,500
Value of options granted during the year		
Value of performance shares awarded during the year[b]	€4,733,400	€3,430,000
Paul du Saillant	**Deputy Chief Executive Officer**	**Deputy Chief Executive Officer**
Compensation due for the year (detailed in Table 3)[a]	€3,101,250	€3,381,250
Value of options granted during the year		
Value of performance shares awarded during the year[b]	€2,366,700	€2,401,000

(a) Amount of compensation due for the fiscal year 2023, subject to approval by the Annual Shareholders' Meeting.
(b) The amounts shown correspond to the accounting fair value of the shares in accordance with IFRS. Accordingly, they are not the actual amounts that may be received if and when the shares vest. In addition, share awards are contingent on employment and performance conditions.

Table 2 and 3 – Summary of compensation paid to each corporate officer executive and non executive

	2023	2022
Leonardo Del Vecchio		Chairman of the Board of Directors until June 27, 2022
In euro (gross amount)		Amount due / Amount paid
Fixed compensation[a]		€245,833 / €245,833
Variable compensation		
Exceptional compensation		
Directors' compensation[b]		€44,667 / €44,667
Benefits in kind:		
• car		
• unemployment insurance		
• other		
TOTAL		**€290,500 / €290,500**

(a) Leonardo Del Vecchio's fixed compensation was €500,000 (full-year basis).
(b) Directors' compensation for the second half of year Y can be paid in January Y+1.

	2023		2022	
Francesco Milleri	Chairman and Chief Executive Officer		Chief Executive Officer, then Chairman and Chief Executive Officer since June 28, 2022	
In euro (gross amount)	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation[a]	€1,800,000	€1,800,000	€1,500,000	€1,500,000
Variable compensation[a][b][c]	€3,152,250	€2,437,500	€2,437,500	€ 2,773,639
Exceptional compensation				
Directors' compensation[d]	€100,000	€100,000	€100,000	€100,000
Benefits in kind:				
• car				
• unemployment insurance				
• other				
TOTAL	**€5,052,250**	**€4,337,500**	**€4,037,500**	**€4,373,639**

(a) Francesco Milleri's variable compensation for fiscal year 2023: 140.1% target achievement. Variable component due subject to approval by the Shareholders' Meeting.
(b) Francesco Milleri's variable compensation for fiscal year 2022: 162.5% target achievement approved by Shareholders' Meeting of May 17, 2023.
(c) Francesco Milleri's variable compensation for fiscal year 2021: 197.8% target achievement approved by Shareholders' Meeting of May 25, 2022.
(d) Directors' compensation for the second half of year Y can be paid in January Y+1.

Paul du Saillant	2022 Deputy Chief Executive Officer		2022 Deputy Chief Executive Officer	
In euro (gross amount)	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€1,250,000	€1,250,000	€1,250,000	€1,250,000
Variable compensation[a][b][c]	€1,751,250	€2,031,250	€2,031,250	€2,472,500
Exceptional compensation				
Directors' compensation[c]	€100,000	€100,000	€100,000	€100,000
Benefits in kind:				
• car				
• unemployment insurance				
• other				
TOTAL	**€3,101,250**	**€3,381,250**	**€3,381,250**	**€3,822,500**

(a) Paul du Saillant's variable compensation for fiscal year 2023: 140.1% target achievement. Variable component due subject to approval by the Shareholders' Meeting.
(a) Paul du Saillant's variable compensation for fiscal year 2022: 162.5% target achievement approved by the Shareholders' Meeting of May 17, 2023.
(b) Paul du Saillant's variable compensation for fiscal year 2021: 197.8% target achievement approved by the Shareholders' Meeting of May 25, 2022.
(c) Directors' compensation for the second half of year Y can be paid in January Y+1.

Table 4 – Stock subscription or purchase options granted during the year to each corporate officer

No stock subscription or purchase options were granted in fiscal year 2023.

Table 5 – Stock subscription or purchase options exercised by each corporate officer during the fiscal year

Francesco Milleri, Chairman and Chief Executive Officer

Francesco Milleri has no stock subscription options to exercise. Consequently, no options were exercised in fiscal year 2023.

Paul du Saillant, Deputy Chief Executive Officer

Paul du Saillant has no stock subscription options to exercise. Consequently, no options were exercised in fiscal year 2023.

Table 6 – Performance shares awarded to each corporate officer during the fiscal year

Rights to performance shares granted	Total number	Valuation (method applied in the consolidated financial statements) *(in euro)*	Vesting date	End of lock-up period	Plan	Performance conditions
Francesco Milleri	70,000	67.62	10/02/2026	10/02/2026	10/02/2023	Share price + special relative performance condition for Executive Corporate Officers[a]
Paul du Saillant	35,000	67.62	10/02/2026	10/02/2026	10/02/2023	Share price + special relative performance condition for Executive Corporate Officers[a]

(a) In addition to the employment condition, the number of shares that vest is contingent on a performance condition based on the annualized growth in the EssilorLuxottica share price. A second performance condition applies specifically to Executive Corporate Officers: the number of shares that vest is reduced in the event of underperformance in relation to the EuroStoxx 50 index during the performance measurement period.

Table 7 – Performance shares that became available during the year for each corporate officer

Performance shares awarded that became available	Total number	Plan	Performance conditions
Francesco Milleri	35,000[a]	10/01/2020	Share price[c]
Paul du Saillant	35,045[b]	10/01/2020	Share price[c]

(a) 35,000 performance shares out of the 35,000 vested under the October 1, 2020 plan became available on October 1, 2023.
(b) 35,045 performance shares out of the 35,045 vested under the October 1, 2020 plan became available on October 1, 2023.
(c) On the award date, Francesco Milleri and Paul du Saillant were not Executive Corporate Officers of the Company and were therefore not subject to the second specific performance condition applicable only to Executive Corporate Officers.

Table 8 – History of capped performance stock subscription option awards (until 2017 inclusive) and capped performance stock purchase option awards (from 2018)

Plan	2016	2017	2018	2019	2020	2021
Date of Shareholders' Meeting	05/05/2015	05/05/2015	11/29/2018	11/29/2018	11/29/2018	05/21/2021
Date of Board of Directors' meeting	09/22/2016	10/03/2017	11/29/2018	10/03/2019	10/01/2020	10/28/2021
Total number of shares that can be subscribed/purchased	119,392	132,016	133,203	127,117	113,536	121,868
Number of shares that can be subscribed/ purchased by the corporate officers:						
Starting point for the exercise of options	09/22/2019	10/03/2020	11/29/2021	10/03/2022	10/01/2023	10/28/2024
Expiration date	09/22/2023	10/03/2024	11/29/2025	10/03/2026	10/01/2027	10/28/2028
Subscription/purchase price (average of the 20 opening prices prior to the Board of Directors' meeting)	€114.88	€105.80	€116.74	€131.52	€110.79	€165.80
Exercise procedures[a]	Subject to conditions; 100% after three years	Subject to conditions; 100% after three years	Subject to conditions; 100% after three years	Subject to conditions; 100% after three years	Subject to conditions; 100% after three years	Subject to conditions; 100% after three years
Number of shares subscribed/purchased at Dec. 31, 2023	60,077	58,470	63,198	38,643	18,754	0
Cumulative number of options canceled or expired	59,315	44,482	20,685	15,363	13,343	8,859
Options remaining at Dec. 31, 2023	-	29,064	49,320	73,111	81,439	113,009

(a) The vesting of subscription options is subject to an employment condition and to a performance condition based on the annualized growth in the EssilorLuxottica share price. Within the framework of the proposed combination between Essilor and Luxottica, at its meeting of January 15, 2017 the Board of Directors decided to remove the performance conditions for the employee grantees of the 2015 and 2016 plans in advance.

Table 9 – History of performance share awards (excluding collective awards)

Plan	2018	2019	2020	2021	2022	2023
Date of Shareholders' Meeting	11/29/2018	11/29/2018	11/29/2018	05/21/2021	05/21/2021	05/21/2021
Date of Board of Directors' meeting	11/29/2018	10/03/2019	10/01/2020	10/28/2021	10/06/2022	10/02/2023
Total number of shares awarded	1,565,862	2,228,446[b]	2,138,851	2,817,295[c]	2,092,725	2,187,234
Number of shares awarded to the corporate officers:						
• Leonardo Del Vecchio	50,000	40,000	20,000			
• Francesco Milleri		35,000	35,000	50,000	50,000	70,000
• Paul du Saillant	30,005	30,005	35,045	35,000	35,000	35,000
Vesting date of shares	11/29/2021	10/03/2022	10/01/2023	Not yet vested	Not yet vested	Not yet vested
Date of end of lock-up period	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Number of shares vested[a] at Dec. 31, 2023	1,346,976	1,461,666	1,764,627	2,987	1,844	0
Cumulative number of shares cancelled or expired	218,886	766,780	374,224	403,624	142,606	33,031
Shares remaining at Dec. 31, 2023	-	-	-	2,410,684	1,948,275	2,154,213

(a) In addition to the employment condition, the number of shares that vest is contingent on a performance condition based on the annualized growth in the EssilorLuxottica share price; Starting from the 2010 award and up to and including the 2019 plan, a second performance condition applies specifically to Executive Corporate Officers: the number of shares that vest is reduced when the average rate of achievement of variable compensation targets is less than 100%. As from the 2020 award, the number of shares that vest is reduced in the event of underperformance in relation to the EuroStoxx 50 index during the performance measurement period.
(b) This total does not include the 801,400 free shares granted to 122 beneficiaries on March 7, 2019 to convert the Luxottica cash retention plan.
(c) Of which 1,849,295 performance shares as part of the annual long-term incentive plan and 968,000 shares as part of an exceptional retention plan. The shares granted under the exceptional retention plan are subject to the same presence and performance conditions as the ordinary annual plan.

Table 10 – Summary of multi-annual variable compensation paid to each executive officer

No multi-annual variable compensation were paid in fiscal year 2023.

Table 11 – Corporate officers – Detailed table

Francesco Milleri	
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	
Start of term	2021
End of term	2024
Employment contract	No[a]
Compensation relating to a non-compete clause	Yes[b]
Supplementary pension plan	No
Compensation or benefits that are or may be owed due to termination or change of functions	Yes[c]

(a) In accordance with the AFEP-MEDEF Code, Francesco Milleri terminated his employment contract when he was appointed as Chief Executive Officer by the Board of Directors' meeting held after the Annual Shareholders' Meeting on May 21, 2021.
(b) Details of the non-compete payment provided for in respect of the corporate office are given in Appendix 5 to Section 3.3.2.2.3.
(c) Details of the severance payment provided for in respect of the corporate office are given in Appendix 4 to Section 3.3.2.2.3.

Paul du Saillant	
DEPUTY CHIEF EXECUTIVE OFFICER	
Start of term	2021
End of term	2024
Employment contract	Yes – suspended since March 30, 2020[a]
Compensation relating to a non-compete clause	Yes[b]
Supplementary pension plan	Yes[c]
Compensation or benefits that are or may be owed due to termination or change of functions	Yes[d]

(a) Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code.
(b) Details of the non-compete payment are given in Appendix 5 to Section 3.3.2.2.3.
(c) Details of the supplementary pension plan provided for Paul du Saillant are given in Appendix 3 to Section 3.3.2.2.3.
(d) Details of the severance payment provided for in respect of the corporate office and the suspended employment contract a are given in Appendix 4 to Section 3.3.2.2.3

Ratio between the compensation of Corporate Officers and the average and median compensation of the Company's employees

The following information is presented in accordance with the provisions of the PACTE Law (no. 2019-486 of May 22, 2019) and Government Order no. 2019-1234 of November 27, 2019 to ensure transparency in terms of executive compensation. It shows the ratios between the compensation of each Corporate Officer and the average and median compensation of the Company's employees.

Methodology

- EssilorLuxottica refers to the AFEP-MEDEF guidelines (updated in February 2021) for the comparative analysis of the total compensation of the Corporate Officers and that of the Group's employees.
- The listed holding company EssilorLuxottica SA has a very small number of employees compared to the total number of Group's employees in France. In order to cover at least 80% of the payroll in France, while taking into account the Group's development, the following scopes are used:
  - Until 2018: Essilor International SAS, EssilorLuxottica SA and BBGR;
  - 2019 to 2021: integration of Luxottica France;
  - From 2022: integration of GrandVision France.
- In order to maintain comparable historical data and for readability purposes, only one ratio is presented for 2022 and 2023 covering 80% of the total payroll of Group employees in France. Additionally, the workforce used to calculate average and median compensations corresponds to a full-time equivalent workforce present continuously over the last two fiscal years.
- Compensation taken into account to calculate the ratios includes:
  - for Corporate Officers: base salary, annual variable compensation paid during the year in respect of the previous year, long-term incentive award for the year valued in accordance with IFRS (accounting standards), pursuant to the AFEP-MEDEF guidelines, benefits in kind, Directors' compensation due in respect of the year;
  - for employees (full-time equivalent): fixed compensation, annual variable compensation paid during the year in respect of the previous year, profit-sharing and collective incentive plans paid in the year, long-term incentive award for the year valued in accordance with IFRS (accounting standards), pursuant to the AFEP-MEDEF guidelines, individual premiums paid during the year.

The compensation taken into account for the Corporate Officers and the employees is gross and does not include the employer's contributions.

For comparison purposes, the following table presents the annual change in the corporate officers' and employees' compensation compared to the Group's performance:

	2019	2020	2021	2022	2023
THE COMPANY'S PERFORMANCE					
Final share price for the year	€135.80	€127.55	€187.24	€169.20	€181.60
Change in final share price versus the previous year	+23.0%	-6.1%	+46.8%	-9.6%	+7.3%
Attributable net profit for the year	€1,938 M[a]	€788 M[a][b][c]	€2,060 M[a]	€2,860 M[a]	€2,946 M
Change in attributable net profit versus the previous year	+9%	-59%[c]	+161%[d]	+39 %[e]	+3%
EMPLOYEES' COMPENSATION					
Average compensation of employees during the year	€74,564	€74,919	€76,596	€76,439	€78,798
Change in average compensation versus the previous year	+1%	+0%	+2%	=	+3%
Median compensation of employees during the year	€57,800	€57,625	€56,645	€55,601	€58,188
Change in median compensation versus the previous year	+1%	-0%	-2%	-2%	+5%

(a) Adjusted net profit for 2019, 2020, 2021, 2022 and 2023.
(b) Impact of the combination with Luxottica.
(c) Impact of the Covid-19 epidemic.
(d) Strong recovery in 2021 following the Covid-19 pandemic, excluding GrandVision (significant increase by 16.1% at constant exchange rates compared to 2019).
(e) Impact of the integration of GrandVision.

Corporate officers' compensation

	2019	2020	2021	2022	2023
LEONARDO DEL VECCHIO WITH THE TITLE OF EXECUTIVE CHAIRMAN UNTIL DECEMBER 17, 2020					
Leonardo Del Vecchio	€3,320,325	€1,815,565			
Change in compensation *versus* the previous year	-[a]	-45%			
Ratio in relation to average compensation	45	24			
Ratio in relation to median compensation	57	32			
CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL JUNE 27, 2022					
Leonardo Del Vecchio	€820,382	€290,500			
Change in compensation *versus* the previous year		-65%			
Ratio in relation to average compensation	11	4			
Ratio in relation to median compensation	14	5			
CHIEF EXECUTIVE OFFICER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER FROM JUNE 28, 2022					
Francesco Milleri	€6,168,857	€7,803,639	€9,070,900		
Change in compensation *versus* the previous year		+27%	+16%		
Ratio in relation to average compensation	81	102	115		
Ratio in relation to median compensation	109	140	156		
DEPUTY CHIEF EXECUTIVE OFFICER					
Paul du Saillant	€4,753,740	€6,223,500	5 747 950 €		
Change in compensation *versus* the previous year		+31%	-8 %		
Ratio in relation to average compensation	62	81	73		
Ratio in relation to median compensation	84	112	99		

(a) 2019 compensation for the position of Chairman and Chief Executive Officer is 25% lower than in 2018.

3.3.4 Compensation paid in 2023 or awarded in respect of 2023 to corporate officers ("Say on Pay" or "Ex-post" vote)

The following resolutions will be submitted to the Annual Shareholders Meeting of April 30, 2024.

The purpose of the Fifth resolution is to submit for shareholder approval, in accordance with Article L.22-10-34, I of the French Commercial Code, the report presenting information on the compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to the corporate officers referred to in Article L.22-10-9 of the French Commercial Code.

This information includes the total compensation and benefits in kind paid in or awarded in respect of 2023 to corporate officers, including those whose term of office ended during the past fiscal year and those newly appointed during the year and the information, including CSR information, making it possible to establish a link between the corporate officers' compensation and the Company's performance.

The purpose of the Sixth resolution is to submit for shareholder approval, in accordance with Article L.22-10-34, II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Francesco Milleri, Chairman and Chief Executive Officer.

The purpose of the Seventh resolution is to submit for shareholder approval, in accordance with Article L.22-10-34, II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Paul du Saillant, Deputy Chief Executive Officer.

These votes are required in accordance with Article L.22-10-34 of the French Commercial Code as amended by Law no. 2016-1691 of December 9, 2016 (the "Sapin II Law"), Law no. 2019-486 of May 22, 2019 (the "PACTE Law"), and Government Order no. 2019-1234 of November 27, 2019.

These components are presented in the form of a table prepared in accordance with the recommendations contained in the AFEP-MEDEF Code Application Guide issued by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*).

Fifth resolution

Approval of the information relating to the compensation of Executive Corporate Officers referred to in Article L.22-10-9 I of the French Commercial Code

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Report on Corporate Governance referred to in Article L.225-37 of the French Commercial Code, approves, pursuant to Article L.22-10-34, I of the French Commercial Code, the information referred to in Article L.22-10-9, I of the French Commercial Code presented therein, as shown in Section 3.3, "Compensation of corporate officers" of this Universal Registration Document.

Sixth resolution

Approval of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Francesco Milleri, Chairman and Chief Executive Officer

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, pursuant to Article L.22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Francesco Milleri, Chairman and Chief Executive Officer, as shown in Section 3.3, "Compensation of corporate officers" of this Universal Registration Document.

The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of 2023 are summarized below.

Compensation components paid in 2023 or awarded in respect of 2023	Amount or accounting valuation submitted to the vote	Comments
Fixed compensation	€1,800,000	Gross fixed annual compensation of €1,800,000 approved by the Board of Directors on February 22, 2023 on the recommendation of the Nomination and Compensation Committee, in respect of his position as Chairman and Chief Executive Officer.
Variable compensation	€3,152,250	**Annual variable compensation awarded in respect of 2023** At its meeting of February 14, 2024, acting on the recommendation of the Nomination and Compensation Committee and after the approval of the financial items by the Audit and Risk Committee, the Board of Directors assessed the variable compensation payable to Francesco Milleri in respect of fiscal year 2023. In light of the financial and specific objectives approved by the Board at its meeting of February 22, 2023 and the achievements recorded at December 31, 2023, the amount of the variable component was assessed as follows: • growth in Group adjusted earnings per share (EPS), objective achieved at 123.9%; • revenue growth (at constant exchange rates, excluding strategic acquisitions), objective achieved at 150.0%; • adjusted operating profit, objective achieved at 102.5%; • corporate social responsibility, objective achieved at 200.0%. Consequently, the amount of Francesco Milleri's variable compensation for 2023 was set at €3,152,250, *i.e.*, 140.1% of his 2023 target bonus. Details of these criteria, their respective weighting and their assessment scales are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document. **Reminder: Annual variable compensation paid in 2023 (in respect of 2022)** Francesco Milleri received annual variable compensation of €2,437,500, *i.e.*, objectives achieved at 162.5%, paid in 2023.
Deferred variable compensation	N/A	Francesco Milleri does not benefit from any deferred variable compensation.
Multi-year variable compensation	N/A	Francesco Milleri does not benefit from any multi-year variable compensation.
Directors' compensation	€100,000	Francesco Milleri received €100,000 in respect of his directorship of EssilorLuxottica.
Exceptional compensation	N/A	Francesco Milleri did not benefit from any exceptional compensation.
Award of stock subscription and purchase options	N/A	Francesco Milleri does not benefit from stock options.
Award of performance shares	Number: 70,000 and accounting valuation: €4,733,400	At its October 2, 2023 meeting, in accordance with the authorization granted by the fifteenth resolution of the Shareholders' Meeting of May 21, 2021, and acting on the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded 70,000 performance shares to Francesco Milleri, valued at €4,733,400 according to the method used for the consolidated financial statements, *i.e.*, 3.1% of the total number of performance shares awarded and 0.015% of the share capital at December 31, 2023. The rules governing awards to corporate officers and the vesting conditions for such shares are set out in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Sign-on premium	N/A	Francesco Milleri did not benefit from any sign-on premium.

Compensation components paid in 2023 or awarded in respect of 2023	Amount or accounting valuation submitted to the vote	Comments
Termination benefits	No payment	Francesco Milleri did not receive any termination benefits for the fiscal year 2023. For information, in accordance with the recommendations of the AFEP-MEDEF Code, Francesco Milleri terminated his employment contract with effect from his appointment as Chief Executive Officer on May 21, 2021. **Reminder:** In accordance with the 2023 compensation policy for corporate officers approved at the Shareholders' Meeting of May 17, 2023, Francesco Milleri is eligible for termination benefits, in the event of forced departure, in an amount of two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the corporate office, plus one-twelfth of the last annual variable compensation due or received). The termination benefits are wholly subject to a performance condition. Details of the award criteria for these benefits are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Non-compete payment	No payment	Francesco Milleri did not receive any non-compete payment for the fiscal year 2023. As a reminder, since his appointment as Chief Executive Officer of EssilorLuxottica, Francesco Milleri has been eligible for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends. The non-compete payment would be paid in installments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received), accordingly: • the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate; • the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap. It should be noted that the non-compete undertaking entered into with Francesco Milleri does not provide for the possibility for the Board of Directors to waive the clause upon his departure. This is because, in view of the highly competitive environment in which the Company operates, the Board of Directors considered that it was essential that there was no uncertainty as to the application of the non-compete clause. In this respect, the Board of Directors considered it crucial for the Company to be headed up during this transition period by someone who knows the Company and the business sector well and is capable not only of reflecting the Group's values, strategy and ambition, but also of transforming its organization to anticipate changes on the market in which it operates. The Board of Directors therefore considered it primordial to safeguard the Group's strategic information and interests during the agreed period. For this reason, it deemed it appropriate to maintain the same system regarding the potential waiver of the non-compete clause as that applied to Francesco Milleri under his employment contract. Maintaining this system allows the corporate officer to commit to respecting clear, predefined rules, and contributes to building momentum and trust in relations with the officer, in the best interests of all stakeholders. Details of the award criteria for this payment are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Supplementary pension plan	N/A	Francesco Milleri is not eligible for the Company's defined benefit pension plan.
Employee death/disability and health insurance plans and defined contribution pension plan		Francesco Milleri was eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation.
Benefits in kind	No payment	Francesco Milleri did not receive any benefits in kind in 2023.

Seventh resolution

Approval of of the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Paul du Saillant, Deputy Chief Executive Officer

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, pursuant to Article L.22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of the year ended December 31, 2023 to Paul du Saillant, Deputy Chief Executive Officer, as shown in Section 3.3, "Compensation of corporate officers" of this Universal Registration Document.

The fixed, variable and exceptional components comprising the total compensation and benefits in kind paid in or awarded in respect of 2023 to Paul du Saillant are summarized below:

Compensation components paid in 2023 or awarded in respect of 2023	Amount or accounting valuation submitted to the vote	Comments
Fixed compensation	€1,250,000	Gross fixed annual compensation of €1,250,000 approved by the Board of Directors on February 22, 2023 on the recommendation of the Nomination and Compensation Committee.
Variable compensation	€1,751,250	**Annual variable compensation awarded in respect of 2023** At its meeting of February 14, 2024, acting on the recommendation of the Nomination and Compensation Committee and after the approval of the financial items by the Audit and Risk Committee, the Board of Directors assessed the variable compensation payable to Paul du Saillant in respect of fiscal year 2023. In light of the financial and specific objectives approved by the Board at its meeting of February 22, 2023 and the achievements recorded at December 31, 2023, the amount of the variable component was assessed as follows: • growth in Group adjusted earnings per share (EPS), objective achieved at 123.9%; • revenue growth (at constant exchange rates, excluding strategic acquisitions), objective achieved at 150.0%; • adjusted operating profit, objective achieved at 102.5%; • corporate social responsibility, objective achieved at 200.0%. Consequently, the amount of Paul du Saillant's variable compensation for 2023 was set at €1,751,250, *i.e.*, 140.1% of his 2023 target bonus. Details of these criteria, their respective weighting and their assessment scales are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document. **Reminder: Annual variable compensation paid in 2023 (in respect of 2022)** Paul du Saillant received annual variable compensation of €2,031,250, *i.e.*, objectives achieved at 162.5%, paid in 2023.
Deferred variable compensation	N/A	Paul du Saillant does not benefit from any deferred variable compensation.
Multi-year variable compensation	N/A	Paul du Saillant does not benefit from any multi-year variable compensation.
Directors' compensation	€100,000	Paul du Saillant received €100,000 in respect of his directorship of EssilorLuxottica.

Compensation components paid in 2023 or awarded in respect of 2023	Amount or accounting valuation submitted to the vote	Comments
Exceptional compensation	N/A	Paul du Saillant did not benefit from any exceptional compensation.
Award of stock subscription and purchase options	N/A	Paul du Saillant does not benefit from stock options.
Award of performance shares	Number: 35,000 and accounting valuation: €2,366,700	At its October 2, 2023 meeting, in accordance with the authorization granted by the fifteenth resolution of the Shareholders' Meeting of May 21, 2021, and acting on the recommendation of the Nomination and Compensation Committee, the Board of Directors awarded 35,000 performance shares to Paul du Saillant, valued at €2,366,700 according to the method used for the consolidated financial statements, *i.e.*, 1.5% of the total number of performance shares awarded and 0.008% of the share capital at December 31, 2023. The rules governing awards to corporate officers and the vesting conditions for such shares are set out in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Sign-on premium	N/A	Paul du Saillant did not benefit from any sign-on premium.
Termination benefits	No payment	Paul du Saillant did not receive any termination benefits for the fiscal year 2023. For information, Paul du Saillant's employment contract was suspended on March 30, 2020 following his appointment as Chief Executive Officer of Essilor International SAS. Upon his appointment as Deputy Chief Executive Officer of EssilorLuxottica, it was decided to maintain the suspension of his employment contract, in accordance with the AFEP-MEDEF Code. **Reminder:** In accordance with the 2023 compensation policy for corporate officers approved at the Shareholders' Meeting of May 17, 2023, Paul du Saillant is eligible for a severance payment composed of: • severance payment or dismissal payment required by law or related to the collective bargaining agreement (not subject to performance conditions); • a supra-legal severance payment for the corporate office that is wholly subject to a performance condition. In any event, the aggregate of these two payments (legal and supra-legal) may not exceed two years of cash compensation (calculated with reference to the average monthly amount corresponding to the fixed compensation received over the last full twelve months of service prior to notice of termination of the employment contract, plus one-twelfth of the last annual variable compensation due or received). The amount of the severance payment to which Paul du Saillant could be entitled by law or under the collective bargaining agreement in the event of dismissal would represent 6.75 months of the compensation awarded under his suspended employment contract (average monthly salary and of any contractual benefits received by Paul du Saillant during the twelve or three (whichever is more favorable) months immediately preceding the notice of his dismissal). The conditions for granting the severance payment, its maximum amount as well as the calculation methods were defined in accordance with the recommendations contained in the AFEP-MEDEF Code. Details of the award criteria for this payment are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.

Compensation components paid in 2023 or awarded in respect of 2023	Amount or accounting valuation submitted to the vote	Comments
Non-compete payment	No payment	Paul du Saillant did not receive any non-compete payment for the fiscal year 2023. Following the appointment of Paul du Saillant as Deputy Chief Executive Officer, the non-compete payment mentioned in his employment contract has been tightened to ensure compliance with the recommendations of the AFEP-MEDEF Code. As a reminder, since his appointment, Paul du Saillant is eligible for a non-compete payment under his employment contract, paid in installments over the period of application of the clause in an amount equal to 60% of his gross compensation (fixed + variable), for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. Accordingly: • the Board of Directors may waive the application of the non-compete clause when the officer leaves the Company; • the non-compete payment may not be paid if the officer retires or is over 65 at the time his duties terminate; • the aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap. Details of the award criteria for this payment are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Supplementary pension plan	No payment	Paul du Saillant is eligible for the supplementary pension plan under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation. Pursuant to the PACTE law and the Government Order of July 3, 2019 implementing certain provisions of this law, the supplementary defined benefit pension plan was closed on that date. Paul du Saillant recorded 11 years and two months of service at December 31, 2019. He has not accrued any additional rights since that date. Under this plan, in view of his length of service in the Group when the plan was closed, the theoretical calculation of the annual benefits due to Paul du Saillant at December 31, 2023 would be 12.8% of the average compensation actually received in 2021, 2022 and 2023 (*i.e.*, around €388,509). Details of the award criteria for this supplementary pension plan are provided in Section 3.3.2, "2023 compensation of corporate officers" of this Universal Registration Document.
Employee death/disability and health insurance plans and defined contribution pension plan		Paul du Saillant was eligible for the death/disability, health insurance and defined contribution pension plans in force within the EssilorLuxottica group under the same conditions as those applicable to the category of employees to which he is assimilated for the purpose of determining benefits and other components of his compensation.
Benefits in kind	No payment	Paul du Saillant did not receive any benefits in kind in 2023.

3.3.5 Compensation policy for corporate officers ("Say on Pay" or "Ex-ante" vote)

The following resolutions will be submitted to the Annual Shareholders Meeting of April 30, 2024.

Pursuant to Article L.22-10-8 of the French Commercial Code, the Board of Directors submits for the approval of the Shareholders' Meeting the principles and criteria for the determination, distribution and award of the fixed, variable and exceptional components making up total compensation and benefits in kind attributable to the corporate officers, representing the compensation policy applicable to them.

These principles and criteria approved by the Board of Directors on the recommendation of the Nomination and Compensation Committee are set out in the report under the above article and appear in Section 3.3 of this Universal Registration Document. It is hereby specified that the compensation policy for corporate officers, which is subject to an annual vote, is set by the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, based on the following key principles:

- compensation must be strictly aligned with the performance (including CSR) of EssilorLuxottica, in connection with the Company's business strategy;
- compensation must be considered as a whole: all components (cash compensation, long-term incentive, employee benefits and supplementary pension) and the balance between those components must be taken into account;
- compensation must be competitive with regard to the practices of comparable European and international companies;
- compensation must take account of Group employees' compensation and employment conditions: it must be consistent with that of the other senior executives and employees of EssilorLuxottica in terms of structure and progression;
- compensation must be governed by simple, clear, transparent rules.

1. Compensation policy for members of the Board of Directors

The compensation for members of the Board of Directors includes only cash compensation, whose maximum amount is voted on by the Shareholders' Meeting and whose allocation rules are set by the Board of Directors.

Directors' compensation includes a fixed component and a predominant variable component, which take into account (i) the type of offices held on the Board of Directors and its committees and (ii) the actual presence of the members at Board of Directors' and committee meetings.

Separate compensation is set for the Lead Director in order to take into account the specific duties associated with this position.

The fixed maximum amount of €2,000,000 approved by the Combined Shareholders' Meeting of November 29, 2018 will be awarded and allocated by the Board of Directors among the various members.

In accordance with Article L.22-10-8 II of the French Commercial Code, the purpose of **the Eighth resolution** is to submit for shareholder approval the compensation policy applicable to the members of the Board of Directors. Details of the compensation policy for members of the Board of Directors are provided in Section 3.3.1 of this Universal Registration Document.

2. Compensation policy of the Executive Corporate Officers

The compensation of the Executive Corporate Officers includes three main components:

- a fixed component, which should attract and retain top talents;
- a short-term variable component, linked to the achievement of strategic financial objectives at the start of each fiscal year;
- a long-term incentive component, which is designed to encourage the creation of lasting value for shareholders and to align the interests of the Executive Corporate Officers with those of shareholders.

Fixed compensation	Short-term compensation *(Can represent respectively 150% and 125% of fixed compensation if objectives are achieved in full for Chairman and Chief Executive Officer and Deputy Chief Executive Officer without exceeding respectively 300% and 250%)*	Long-term compensation *(performance conditions measured over a period of three years)*
	100% of financial criteria: • group adjusted Earnings per share (EPS); • revenue growth (at constant exchange rates, excluding strategic acquisitions); • adjusted *Operating profit*.	80% of financial criteria: • annualized growth in share price • Group adjusted earnings per share (EPS) 20% of non-financial criteria linked to a CSR objective.

The purpose of the **Ninth resolution** is to submit for shareholder approval the compensation policy that applies to Francesco Milleri, Chairman and Chief Executive Officer.

The purpose of the **Tenth resolution** is to submit for shareholder approval the compensation policy that applies to Paul du Saillant, Deputy Chief Executive Officer.

Details of all compensation policies and the planned changes can be found in the "Report on Corporate Governance" in Section 3.3.1 of this Universal Registration Document.

Eighth resolution

Approval of the compensation policy applicable to the members of the Board of Directors

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Board of Directors' Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the components of the compensation policy applicable to the members of the Board of Directors, as presented in Section 3.3.1, "Compensation policy for corporate officers" of this Universal Registration Document.

Ninth resolution

Approval of the compensation policy applicable to the Chairman and Chief Executive Officer

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Board of Directors' Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the components of the compensation policy applicable to the Chairman and Chief Executive Officer, as presented in Section 3.3.1, "Compensation policy for corporate officers" of this Universal Registration Document.

Tenth resolution

Approval of the compensation policy applicable to the Deputy Chief Executive Officer

The Shareholders' Meeting, acting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, and having reviewed the Board of Directors' Report on Corporate Governance, pursuant to Article L.22-10-8 II of the French Commercial Code, approves the components of the compensation policy applicable to the Deputy Chief Executive Officer, as presented Section 3.3.1, "Compensation policy for corporate officers" of this Universal Registration Document.

3.3.6 Summary statement of transactions in Company securities carried out by corporate officers (or persons closely related to them) in 2023

(Article 223-26 of the AMF General Regulations)

First name	Last name	Title	Description of the financial instrument	Transaction type	Transaction date	Transaction amount	Shares
Francesco	Milleri	Chairman and Chief Executive Officer	Shares	Transfer [1]	04/21/2023	-	398,752
				Dividend payment in shares	06/13/2023	€1,429,685.35	8,885
				Dividend payment in shares as of Milleri Srl	06/13/2023	€70,639;49	439
				Pledge [2]	06/14/2023		442,637
				Vesting of 2020 free shares plan award	10/02/2023	-	35,000
				Transfer [3]	10/02/2023	-	35,000
Paul	du Saillant	Deputy Chief Executive Officer	Shares	Donation partition	01/04/2023		20,000
				Dividend payment in shares [4]	06/13/2023	€19,190.45	119.262
				Dividend payment in shares	06/13/2023	€1,077,453.36	6,696
				Disposal from dividend payment in shares	08/21/2023	€2,534,525.00	14,483
				Vesting of 2020 free shares plan award	10/02/2023	-	35,045
				Vesting of 2020 free shares plan award - Collective plan	11/27/2023	-	20
				Purchase within the framework of the Company Savings Plan ("PEE")	12/20/2023	€195,047.16	1,414
Margot	Bard	Director representing employees	Shares	Dividend payment in shares [5]	06/13/2023	€10,719.99	66.621
				Dividend payment in shares	06/13/2023	€9,171.87	57
				Vesting of 2020 free shares plan award	10/02/2023	-	515
				Vesting of 2020 free shares plan award - Collective plan	11/27/2023	-	20
				Purchase within the framework of the Company Savings Plan ("PEE")	12/20/2023	€14,621.64	106

First name	Last name	Title	Description of the financial instrument	Transaction type	Transaction date	Transaction amount	Shares
Romolo	Bardin	Director representing Delfin	Shares	Transfer[(a)]	04/21/2023	-	4,125
				Disposal	06/09/2023	€168,020.00	1,000
				Dividend payment in shares	06/13/2023	€46,502.99	289
				Disposal	06/14/2023	€167,330.20	1,000
				Purchase	10/27/2023	€504,038.40	3,000
Sébastien	Brown	Director representing employees	Shares	Dividend payment in shares[(d)]	06/13/2023	€836.09	5.196
				Dividend payment in shares	06/13/2023	€160.91	1
				Vesting of 2020 free shares plan award	10/02/2023	-	4
				Vesting of 2020 free shares plan award – Collective plan	11/27/2023	-	20
				Purchase within the framework of the Company Savings Plan ("PEE")	12/20/2023	€19,173.66	139
Virginie	Mercier Pitre	Director representing Valoptec Association[(e)]	Shares	Dividend payment in shares[(d)]	06/13/2023	4,634.37 €	28.801
				Vesting of 2020 free shares plan award	10/02/2023	-	1 505
				Vesting of 2020 free shares plan award - Collective plan	11/27/2023	-	20
				Purchase Valoptec International share	12/09/2023	€196.87 €	1.0372
				Purchase within the framework of the Company Savings Plan ("PEE")	12/20/2023	€15,035.46	109
Andrea	Zappia	Independent Director	Shares	Purchase	09/26/2023	€162,852.20	1,000
Jean-Luc	Biamonti	Independent Director	Shares	Purchase	07/27/2023	€124,032.02	700
Swati	Piramal	Independent Director	Shares	Dividend payment in shares	06/13/2023	€2,413.65	15

(a) Transfer of ownership as part of a bequest received from Mr. Leonardo Del Vecchio following his death (June 27, 2022).
(b) Pledge of 442,637 EssilorLuxottica shares on behalf of Mr. Milleri to secure a bank loan.
(c) Transfer of EssilorLuxottica shares made by Francesco Milleri to Milleri Srl, owned and managed by F. Milleri himself.
(d) FCPE units acquired through payment of the dividend in EssilorLuxottica shares to the Company Savings Plan ("PEE").
(e) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

3.4 Appendix: Summary table of recommendations of the AFEP-MEDEF Code that have not been applied

Reminder of the Corporate Governance Code of reference

The Board of Directors of the Group declared that, as of March 4, 2009, the AFEP and MEDEF Corporate Governance Code for listed companies of December 2008, available on the AFEP and MEDEF websites, will be the Code to which EssilorLuxottica refers, especially for the preparation of the report provided for in Article L.225-37 and L.22-10-11 of the French Commercial Code.

On December 20, 2022, a modified AFEP-MEDEF Code was issued. In this Universal Registration Document, the Company refers to the AFEP-MEDEF Code as revised on December 20, 2022 (the "AFEP-MEDEF Code").

The composition of the Board of Directors and Committees of EssilorLuxottica shall comply with applicable laws and regulations and with the AFEP-MEDEF Code (subject to limited exceptions detailed hereafter).

Implementation of the "comply or explain" rule

With regard to the "Comply or Explain" rule provided for in Articles L.225-37 and L.22-10-11 of the French Commercial Code and referred to in Article 28.1 of the AFEP-MEDEF Code, the Company considers that its practices comply with the recommendations of the AFEP-MEDEF Code.

However, certain provisions have been disregarded for the reasons explained in the table below:

References AFEP-MEDEF Code	Recommendations	Indicative deviations within EssilorLuxottica's governance
10.5.1	**Independence criteria** *"Not to be and not to have been within the previous five years:* • *an employee or executive officer of the corporation;* • *an employee, executive officer or Director of a company consolidated within the corporation;* • *an employee, executive officer or Director of the company's parent company or a company consolidated within this parent company."*	Nearly all the independent Board members in place at EssilorLuxottica prior to the May 2021 change in the Board of Directors were Board members who also served as independent Board members, either on the Luxottica or Essilor International Board of Directors prior to the combination of the two groups. This situation results from the fact that the merger of the two groups did not occur through a conventional merger, but through the implementation of an *ad hoc* structure in which Luxottica and Essilor International became two sister companies, subsidiaries of the same holding company called EssilorLuxottica, the management of which was very broadly autonomous. This is therefore a different situation from what is addressed by Article 10.5.1 of the AFEP-MEDEF Code, which aims to prevent situations in which a Board member is asked to monitor, supervise or question decisions in which s/he himself or herself has taken part as a corporate officer ("mandataire social") within a controlled subsidiary. It was to take account of the specific nature of the operation that the EssilorLuxottica Board Internal Rules stipulated from the outset that, with regard to what constitutes independence, and as an exemption from the principle set out in Article 10.5.1 of the AFEP-MEDEF Code, the fact of being or having been a Board member of Essilor International or Luxottica in the five preceding years would not affect the "independent" criterion. Accordingly, upon being appointed in 2017, Ms Scocchia was deemed by the Board of Directors to be an independent member despite positions held within Luxottica. Subsequently, this qualification was unanimously renewed by the Board of Directors each year for each of the Board members concerned. This meant that Ms Scocchia retained her position on the Luxottica Board of Directors until April 30, 2019 and Mr. Zappia retained his position in the Luxottica Board of Directors until April 27, 2020. For these reasons and in accordance with its rules of procedure and as a continuation of the assessment made previously, the Board of Directors meeting on February 24, 2021 considered that Ms Scocchia and Mr. Zappia (who were then being considered for appointment or reappointment as Board members) could be considered independent. On February 14, 2024 the Board of Directors renewed this assessment. The Board's rules in relation to conflict of interests apply to all Board members and these provisions should also apply in case of conflicts of interests between EssilorLuxottica and its subsidiaries, including Essilor International and Luxottica Group. Consequently, Ms. Scocchia and Mr. Zappia would be prevented from deliberating and voting on any decision concerning a matter relating to Luxottica Group that derives from a decision submitted to the Board of Directors of this entity at the time they were member of such Board.

References AFEP-MEDEF Code	Recommendations	Indicative deviations within EssilorLuxottica's governance
15.2	**Directors' terms of office** *"Terms of office are staggered to avoid all reappointments happening at once and to make the reappointment process smoother."*	During the Initial Term, the terms of office of the Directors of EssilorLuxottica have not been staggered, to ensure a smooth transition and seamless integration of the two companies in the context of the Combination. The Shareholders' Meeting held on May 21, 2021 amended Article 13 of the bylaws so that the staggered term of office of Directors only starts to apply in 2024. This allows Directors renewed and newly appointed in 2021 to have 3 full years of stability to work more efficiently. It is proposed to the 2024 Shareholders' Meeting to appoint the Directors for durations allowing staggered terms of office.
19.1	**Composition of the Nomination and Compensation Committee** *"It is recommended that the Chairman of the Nomination and Compensation Committee be independent and that one of its members be an employee Director."*	The Chairman of the Nomination and Compensation Committee is independent. However, an employee Director is not a member of this committee. Continuing the policy of Essilor, EssilorLuxottica gives considerable voice to employee Directors (Directors representing employees and Directors representing employee shareholders), particularly regarding decisions taken by the EssilorLuxottica Board of Directors, which includes two Directors representing employees and one Director representing the employee shareholders association Valoptec[(a)]. The EssilorLuxottica group submitted a three-year performance shares plan to the first EssilorLuxottica Shareholders' Meeting held on November 29, 2018. This principle was renewed at the Shareholders' Meeting held on May 21, 2021 and its renewal will be submitted to the Sharehodlers' Meeting on April 30, 2024. The presence of a strong internal share ownership structure, which is independently represented and managed worldwide by the French non-profit association "Valoptec Association," is a major factor in the Group's long-term performance, strategic alignment and excellence. The Association brings together a significant proportion of employee shareholders who can express their views and vote once a year on the Human Resources strategy, compensation and decisions such as the appointment and reappointment of Executive Corporate Officers. EssilorLuxottica's particularism, linked to the role played by Valoptec Association, which brings together a large number of employees shareholders, allows for a real collective involvement of employees in the life of the company, including on aspects of remuneration, and in this way meets the objectives set by the Afep Medef Code in the context of recommendation 19.1. Moreover, the three Directors representing employees and employees shareholders, as all other members of the Board of Directors hear the reports from the Nomination and Compensation Committee and have access to the documents presented by the Committee. During the Board meetings, they can ask questions and can comment on all the topics addressed by the Nomination and Compensation Committee.
25.3 and 26.5.1	**Non-compete payment** *"The Board must also make provision for no non-competition benefit to be paid once the officer claims his or her pension rights. In any event, no benefit can be paid over the age of 65."*	The compensation policy applicable to the Chairman and Chief Executive Officer for 2023 provided for a non-compete payment for respecting a non-compete obligation of 20 months from the date his corporate office ends. The compensation policy applicable to the Deputy Chief Executive Officer for 2023 provided for a non-compete payment for respecting a non-compete obligation of 12 to 24 months from the termination date of his employment contract. These compensation policies also stipulated that no non-compete payment could be paid beyond the age of 65. However, the Board considered that preserving strategic information and the Group's interests is essential and remains necessary in the event of an executive officer's departure, irrespective of their age. This is because even after the age of 65, the executive officer is still able to carry out executive or non-executive duties (either as a consultant or in a non-executive capacity) in competing groups or in situations likely to harm the Company's interests. The risk that the Group seeks to mitigate by means of such agreements therefore persists, regardless of age. Therefore, on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to modify the non-compete payment policies for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer by eliminating any reference to age. The Board also took into account the fact that no payment could be made under the non-compete clause in the event of the Chairman and Chief Executive Officer's or Deputy Chief Executive Officer's retirement."

(a) Valoptec is not an employees' shareholding representative body within the meaning of Article L.225-23 of the French Commercial Code.

3.5 Appendix: List of offices and responsibilities

FRANCESCO MILLERI

CHAIRMAN AND CHIEF EXECUTIVE OFFICER – NON-INDIPENDENT DIRECTOR

First appointment as Director: October 1, 2018 [a]
Current term ends: Shareholders' Meeting 2024



64 years old
(Country of citizenship: Italy)
Number of shares:
451,522[b]
Main positions:
Chairman and CEO
of EssilorLuxottica
Business address:
EssilorLuxottica
147, rue de Paris
94220 Charenton-Le-Pont
France

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Francesco Milleri is Chairman and Chief Executive Officer (CEO) of EssilorLuxottica.

He graduated with honors in Law at the University of Florence, where he worked as Assistant Professor of political economy, from 1984 until 1986. He later earned in 1987 an MBA in Business Administration with high merit at the school of management at the Bocconi University in Milan, followed by two years of specialization in Corporate Finance at the Stern School of Business at New York University as the assignee of the "Donato Menichella" scholarship from Banca d'Italia.

Francesco Milleri began his career as a business consultant for Italian groups and multinationals in 1988. He gained international experience working in a variety of industries, from mechanics to consumer goods, from financial institutions to pharmaceuticals.

Alongside business consulting activities, he founded in 1996 and developed for about 20 years a group of companies focused on technology and digital automation platforms.

He is also Director of the Leonardo Del Vecchio Foundation and of IEO European Institute of Oncology.

While maintaining his responsibilities at Luxottica, Francesco Milleri has been involved in the business combination between Essilor and Luxottica since January 2017. In close collaboration with Paul du Saillant and his teams, he has been actively working on advancing the integration and synergy plans of the two companies. He was appointed as CEO of EssilorLuxottica in December 2020.

Francesco Milleri brings to the EssilorLuxottica Board of Directors his extensive expertise as a strategist for global companies and his proven ability to futurize business through digital technology and infrastructure.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Chairman and Chief Executive Officer (CEO) of EssilorLuxottica*

EssilorLuxottica group

Chairman and CEO

- Luxottica Group S.p.A.
- Essilor International

External companies (non EssilorLuxottica group)

Chairman

- Delfin S.à.r.l (Luxembourg)

Director

- IEO European Institute of Oncology (Italy)
- Leonardo Del Vecchio Foundation (Italy)

Sole Director

- Milleri S.r.l. (Italy)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

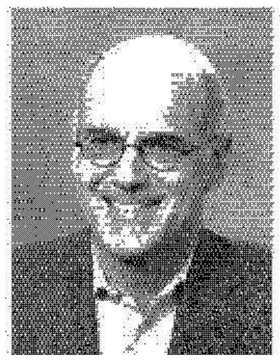
EssilorLuxottica group

None

(a) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
(b) In addition, Mr. Milleri holds 57,343 EssilorLuxottica shares via Milleri S.r.l., a company that he fully owns.
* Listed company.

PAUL DU SAILLANT

DEPUTY CHIEF EXECUTIVE OFFICER – NON-INDEPENDENT DIRECTOR



64 years old
(Country of citizenship: France)
Number of shares:
368,311
Main position:
Deputy Chief Executive Officer of EssilorLuxottica
Business address:
EssilorLuxottica
147, rue de Paris
94220 Charenton-Le-Pont
France

First appointment as Director: March 30, 2020
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Paul du Saillant is Deputy Chief Executive Officer (Deputy CEO) of EssilorLuxottica.

He joined Essilor in 2008, after 20 years spent at Air Liquide, where he held operational and strategic leadership roles at group level across businesses, geographies, as well as R&D, engineering and IT.

Between 2002 and 2007, he served as Chief Operating Officer (COO) of Belgian Group Lhoist.

Over 13 years, he has been responsible for managing key business & corporate functions of the Essilor Group. In July 2010, he was appointed co-Chief Operating Officer, responsible for both large geographic zones (Europe, Asia and Latin America) and cross-functional global functions (Human Resources, R&D, industrial activities, transformation program, IT, etc.), then of Essilor's Lens business from 2017.

In March 2020, he became Chief Executive Officer of Essilor.

While maintaining his responsibilities at Essilor, Paul du Saillant was involved in the business combination between Essilor and Luxottica since January 2017. In close collaboration with Francesco Milleri and their teams, he is actively working on the integration and the synergy plans of the three companies. He defines the Group's strategy with Francesco Milleri and ensures its execution and performance. He was appointed as Deputy CEO of EssilorLuxottica in December 2020.

Paul du Saillant brings to the EssilorLuxottica Board 39 years of international experience in world-class groups with successful long-term strategy, values and global/local presence. He contributes detailed knowledge of the optical industry, markets and technology as well as of human and sustainability aspects.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position
Deputy Chief Executive Officer of EssilorLuxottica*
EssilorLuxottica group
Director
- EssilorLuxottica*
- Essilor International
- Luxottica Group S.p.A.

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group susidiaries
- Essilor International

President and Chief Executive Officer
Deputy Chief Executive Officer
Deputy Chief Operating Officer
External companies (non EssilorLuxottica group)
Director
- Sibelco (Belgium)

* Listed company.

MARGOT BARD

DIRECTOR REPRESENTING EMPLOYEES



58 years old

(Country of citizenship: France)

Number of shares:

8,434

Main position:

Supply Chain Services Director at Essilor Worlwide SC Department

Business address:

81, boulevard Jean Baptiste Oudry

94000 Créteil

France

First appointment as Director: September 22, 2021

Current term ends: September 21, 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Margot Bard is Supply Chain (SC) Services Director for Essilor's Worldwide SC Department.

She joined Essilor in 2005 with the responsibility of developing and implementing logistics solutions for key accounts.

As Ray-Ban RX Project Director for the past two years, she has helped roll out the first joint product line from Essilor and Luxottica.

Before joining Essilor, Margot Bard worked for the consulting firm McKinsey & Company, where she focused on implementing lean manufacturing programs on behalf of the firm's clients.

Margot Bard obtained a degree in international business from the Krakow University of Economics in 1989. She also holds a degree from the *Conservatoire National des Arts et Métiers* in Paris.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

WWSC Services Director at Essilor

EssilorLuxottica group

Director representing employees

- EssilorLuxottica*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

ROMOLO BARDIN

NON-INDEPENDENT DIRECTOR



45 years old
(Country of citizenship: Italy)
Number of shares:
15,715
Main position:
Chief Executive Officer
of Delfin S.à r.l. (Luxembourg)
Business address:
7, rue de la Chapelle
1325 Luxembourg
Luxembourg

First appointment as Director: October 1, 2018[a]
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Romolo Bardin is member of the Board of Directors and Chief Executive Officer of Delfin. He began his career in Luxottica in 2002.

Romolo Bardin also holds positions in the following organizations:

- Covivio S.A. as member of the Board of Directors, member of the Audit Committee and the Strategic and Investment Committee;
- Member of the following Boards of Directors: Aterno S.à r.l., DFR investment S.à r.l., Leonardo del Vecchio Foundation, Vast Gain Limited Ltd S.à r.l., Immochapelle S.A., Luxair S.A and Blue Sky S.à r.l.

He was Independent Director as well as member of the Investment Committee, Strategic Committee, Nomination Committee, Related Party Transactions Committee of Assicurazioni Generali S.p.A until January 17, 2022.

Romolo Bardin is member of the Audit and Risk Committee and member of the Nomination and Compensation Committee of EssilorLuxottica.

Romolo Bardin brings to the EssilorLuxottica Board of Directors his high-level expertise in terms of strategy, management and finance, acquired during these years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Chief Executive Officer of Delfin S.à r.l. (Luxembourg)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Covivio S.A. (France)*
- Delfin S.à r.l. (Luxembourg)
- Luxair S.A. (Luxembourg)

External companies (Delfin S.à r.l. group)

Director

- Aterno S.à r.l. (Luxembourg)
- DFR Investment S.à r.l. (Luxembourg)
- Leonardo Del Vecchio Foundation (Italy)
- Vast Gain Limited Ltd S.à r.l. (Luxembourg)
- Immochapelle S.A. (Luxembourg)
- Blue Sky S.à r.l. (Luxembourg)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (Covivio S.A. group)

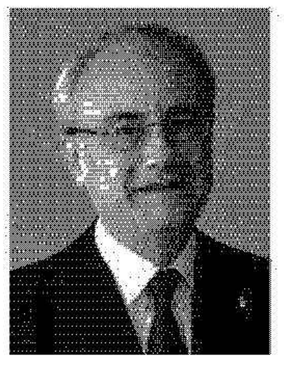
Director

- Assicurazioni Generali S.p.A. (Italy)*
- Batisica S.A. (Luxembourg)
- Immeo Berlin I (Luxembourg)
- Immeo Berlin V (Luxembourg)
- Immeo Lux S.à r.l. (Luxembourg)
- Immeo Berlin Prime S.à r.l. (Luxembourg)
- Berlin Prime Commercial S.à r.l. (Luxembourg)
- Immeo Valore 4 S.à r.l. (Luxembourg)
- Immeo Valore 6 S.à r.l. (Luxembourg)
- Delfin Finance S.A (Luxembourg)

(a) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
* Listed company.

JEAN-LUC BIAMONTI

INDEPENDENT DIRECTOR



70 years old
(Country of citizenship: Principality of Monaco)

Number of shares:
1,700

Main position:
Chairman of the Strategic Committee of Calcium Capital (France)

Business address:
18, avenue de Grande-Bretagne
98000 Monaco
Principality of Monaco

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Jean-Luc Biamonti is Chairman of the Strategic Committee of Calcium Capital.

He was CEO of Monte-Carlo Société des Bains de Mer, where he was a Board Director since 1985 and Chairman of the Board since 1995. He is also Chairman of the Board of Covivio since July 2022.

After graduating from Essec Business School (Paris) and Columbia University – Business School, Jean-Luc Biamonti started his career at Nestlé in 1979. He then moved to investment banking joining successively The First Boston Corporation, Wasserstein Perella and Crédit Lyonnais Security.

In 1993, Jean-Luc Biamonti joined Goldman Sachs where he was successively responsible for investment banking activities in France and in Belgium, and for retail and consumer goods industry in Europe. He was also a partner in the firm.

In 2012, Jean-Luc Biamonti founded Calcium Capital, a private equity firm.

He is Chairman of the EssilorLuxottica Audit and Risks Committee and, since February 22, 2023, Lead Director.

Jean-Luc Biamonti brings to the EssilorLuxottica Board of Directors his international expertise in retail and luxury goods.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Chairman of the Strategic Committee of Calcium Capital (France)

EssilorLuxottica group

Lead Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Chairman

- Covivio S.A. * (Paris, France)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Chairman and CEO

- Monte-Carlo Société des Bains de Mer* (Principality of Monaco) – until January 2023

Director, Chairman of the Audit Committee and Member of the Remunerations and Nomination Committee

- Covivio S.A. * (Paris, France)

Chairman of the Administration Committee

- Betclic Everest Group (a 50% subsidiary company of Monte-Carlo Société des Bains de Mer)

* Listed company.

SÉBASTIEN BROWN

DIRECTOR REPRESENTING EMPLOYEES



29 years old
(Country of citizenship: France)

Number of shares:
488

Main position:
Ideal State Survey Manager at Essilor (France)

Business address:
81, boulevard Jean Baptiste Oudry
94000 Créteil
France

First appointment as Director: September 22, 2021
Current term ends: September 21, 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Sébastien Brown is Ideal State Survey Manager for worldwide mass production plants at Essilor, based in Créteil (France). He holds a degree in industrial engineering from the Arts & Métiers ParisTech engineering school.

From 2015 to 2018, he served as a continuous improvement engineer apprentice before joining the Operational Excellence & Innovation team, where his main responsibility was to manage projects related to automation.

In 2020, Sébastien Brown was named head of the Operational Excellence Department at the Dijon site, and in 2021 his responsibilities were expanded to include IT systems and project portfolio management.

In 2023, he took his current position within the operational headquarters, in charge of the identification of new automation projects.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Ideal State Survey Manager at Essilor (France)
EssilorLuxottica group
Director representing employees

- EssilorLuxottica*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

MARIE-CHRISTINE COISNE-ROQUETTE

INDEPENDENT DIRECTOR



67 years old
(Country of citizenship: France)

Number of shares:
1,000

Main position:
Chairperson of Sonepar Group (France)

Business address:
25, rue d'Astorg
75008 Paris
France

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Marie-Christine Coisne-Roquette is Chairperson of Sonepar Group.

Sonepar is the worldwide leader of electrical equipment.

She has been a member of the Board of Directors of TotalEnergies since 2011, where she serves on the Audit plus Ethics and Governance Committees.

Marie-Christine Coisne-Roquette started her career as an attorney in 1981, at the Paris and New York bars. In 1984, she joined the Board of Directors of the family holding, Colam Entreprendre, and subsequently acted as Chairperson of both the Colam Entreprendre Executive Board and the Sonepar Supervisory Board.

As of 2002, she has been Chairperson and CEO of Sonepar, then Chairperson of the Board of Sonepar before becoming Chairperson of Sonepar S.A.S. in May 2016. Marie-Christine Coisne-Roquette served the MEDEF (France's main employers' association) as Executive Committee member (2000-2013) and was the Chairperson of the Tax Commission from 2005 to 2013. She was also a member of the Economic, Social and Environmental Council (2013-2015).

Marie-Christine Coisne-Roquette brings to the EssilorLuxottica Board of Directors her extensive international expertise in terms of strategy and management ability acquired during all her career.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Chairperson of Sonepar Group
EssilorLuxottica group

Director
- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Chairperson of Ethics and Governance Board member
- TotalEnergies* (France)

Director
- Fondation Recherche Alzheimer
- AFEP (France)

Board member and Vice Chairperson
- ANSA (Association Nationale des Sociétés par Actions – France)

Member of the Bureau and Director
- MEDEF International (France)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Chief Executive Officer
- Sonepack S.A.S (France)

Chairwoman
- Colam Entreprendre
- CMI (France)

Member of the Supervisory Board
- Akuo Energy S.A.S. (France)

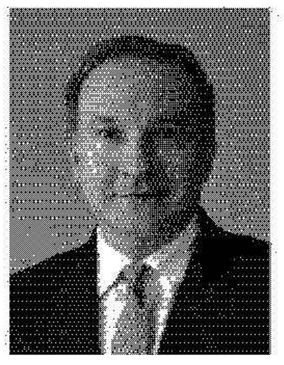
Legal representative of Sonepar S.A.S., Co-Manager of
- Sonedis *(société civile)* (France)

Director
- FONDACT (France)

* Listed company.

JOSÉ GONZALO

INDEPENDENT DIRECTOR



58 years old
(Country of citizenship: France)
Number of shares:
1,000
Main position:
Executive Director of Direct Investment of Bpifrance Investissement (France)
Business address:
6/8, boulevard Haussmann
75009 Paris
France

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

José Gonzalo is Executive Director of Direct Investment in Small, Medium and Large Companies of Bpifrance, with a portfolio representing €30 billion in asset management. He is also a Board and Audit Committee member of CMA-CGM and Alstom, a Board member of Paprec and Galiléo Global Education (France).

A graduate of Sciences Po Paris and the University Paris Dauphine, he has 28 years of experience in mergers and acquisitions. After starting his career in the M&A Department of La Compagnie Financière Rothschild, he joined the Orange Group where he held several executive positions.

Between 2009 and 2014, José Gonzalo served as Capgemini's Head of Mergers and Acquisitions.

He is member of the EssilorLuxottica Nomination and Compensation Committee.

José Gonzalo brings to the EssilorLuxottica Board of Directors his extensive expertise and practice in terms of strategy, merger and acquisitions and management acquired during many years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Executive Director of Direct Investment in Small, Medium and Large Companies of Bpifrance Investissement (France)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Board & Audit Committee Member

- CMA-CGM (France)
- Alstom (France)

Director

- Paprec (France)
- Galiléo Global Education (France)

Board & Remunerations, M&A Committee Member

- Diot-Siaci (France)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Director

- Avril (France)
- Limagrain (France)
- Total Eren (France)

* Listed company.

VIRGINIE MERCIER PITRE

NON-INDEPENDENT DIRECTOR



57 years old
(Country of citizenship: France)
Number of shares:
10,820
Main position:
VP Key Account EssilorLuxottica EMEA Wholesale
Business address:
147, rue de Paris
94220 Charenton-le-Pont
France

First appointment as Director: January 20, 2022
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Virginie Mercier Pitre is VP Key Account EssilorLuxottica EMEA Wholesale. She is also President of the Valoptec Association [a].

She began her career at Essilor International in 1989 where she held various marketing positions, including product manager for various Essilor brands (Varilux, Crizal, *etc.*). In 2000, she took on the Marketing Department of Novisia managing the Nikon brand in EMEA. In 2006, she pursued a commercial career at BBGR, a subsidiary of the Group, then took on the Key Accounts Department of Essilor in Europe in 2012 as well as the coordination of Global Accounts in 2016. From 2018, Virginie Mercier Pitre has contributed to numerous commercial synergy projects for the integration of EssilorLuxottica. In 2020, she was appointed VP Commercial of Essilor in Europe, which led her to set up Commercial Excellence projects (customer satisfaction, revenue management and sales effectiveness). In 2022 she was appointed VP Key Account EssilorLuxottica EMEA Wholesale.

By virtue of her functions, she has a good understanding of the value chain, the challenges and opportunities of the market as well as a great knowledge of the main key customers of the Group.

She is member of the CSR Committee of EssilorLuxottica.

Virginie Mercier Pitre brings to the Board of Directors the benefit of her extensive knowledge of the Group. Her presence at the Board of Directors is a strong signal of the importance EssilorLuxottica attaches to employee shareholding.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

VP Key Account of EssilorLuxottica EMEA

EssilorLuxottica group companies

Director

- EssilorLuxottica*

President of the Board of Directors

- Valoptec Association [a]

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group companies

VP Key Accounts VP Commercial

- Essilor Europe

(a) Valoptec is not an employees' representative body within the meaning of Article L.225-23 of the French Commercial Code.
* Listed company.

MARIO NOTARI

NON-INDEPENDENT DIRECTOR



59 years old
(Country of citizenship: Italy)

Number of shares:
2,050

Main position:
Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)

Business address:
Via Metastasio, 5
20123 Milan
Italy

First appointment as Director: June 28, 2022
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Mario Notari is graduated in Law at the University of Milan in 1988, notary in Milan since 1994, associate professor since 1998 and full professor since 2001.

Full Professor of Business Law at Bocconi University of Milan, he was Director of the PhD in Business Law at University of Brescia and then Director of the PhD in Legal Studies at Bocconi University of Milan.

Author and editor of numerous books, articles, manuals and commentaries on the fields of corporate, company and financial market law, as well as member of the management and editorial board of some national scientific journals. Member, Chairman or coordinator of various institutional and academic boards.

Mario Notari acts as legal advisor to industrial and financial groups, as well as national and international arbitrator in the areas of corporate, contracts and financial market law.

He has been Director and member of the supervisory boards of listed and unlisted companies, including: Camfin S.p.A., Kairos Partners SGR S.p.A., Assicurazioni Generali S.p.A., RCS Media Group S.p.A., Luxottica Group S.p.A. and ENI S.p.A.

He is currently Director of Delfin S.à r.l. and Banca Mediolanum S.p.A., and also Chairman of the Board of Directors of Beyond Investment S.p.A.

Mario Notari brings to the EssilorLuxottica Board his profound expertise in corporate, financial and competition law and his practice in corporate governance and M&A, which he has deepened over the years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Full Professor of Business Law at Bocconi University of Milan and Notary at ZNR notai (Italy)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Delfin S.à r.l. (Luxembourg)
- Banca Mediolanum S.p.A.* (Italy)
- Leonardo Del Vecchio Foundation (Italy)

Chairman of Board of Directors

- Beyond Investment S.p.A.* (Italy)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

EssilorLuxottica group

Director

- Luxottica Group S.p.A.* (2015-2018)

External companies (non EssilorLuxottica group)

Sindaco Effettivo

- ENI S.p.A.* (2020)

Director

- Sanità Isola Tiberina Società a responsabilità limitata Impresa Sociale "SIT S.r.l. I.S." (2021-2022)

* Listed company.

SWATI A. PIRAMAL

INDEPENDENT DIRECTOR



67 years old
(Country of citizenship: India)

Number of shares:
1,028

Main position:
Vice Chairperson of Piramal Enterprises Limited (India)

Business address:
Piramal Tower, A wing
Ganpatrao Kadam Marg,
Lower Parel
Mumbai 400 13
India

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Swati Piramal is Vice Chairperson of Piramal Enterprises, a leading Indian multinational company in healthcare, financial services and information management.

A medicine graduate from the Mumbai University and Harvard Business School, Swati Piramal has used her background in public health and business to change the trajectory of healthcare, education, and public policy in India. One of India's leading scientists and industrialists, she is also involved in public health and innovation.

As the Director of the Piramal Foundation, Swati Piramal helps promote health in rural India, women's empowerment and community education.

She was also the first woman president of India's Apex Chamber of Commerce in 90 years, helping to influence important public policies and governance. She served as an adviser to the Indian Prime Minister in science, technology and economic policy.

Furthermore, Swati Piramal is currently in the Board of Directors of Allergan India Pvt. Ltd. (since 2001) and Nestle India Limited (since 2020). Since 2019, she is also a member of SIDRA Board of Governors.

Swati Piramal is Chairwoman of the EssilorLuxottica CSR Committee.

Swati Piramal brings to the EssilorLuxottica Board her experience in healthcare, financial services, manufacturing and academic general management with long terms perspectives, as well as a knowledge of the Indian market.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Vice Chairperson of Piramal Enterprises Limited (India)*

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Nestle India Limited* (India)
- Allergan India Pvt. Ltd. (India)
- SIDRA (Qatar)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

CRISTINA SCOCCHIA

INDEPENDENT DIRECTOR

First appointment as Director: October 1, 2018[a]
Current term ends: Shareholders' Meeting 2024



50 years old
(Country of citizenship: Italy)
Number of shares:
1,000
Main position:
Chief Executive Officer of illycaffè (Italy)
Business address:
Via Flavia 110
34147 Trieste
Italy

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Cristina Scocchia is Chief Executive Officer and member of the Board of Directors of illycaffè. She is also Independent Director of Fincantieri of which she is member of the Audit & Risk Committee and Chairwoman of the Nomination Committee.

After graduating with full marks in Management of International Firms at Luigi Bocconi University, she completed a PhD in Business Administration at the University of Torino.

Cristina Scocchia started her career at Procter & Gamble, where since 1997 she held positions of increasing responsibility working on mature and emerging markets until she was appointed in September 2012 as Cosmetics International Operations Division leader, with the responsibility of supervising the brands in her portfolio in over 70 countries throughout the world.

From 2014 to 2017, Cristina Scocchia served as Chief Executive Officer of L'Oréal Italia and she led the return to growth of the company in a challenging economic environment.

From 2016 to 2017, she also acted as Chairwoman of the same company. From July 2017 to December 2021, Cristina Scocchia has acted as Chief Executive Officer of Kiko, a leading make-up Company present in 45 markets, that she has led to a successful turnaround thanks to a business plan based on product innovation, digital transformation and geographical expansion in Asia and the Middle East.

In June 2019, she was awarded the *Légion d'honneur*.

She is member of the Audit and Risk Committee of EssilorLuxottica.

Cristina Scocchia brings to the Board of Directors her extensive expertise in terms of strategy and management acquired during these years.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Chief Executive Officer of illycaffè (Italy)

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

Director

- Fincantieri S.p.A. (Italy)*

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)

Chief Executive Officer

- Kiko S.p.A. (Italy)

Chairwoman and Chief Executive Officer

- L'Oréal Italia S.p.A. (Italy)*

Director

- Luxottica Group S.p.A. (Italy)
- Pirelli S.p.A. (Italy)*
- illycaffè S.p.A. (Italy)

(a) Appointment effective as of October 1, 2018, date of the Combination between Essilor International (Compagnie Générale d'Optique) and Luxottica.
* Listed company

NATHALIE VON SIEMENS

INDEPENDENT DIRECTOR



52 years old

(Country of citizenship: Germany)

Number of shares:

1,000

Main position:

Member of the Supervisory Boards of Siemens AG, Siemens Healthineers AG, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG (Germany). President of the Board of Trustees of the Siemens Stiftung (Germany).

Business address:

Straße der Einheit 86
D-14548 Schwielowsee
Germany

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Nathalie von Siemens is a member of the Supervisory Boards of Siemens AG, Siemens Healthineers AG, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG.

She also serves Boards of Trustees and Boards of Directors in charitable, non for profit and public organizations.

Nathalie von Siemens serves as President of the Board of Trustees of the Siemens Stiftung.

From 2013 to March 2020, she was the Managing Director and Spokesperson of the Board of Siemens Stiftung. Siemens Stiftung operates in the fields of development cooperation, education, and culture. Before that, Nathalie von Siemens worked at Siemens AG in the areas of leadership development, corporate strategy, investor relations and corporate communications.

Nathalie von Siemens holds a Ph.D. in philosophy and previously worked in the academic sector.

Nathalie von Siemens is member of the EssilorLuxottica CSR Committee.

Nathalie von Siemens brings to the EssilorLuxottica Board her experience in governing bodies of global leading companies active in various industries as well as expertise in terms of management in impact-oriented philanthropy.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position

Member of the Supervisory Boards of Siemens AG*, Siemens Healthineers AG*, Siemens Healthcare GmbH, Messer SE & Co. KGaA and TÜV Süd AG (Germany). President of the Board of Trustees of the Siemens Stiftung (Germany).

EssilorLuxottica group

Director

- EssilorLuxottica*

External companies (non EssilorLuxottica group)

President of the Board of Trustees

- Siemens Stiftung (Germany)

Managing Director

- Von Siemens Vermögensverwaltung GmbH (Germany)

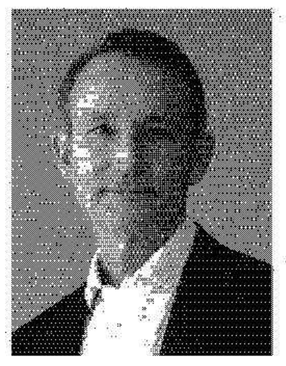
PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

None

* Listed company.

ANDREA ZAPPIA

INDEPENDENT DIRECTOR



60 years old
(Country of citizenship: Italy)

Number of shares:
2,000

Main position:
EVP and CEO New Markets & Businesses of Sky Group

Business address:
Grant Way, Isleworth, Middlesex TW7 5QD United Kingdom

First appointment as Director: May 21, 2021
Current term ends: Shareholders' Meeting 2024

PERSONAL INFORMATION – EXPERIENCE AND EXPERTISE

Andrea Zappia is EVP and CEO New Markets & Businesses of Sky Group. His responsibility expands also over SkyStudios and SkyNews and he is the Chairman of SkyShowtime. Since May 2021, he has also been the Chairman of the Board of Directors of MCH Group and, from September 2023, Director at MultiChoice Group.

After graduating in Economics, Andrea Zappia started his career at Procter & Gamble where he became European Group Marketing Manager. From 1996 to 2001, he was Global Sales and Marketing Director of Ferrari and Maserati; from 2001 to 2003, he was Vice President Marketing and Product Development worldwide of Fila.

Subsequently, he held several managerial positions: Vice President, Marketing, Promotion and Business Development of Sky Italia (from 2003 to 2007); Vice President Sport Channels of the Italian pay-tv (from 2007 to 2010); Managing Director Customer Group of BskyB (from 2010 to 2011).

From August 2011 to November 2018, Andrea Zappia was CEO of Sky Italia. He also served as member of the Board of Directors of Luxottica from April 2015 to April 2020.

Mr. Zappia is Chairman of the EssilorLuxottica Nomination and Compensation Committee.

Andrea Zappia brings to the EssilorLuxottica Board of Directors his extensive expertise in terms of strategy and management acquired during these years in key industrial sectors.

POSITIONS AND TERMS OF OFFICE HELD AS OF DECEMBER 31, 2023

Main position
EVP and CEO New Markets & Businesses of Sky Group
EssilorLuxottica group
Director
- EssilorLuxottica*

External companies (non EssilorLuxottica group)
Chairman
- MCH Group (Switzerland)
- SkyShowtime

Director
- MultiChoice Group (SudAfrica/SubSaharian Africa)

PAST POSITIONS AND TERMS OF OFFICE HELD OVER THE PAST FIVE YEARS

External companies (non EssilorLuxottica group)
CEO
- Sky italia (Italy)

EssilorLuxottica group
Director
- Luxottica Group (Italy)

* Listed company.

3.6 Statutory Auditors' report on related-party agreement

This is a free translation into English of the Statutory Auditors' report on related-party agreements issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2023

To the Shareholders,

In our capacity as your company's Statutory Auditors, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R. 225-31 of the French commercial code, it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French commercial code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted to the approval of the Shareholders' Meeting

Agreements submitted to the approval of the Shareholders' Meeting

In accordance with the article L.225-40 of the French commercial code, we hereby inform you that we have been advised of the following agreements authorized by your board of directors and entered into during the current year that should be submitted to the approval of the Shareholders' Meeting.

Service contract with Covivio S.A. for assistance in managing EssilorLuxottica's real estate assets.

Corporate officer involved:

- Mr. Jean-Luc Biamonti, Chairman of the board of Directors of Covivio S.A. and Lead Director of EssilorLuxottica;
- Mr. Romolo Bardin, director of Covivio S.A. and EssilorLuxottica.

Nature and purpose:

A tripartite service contract including EssilorLuxottica and Covivio S.A has been signed. This contract has been authorized by your Board of Directors on May 15, 2023. Covivio S.A. will act as real estate advisor in the management of EssilorLuxottica's real estate assets.

The remuneration provided for in the contract comprises an initial amount of 115,000 euros, and a performance bonus, equivalent, as the case may be to 50% of:

- 10% of the annual rent excluding VAT in a rental scenario;
- 0.8% of the sale price excluding transfer duties in an acquisition scenario.

Agreements previously approved by the Shareholders' Meeting

Agreements which have been already approved in prior years and which have been pursued during the last year.

In accordance with article R. 225-30 of the French commercial code, we have been informed of the following agreements approved in prior years and which remained current during the current year.

Non-competition agreement concluded between your company and Mr. Francesco Milleri, Chairman and Chief Executive Officer.

Corporate officer involved:

Mr. Francesco Milleri, Chairman and Chief executive officer

Nature and purpose:

On May 21, 2021, a non-competition agreement was concluded between EssilorLuxottica and Mr. Francesco Milleri. This agreement was approved by your Board of Directors on May 21, 2021.

Mr. Francesco Milleri is eligible for a non-compete payment for complying with a non-compete undertaking of 20 months from the date of termination of his corporate office. The non-compete payment would be paid in instalments over the application period of the clause in an amount equal to 60% of his gross compensation (fixed + variable due or received).

In accordance with AFEP-MEDEF Code:

- The non-compete payment may not be paid if the officer retires or is over 65 years at the time his duties terminate.
- The aggregate amount of the non-compete payment and the termination benefit (including, if applicable, the amount due by law or under the collective bargaining agreement) may not exceed the two-year cash compensation cap.

This agreement had no impact on the financial statements of the current year.

Neuilly-sur-Seine and Paris-La Défense, February 23, 2024

The Statutory Auditors
French original signed by

Mazars		PricewaterhouseCoopers Audit	
Jean-Luc Barlet	Guillaume Devaux	Stéphane Basset	Pierre-Olivier Etienne

4

Chapter 4

Financial statements

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IN BRIEF

Documents incorporated by reference

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements for the year ended December 31, 2021 and the Statutory Auditors' Report on the consolidated financial statements for the year, which appear respectively on pages 193-264 and 265-268 of the 2021 Universal Registration Document filed with the AMF on March 25, 2022 under number D.22-0157.
- the consolidated financial statements for the year ended December 31, 2022 and the Statutory Auditors' Report on the consolidated financial statements for the year, which appear respectively on pages 191-263 and 264-268 of the 2022 Universal Registration Document filed with the AMF on March 10, 2023 under number D.23-0083.

Date of the latest financial information

The latest audited financial information corresponds to fiscal years 2023 and 2022 (periods from January 1 to December 31).

Selected financial information for interim periods

The Company has elected not to disclose financial information for interim periods in this Universal Registration Document.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

4.1 Consolidated Financial Statements

4.1.1 Consolidated statement of profit or loss

€ millions	Notes	2023	2022
Revenue	5	25,395	24,494
Cost of sales		(9,347)	(8,910)
Gross profit		**16,048**	**15,583**
Research and development		(593)	(600)
Selling		(8,041)	(7,741)
Royalties		(246)	(219)
Advertising and marketing		(1,799)	(1,811)
General and administrative		(2,211)	(2,116)
Other income/(expenses)	6	19	61
Total operating expenses		**(12,871)**	**(12,427)**
OPERATING PROFIT		**3,176**	**3,157**
Cost of net debt	7	(116)	(131)
Other financial income/(expenses)	7	(24)	(0)
Share of profit (loss) of associates	13	(1)	6
PROFIT BEFORE TAXES		**3,035**	**3,032**
Income taxes	8	(609)	(751)
NET PROFIT		**2,426**	**2,281**
of which attributable to:			
• owners of the parent		2,289	2,152
• non-controlling interest		137	128
Weighted average number of shares outstanding:	9		
• basic		448,066,944	442,049,822
• diluted		450,765,862	445,659,252
Earnings per share (EPS) for net profit attributable to owners of the parent *(in euro)*:	9		
• basic		5.11	4.87
• diluted		5.08	4.83

4.1.2 Consolidated statement of comprehensive income

€ millions	Notes	2023	2022
Net profit		**2,426**	**2,281**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		3	(13)
Net investment hedges		—	—
Foreign currency translation differences		(1,045)	1,030
Hyperinflation accounting (IAS 29)[a]		—	70
Related tax effect	8	(1)	4
Total items that may be reclassified subsequently to profit or loss		**(1,043)**	**1,091**
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on employee benefits	20	2	82
Equity investments at FVOCI – net change in fair value		(24)	(43)
Related tax effect	8	5	(14)
Total items that will not be reclassified to profit or loss		**(17)**	**26**
Total other comprehensive income, net of tax		**(1,060)**	**1,116**
TOTAL COMPREHENSIVE INCOME		**1,366**	**3,397**
Total comprehensive income attributable to:			
• owners of the parent		1,257	3,260
• non-controlling interests		109	137

(a) The amount reported for 2022 represents the cumulative restatement of non-monetary assets and liabilities as of January 1, 2022 following the application of IAS 29 – *Financial Reporting in Hyperinflationary Economies* to the Turkish operations of the Group (mainly Turkish intangible assets recognized in the context of the acquisition of GrandVision and the related goodwill allocated to Turkish operations).

4.1.3 Consolidated statement of financial position

Assets

€ millions	Notes	December 31, 2023	December 31, 2022
Goodwill	10	30,265	30,734
Intangible assets	10	11,014	12,122
Property, plant and equipment	11	5,182	4,747
Right-of-use assets	12	3,069	3,010
Investments in associates	13	81	83
Other non-current assets	14	803	817
Deferred tax assets	8	387	408
Total non-current assets		**50,802**	**51,920**
Inventories	15	2,750	2,789
Trade receivables	16	2,936	2,697
Tax receivables	8	271	259
Other current assets	14	1,206	936
Cash and cash equivalents	17	2,558	1,960
Total current assets		**9,721**	**8,641**
TOTAL ASSETS		**60,523**	**60,561**

Equity and liabilities

€ millions	Notes	December 31, 2023	December 31, 2022
Share capital	18	82	81
Share premium reserve	18	22,882	23,066
Treasury shares reserve	18	(312)	(360)
Other reserves	18	13,298	12,516
Net profit attributable to owners of the parent		2,289	2,152
Equity attributable to owners of the parent		**38,239**	**37,455**
Equity attributable to non-controlling interests	18	653	692
Total equity		**38,891**	**38,147**
Non-current borrowings	19	6,559	7,858
Non-current lease liabilities	19	2,399	2,336
Employee benefits	20	431	431
Non-current provisions	22	234	302
Other non-current liabilities	23	123	221
Deferred tax liabilities	8	2,145	2,377
Total non-current liabilities		**11,890**	**13,525**
Current borrowings	19	1,858	1,164
Current lease liabilities	19	841	846
Trade payables	24	2,381	2,297
Tax payables	8	561	711
Current provisions	22	345	283
Other current liabilities	23	3,756	3,587
Total current liabilities		**9,741**	**8,888**
TOTAL EQUITY AND LIABILITIES		**60,523**	**60,561**

4.1.4 Consolidated statement of changes in equity

€millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at January 1, 2022[a]	80	22,381	(231)	139	11,248	1,448	35,064	811	35,875
Total comprehensive income for the period	—	—	—	1,091	17	2,152	3,260	137	3,397
Changes in consolidation scope and NCI	—	—	—	—	(378)	—	(378)	(116)	(494)
Acquisition of subsidiary with NCI	—	—	—	—	*(0)*	—	*(0)*	*16*	*16*
Acquisition of NCI without a change in control	—	—	—	—	*(378)*	—	*(378)*	*(94)*	*(472)*
Other changes related to NCI	—	—	—	—	*0*	—	*0*	*(38)*	*(37)*
Shares delivered to employees and exercise of stock options	0	37	310	—	(303)	—	45	—	45
Share-based payments	—	—	—	—	189	—	189	—	189
Net sale/(net purchase) of treasury shares	—	—	(439)	—	—	—	(439)	—	(439)
Allocation of net profit	—	—	—	—	1,448	(1,448)	—	—	—
Dividends paid	1	648	—	—	(1,104)	—	(454)	(140)	(595)
Hyperinflation Accounting (IAS 29)	—	—	—	—	169	—	169	—	169
EQUITY AT DECEMBER 31, 2022	**81**	**23,066**	**(360)**	**1,230**	**11,286**	**2,152**	**37,455**	**692**	**38,147**

(a) The balances as of January 1, 2022 reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, as described in Note 3 – Business combinations of EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2022.

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at January 1, 2023	**81**	**23,066**	**(360)**	**1,230**	**11,286**	**2,152**	**37,455**	**692**	**38,147**
Total comprehensive income for the period	**—**	**—**	**—**	**(1,018)**	**(14)**	**2,289**	**1,257**	**109**	**1,366**
Changes in consolidation scope and NCI	—	—	—	—	(124)	—	(124)	(37)	(161)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	—	—
Acquisition of NCI without a change in control	—	—	—	—	*(22)*	—	*(22)*	*(1)*	*(23)*
Other changes related to NCI	—	—	—	—	*(101)*	—	*(101)*	*(36)*	*(138)*
Shares delivered to employees and exercise of stock options	0	33	321	—	(307)	—	47	—	47
Share-based payments	—	—	—	—	195	—	195	—	195
Net sale/(net purchase) of treasury shares	—	—	(274)	—		—	(274)	—	(274)
Allocation of net profit	—	—	—	—	2,152	(2,152)	—	—	—
Dividends paid[a]	1	(218)	—	—	(271)	—	(487)	(110)	(598)
Hyperinflation Accounting (IAS 29)	—	—	—	—	169	—	169	—	169
EQUITY AT DECEMBER 31, 2023	**82**	**22,882**	**(312)**	**212**	**13,087**	**2,289**	**38,239**	**653**	**38,891**

(a) The effects related to the dividend distribution of the year are described in Note 18 – Equity.

4.1.5 Consolidated statement of cash flows

€ millions	Notes	2023	2022
Net profit		**2,426**	**2,281**
Depreciation, amortization and impairment	6	2,972	2,970
(Gains)/losses from disposal of assets		4	2
Expense arising from share-based payments		195	191
Income taxes	8	609	751
Finance result, net	7	140	131
Other non-cash items		(5)	(72)
Changes in provisions		32	(51)
Changes in trade working capital		(300)	(251)
Changes in other operating receivables and payables		(159)	(105)
Taxes paid, net		(916)	(940)
Interest paid, net		(136)	(125)
Net cash flows provided by/(used in) operating activities		**4,861**	**4,783**
Purchase of property, plant and equipment and intangible assets		(1,531)	(1,572)
Disposal of property, plant and equipment and intangible assets		11	17
Acquisitions of businesses, net of cash acquired	3	(114)	(965)
Changes in other non-financial assets		5	83
Changes in other financial assets		(94)	(184)
Net cash flows provided by/(used in) investing activities		**(1,724)**	**(2,619)**
Share capital increase	18	34	37
(Purchase)/sale of treasury shares	18	(271)	(431)
Dividends paid:			
• to the owners of the parent	18	(487)	(454)
• to non-controlling interests	18	(111)	(140)
Transactions with non-controlling interests	18.6	(64)	(674)
Cash payments for principal portion of lease liabilities	19	(936)	(955)
Issuance of bonds, private placements and other long-term debts	19	—	—
Repayment of bonds, private placements and other long-term debts	19	(1,028)	(455)
Changes in other current and non-current borrowings	19	438	(507)
Net cash flows provided by/(used in) financing activities		**(2,425)**	**(3,580)**
Net increase/(decrease) in cash and cash equivalents		**712**	**(1,417)**
Cash and cash equivalents at the beginning of the financial year	17	1,960	3,293
Effects of exchange rate changes on cash and cash equivalents		(114)	83
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**17**	**2,558**	**1,960**

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General information

EssilorLuxottica SA (hereinafter the "Company", "EssilorLuxottica" or, together with its subsidiaries, the "Group") is a public limited company ("Société Anonyme") with a Board of Directors and is governed by the laws of France. The Company is headquartered in Paris, 1-5 rue Paul-Cézanne, while its registered office is located in Charenton-le-Pont, 147 rue de Paris (France). EssilorLuxottica is registered with the Créteil Trade and Companies Register under reference 712 049 618, and is listed on the Euronext Paris stock exchange.

EssilorLuxottica's parent company is Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

As an open network, the Group offers its industry stakeholders in over 150 countries access to a global platform of high-quality vision care products, iconic brands, as well as cutting edge digital services and solutions.

These consolidated financial statements are prepared under the responsibility of the Board of Directors and are presented to the Shareholders' Meeting for approval. They were approved and authorized for issue by the Board of Directors on February 14, 2024.

Basis of preparation of the financial statements

Pursuant to the European Regulation no. 1606/2002 of July 19, 2002, these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter also "IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

The principles and standards utilized in preparing these consolidated financial statements have been consistently applied through all periods presented, with the exception of the application of new standards and interpretations that are effective for reporting periods beginning on January 1, 2023 (described in Note 2 – New accounting standards).

These consolidated financial statements are composed of a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity, a consolidated statement of cash flows and related notes to the consolidated financial statements.

The Group presents its consolidated statement of profit or loss using the function of expense method. The Group presents current and non-current assets and liabilities as separate classifications in its consolidated statements of financial position. This presentation of the consolidated statement of profit or loss and of the consolidated statement of financial position is believed to provide the most relevant financial information. The consolidated statement of cash flows was prepared utilizing the indirect method, in view of the presentation of the cash flows arising from operating activities.

The Group's presentation currency is the euro. All amounts are expressed in millions of euro, unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

These consolidated financial statements are prepared on a going concern basis.

Use of estimates

The preparation of financial statements requires management's use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements, as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income in the period in which the change occurs.

The most significant estimates and assumptions concern, in particular:

- the recoverable amount of goodwill and intangible assets;
- depreciation period for intangible assets with a definite useful life;
- fair values of assets and liabilities acquired in business combinations as well as their useful lives, when applicable;
- put options over non-controlling interests;
- the determination of provisions and other contingent liabilities related to litigations and other proceedings in progress;
- pension and other employee-benefit obligations;
- various assumptions related to lessee accounting under IFRS 16 – *Leases* such as assessment of the lease terms for contracts with renewal options, or the determination of discount rates;
- the determination of taxes with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period.

Climate and environmental risks

Due to the nature of the Group's activities, the current Group's exposure to the consequences of climate change is deemed to be limited. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. In 2023, the Group continued to deliver its approach to sustainability, titled *Eyes on the Planet*, which is built around, among the others, the following pillars:

- *Eyes on Carbon*: EssilorLuxottica is on track to achieve carbon neutrality in its direct operations (Scopes 1 and 2). Indeed, in 2023, EssilorLuxottica reached carbon neutrality on these scopes in Europe after having already reached neutrality for Italy and France from 2021. In 2023, the Group also announced its commitment to setting near-term science-based emission reduction targets in line with the SBTi criteria and the 12-year Power Purchase Agreement with ERG (entered into force at the end of 2022) for the supply of electricity produced from a repowered wind farm in Sicily – covering half of the Group's energy needs in Italy; and
- *Eyes on Circularity*: EssilorLuxottica is reassessing its production cycle, including a shift from fossil-based materials to bio-based materials, internal recycling initiatives, recycling collaborations and circularity of its packaging materials. In addition, the Company's retail stores are becoming central in encouraging consumers to extend the product life via in-store repair service or to bring back used eyewear so it can start a new journey.

The deployment of these initiatives continues to be reflected into the Group's accounts in the form of operating expenses and investments accounted for during the course of the year as well as in the commitments disclosed by the Group. Moreover, it has been taken into account, when necessary, in the estimations used by management in the preparation of these consolidated financial statements, in particular in the 2024 budget and the medium-term projections used to perform 2023 annual impairment tests (see Note 10.1 – Impairment tests).

No other climate-related material impacts were reflected into the 2023 financial statements.

Hyperinflation in Turkey

Turkey's economy has been considered hyperinflationary since April 1, 2022. Therefore, IAS 29 – *Financial Reporting in Hyperinflationary Economies* had become applicable to the Group's operations in Turkey from January 1, 2022 as if Turkey had always been a hyperinflationary economy.

The impacts recognized in the Group's consolidated financial statements, mainly related to Turkish intangible assets recognized in the context of the acquisition of GrandVision ("GV Acquisition") and the related goodwill allocated to Turkish operations, resulted in a €169 million increase in the Group's consolidated equity and a non-material impact on the statement of profit or loss for the year ended December 31, 2023. Those impacts were calculated based on the change in the Consumer Price Index published by the *Turkish Statistical Institute*.

Significant events of the year

Certain significant events considered in the preparation of these consolidated financial statements result from the evolution of situations existing and or announced in 2022:

- in September 2022, EssilorLuxottica and the Armani Group announced the renewal of their licensing for the development, production and worldwide distribution of eyewear under the Giorgio Armani, Giorgio Armani Privé, Emporio Armani, EA7 Emporio Armani and A|X Armani Exchange brands. The new agreement became effective on January 1, 2023 for 15 years. The payments made in execution of the agreement were processed in February 2023 and the related assets have been recognized in the consolidated statement of financial position (see Note 10 – Goodwill and other intangible assets and Note 14 – Other assets (current and non-current)). The cash-out related to this transaction is reflected in the consolidated statement of cash flows in the lines *Changes in other operating receivables and payables* and *Purchase of property, plant and equipment and intangible assets*;
- in November 2022, EssilorLuxottica acknowledged the decision published by the French Competition Authority ("FCA") related to an investigation opened in 2014 as well as the related penalty of €81 million imposed on Essilor International for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses. On February 15, 2023, the Group transferred €81 million to the French Authorities as a deposit pending the decision on appeal against the penalty imposed to Essilor International (see Note 14 – Other assets (current and non-current) and Note 26 – Contingencies and commitments). The related cash-out has been reflected in the consolidated statement of cash flows in the line *Changes in other operating receivables and payables*;
- in 2023, the Group has worked, in collaboration with the relevant tax authorities, on the clarification of certain tax treatments for which an *uncertain tax position* was reflected in the consolidated statement of financial position at the end of 2022. In light of the outcome of the discussions occurred with the tax authorities, the uncertain tax position was re-assessed leading to the recognition of a significant tax benefit in the statement of profit or loss of 2023 (see Note 8 – Income taxes).

Macroeconomic environment and geopolitical uncertainties

During the year 2023, the macroeconomic environment remained affected by inflation, increases of key ECB (European Central Bank) and FED (US Federal Reserve) interest rates, tightening financial conditions and tension on the commodity and energy markets.

Despite this challenging scenario, the Group was able to grow thanks to its positioning at the intersection of multiple categories – from eyewear, luxury and digital to MedTech. Moreover, the Group's hedging policies on the main risks (interest rates, raw material and energy purchase prices, amongst others) assisted in mitigating the overall volatility observed on the markets.

The main effects related to this macroeconomic environment are disclosed in the notes to the consolidated financial statements:

- note 25 – Financial instruments and management of market risks: about the Group's exposure to interest rate risks and to the increased volatility in commodity and energy prices;
- note 10 – Goodwill and other intangible assets, Note 11 – Property, plant and equipment and Note 12 – Leases: the changes in the macroeconomic environment described above had a direct impact on the key parameters used by the Group in performing its impairment tests. Moreover, the Group considered this macroeconomic context in preparing its budget estimates.

Geopolitical uncertainties, such as the one caused by the Russia-Ukraine conflict, carried over from 2022. Nonetheless, the Group has continued to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale businesses remained restricted, as announced by the Group in March 2022. The cash balances available in Russia are not significant and are used to ensure the continuity of the residual operating activity.

Note 1 Accounting policies

The Group's material accounting policies are included in the relevant individual notes to the consolidated financial statements, as well as the material accounting estimates and judgments made, where applicable, as described in the paragraph *Basis of preparation of the financial statements – Use of estimates*.

1.1. Consolidation principles

1.1.1. Subsidiaries

Subsidiaries are any entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is generally presumed with an ownership of at least one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the change in carrying amount recognized in the consolidated statement of profit or loss.

The accounting policies and methods applied by subsidiaries comply with IFRS and are consistent with the policies adopted by the Group.

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Unrealized losses are eliminated to the extent that there is no evidence of impairment.

1.1.2. Associates

Associates are any entities over which the Group has significant influence, generally with ownership of between 20% and 50% of the voting rights. Equity investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Goodwill arising on acquisitions of associates is included in the carrying amount of the investment.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of profit or loss, and its share of post-acquisition movements is recognized in other comprehensive income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's equity investment in the associates. Unrealized losses are also eliminated unless there is evidence of impairment.

The cumulative post-acquisition movements are adjusted against the carrying amount of the equity investment. When the Group's share of losses in an associate equals or exceeds its equity investment in the associate, the Group does not recognize further losses, unless it has incurred obligations to make payments on behalf of the associate.

1.1.3. Other companies

Equity investments in entities in which the Group does not have either control or significant influence, generally with ownership of less than 20%, are originally recorded at fair value. Any ancillary costs incurred on initial recognition of the investments are immediately recognized through consolidated profit or loss. After initial recognition, the investments are measured at fair value. Gains and losses deriving from changes in fair value are recognized through other comprehensive income in the period in which they occur. Amounts presented in other comprehensive income will not subsequently be transferred to the statement of profit or loss.

1.1.4. Transactions with equity owners

Transactions such as contributions from equity owners are recorded in equity.

Transactions with non-controlling interests in controlled entities are treated as transactions with equity owners of the Group. For purchases from non-controlling interests, any difference between the consideration paid and the relevant share acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.1.5. Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries are prepared in the subsidiary's functional currency. The functional currency is defined as the currency of the primary economic environment in which the subsidiary operates.

The results and financial position of all the Group subsidiaries that have a functional currency different from the presentation currency (*i.e.* euro) are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- all resulting exchange differences are recognized in other comprehensive income within the line item *Foreign currency translation differences*;
- accumulated translation differences are reclassified to the statement of profit or loss when the foreign investments to which they relate are sold or wound up.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Since 2022, Turkey has been considered to be a hyperinflationary economy; IAS 29 requirements have been applied accordingly (see paragraph *Basis of preparation of the financial statements*).

The main exchange rates used in translating the results and financial position of foreign operations are reported in Appendix 1.

1.2. Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared applying the indirect method for reporting cash flows from operating activities, whereby net profit is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments. Items of income or expense associated with investing or financing activities have then been reported under their respective categories.

Trade working capital comprises inventories, trade receivables and trade payables. Changes in trade working capital are stated before the effect of changes in the scope of consolidation.

Cash flows of foreign subsidiaries are translated at the average exchange rate for the period, except for significant transactions if difference is material.

The effect of changes in exchange rates on net cash and cash equivalents corresponds to the effect of: (i) changes in exchange rates between the beginning and end of the period on cash at the opening; and (ii) the difference between the closing exchange rate and the average rate on movements over the period.

Interest paid, including interest payments on lease liabilities under IFRS 16, and received are classified as *operating cash flows*.

The amounts reported in *Acquisitions of businesses, net of cash acquired* represents the consideration transferred adjusted by the net cash and cash equivalents of the acquired business at the acquisition date.

1.3. Foreign currency transactions

On initial recognition of foreign currency transactions, the assets and liabilities are translated into the entity's functional currency using the exchange rate on the transaction date. At the period-end, monetary items mainly including receivables and payables are re-translated using the closing date rate. The resulting gains and losses are recognized in *Other financial income/(expenses)*.

Note 2 New accounting standards

2.1. New endorsed standards, amendments and interpretations that are effective for annual periods beginning on January 1, 2023

The Group adopted the following new standard and amendments endorsed by the European Union and effective for annual periods beginning on January 1, 2023.

- IFRS 17 – *Insurance Contracts* (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020), both endorsed on November 19, 2021, as well as Amendments to IFRS 17 (issued on December 9, 2021) endorsed on September 8, 2022, all effective from annual periods beginning on January 1, 2023. The application of the new standard has not materially affected the Group's performance nor its financial positions, except for the presentation of some insurance-related assets and liabilities (now presented *net* compared to the gross presentation shown in the consolidated statement of financial position).
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of accounting policies) and Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors (Definition of accounting estimates), both issued on February 12, 2021, endorsed on March 2, 2022 and effective from annual periods beginning on January 1, 2023. There is no material impact on the Group consolidated financial statements resulting from the application of these amendments.
- Amendments to IAS 12 – *Income Taxes*:
  - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: issued on May 7, 2021, endorsed on August 11, 2022 and effective from annual periods beginning on January 1, 2023. There is no material impact resulting from the application of these amendments on the Group's consolidated financial statements.
  - International Tax Reform – Pillar Two Model Rules: issued on May 23, 2023, endorsed on November 8, 2023 and effective for annual periods beginning on January 1, 2023. The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes (see Note 8 – Income Taxes) and targeted disclosure requirements for affected entities.

2.2. New endorsed standards, amendments and interpretations effective for annual periods beginning after January 1, 2023 and not yet adopted by the Group

The following amendments, that are effective for annual periods beginning after January 1, 2023, have already been endorsed by the European Union.

- Amendments to IFRS 16 – *Leases*: Lease Liability in a Sale and Leaseback, issued on September 22, 2022, endorsed on November 20, 2023 and effective from annual periods beginning on January 1, 2024.
- Amendments to IAS 1 – *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (issued on January 23, 2020); Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on July 15, 2020); and Non-current Liabilities with Covenants (issued on October 31, 2022), all endorsed on December 19, 2023 and effective from annual periods beginning on January 1, 2024.

Their potential impacts on the Group consolidated financial statements are currently being analysed.

Note 3 Business combinations

ACCOUNTING PRINCIPLES

In accordance with the IFRS 3 – *Business Combinations*, the Group applies the acquisition method of accounting to account for business combinations.

The acquired company's identifiable assets, liabilities and contingent liabilities meeting the recognition criteria of the IFRS 3 are recognized at fair value determined at the acquisition date, with the exception of non-current assets held-for-sale which are recognized at fair value less costs to sell.

Goodwill represents the excess of (i) the consideration transferred and the amount of any non-controlling interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired. Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs corresponding to the analytical focus and return on investment followed by the Group's management.

If the initial accounting for a business combination can be determined only provisionally by the end of the reporting period, it might not be possible for the Group to complete the initial allocation of the goodwill before the end of the annual period in which the combination occurred. When this is the case, the Group disclosed the amount of the unallocated goodwill together with the reasons why that amount remains unallocated.

The Group may adjust the provisional amounts recognized. However, the measurement period shall not exceed one year from the acquisition date. Any differences compared to the provisional amounts are recognized as a retrospective adjustment against goodwill if recorded within 12 months of the acquisition date and related to facts existing before the acquisition date.

The consideration transferred for the acquisition of a subsidiary is measured at the fair value of the assets transferred, the liabilities assumed or the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

When a put option is granted to non-controlling shareholders of a subsidiary, if the option provides for settlement in cash, a liability is recognized for the present value of the exercise price of the option. This liability is classified as *Other non-current liabilities* or *Other current liabilities* in the consolidated statement of financial position based on its due date. Subsequent changes in the liability's fair value are recognized through Group equity. When the put option provides the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, profit or loss and changes in other comprehensive income are still allocated to the non-controlling interests. However, in the consolidated statement of financial position, the non-controlling interests are derecognized as if they were acquired at the closing date. When the put option does not provide the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, the Group derecognizes the non-controlling interests accounted for at the acquisition date.

The Group can measure non-controlling interests acquired in a business combination either at the fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method). This option applies on an individual transaction basis.

Acquisitions of non-controlling interests or sales without loss of control are considered to be transactions between shareholders and are recognized directly in equity without impacting goodwill.

For acquisition in which the Group obtains control in stages (step acquisitions), the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in the consolidated statement of profit or loss.

The table below shows the total impact of the business combinations accounted for in the year on the consolidated statement of financial position, as well as on the consolidated statement of profit or loss and the consolidated statement of cash flows.

€ millions	Total
Intangible assets	25
Property, plant and equipment	3
Right-of-use assets	5
Other non-current assets	0
Current assets	6
Cash and cash equivalents	2
Total assets acquired at fair value (A)	**40**
Non-current borrowings	—
Other non-current liabilities	4
Non-current and current lease liabilities	2
Current borrowings	—
Other current liabilities	4
Total liabilities assumed at fair value (B)	**11**
FAIR VALUE OF NET ASSETS ACQUIRED (C=A-B)	**29**
Consideration for the acquisitions (D)	126
Equity attributable to non-controlling interests (E)	—
Fair value of net assets acquired (C)	29
GOODWILL RECOGNIZED (F=D+E-C)	**97**
Consideration for the acquisition (D)	(126)
Deferred payments and fair value measurement (G)	44
Acquired cash (H)	2
CASH FLOW FROM THE ACQUISITIONS, NET OF CASH ACQUIRED (I=D+G+H)	**(81)**

€ millions	Total
CONTRIBUTION TO 2023 CONSOLIDATED REVENUE	**12**
CONTRIBUTION TO 2023 NET PROFIT	**(9)**

The fair value of the assets and liabilities taken over companies acquired during the period is calculated on a provisional basis for certain acquisitions concluded on the year and may be reviewed at a later date no later than 12 months after the acquisition date. Any material difference resulting from this final valuation will be accounted for as a retrospective adjustment to goodwill if it is recognized within 12 months of the acquisition date and relating to events existing at the acquisition date. No material differences arose from business combinations occurred in 2022.

The amount recognized as *Goodwill* is not tax deductible (except in few circumstances) and primarily reflects the expected synergies and growth outlook of the acquired companies within the Group.

If the combination agreements provided for obligation to purchase, or put options on, any remaining non-controlling interest in the acquired companies, the Group recognized a corresponding liability in *Other current liabilities* or *Other non-current liabilities* based on its due date.

The amount reported above in the line *Cash flow from the acquisitions, net of cash acquired* does not include cash flows related to earn-out on business combinations occurred in previous periods nor cash flows linked to the exercise of put options over non-controlling interests.

On an unaudited *pro forma* basis, had those business combinations occurred at the beginning of the year, their overall contribution to consolidated revenue and net profit would have been not material.

The main acquisitions completed in the period concerned entities operating in the optical instrument business, in addition to an Israeli start-up company, Nuance Hearing, working on breakthrough hearing technology which will allow the Group to expand into the hearing solutions markets (as announced by the Company in July 2023).

The consideration transferred by the Group in the context of the latter acquisition (completed in February 2023) amounted to approximately €50 million, including subsequent milestone payments. The provisional goodwill recognized amounts to approximately €39 million and the main asset recognized as a result of the valuation of the company was an in-progress technology. Due to the nature of Nuance Hearing's business, this provisional goodwill has been allocated to the group of CGUs Professional Solutions. The valuation was carried out with the support of independent valuation experts.

Note 4 Segment information

4.1. Information by segment

ACCOUNTING PRINCIPLES

In accordance with IFRS 8 – *Operating Segments*, the Group's segment information is presented in line with the information provided internally to the Chief Executive Officer in his role of Chief Operating Decision Makers ("CODM"), for the purpose of managing operations, taking decisions and analysing operational performance.

Such information is prepared in accordance with the IFRS applied by the Group in its consolidated financial statements. Assets and liabilities by operating segment are not included in the data reviewed by the CODM and so this information is not reported.

Acquisitions of property, plant and equipment and intangible assets correspond to the additions of tangible and intangible assets, as presented in the consolidated notes (Note 10 – Goodwill and other intangible assets and Note 11 – Property, plant and equipment).

Regarding the information about geographical area: revenue is attributed to geographical area based on customers' location, whereas non-current assets are based on the geographical area where the legal entities are located.

The Group operates in two segments:

- the **Professional Solutions** ("PS") segment: representing the wholesale business of the Group, *i.e.* the supply of Group's products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains operating in the eyecare and eyewear industry; and
- the **Direct to Consumer** ("DTC") segment: representing the retail business of the Group, *i.e.* the supply of Group products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

Information about other Group's activities that are not reportable has been combined and disclosed in the *"Corporate costs and other"* category. It mainly refers to the costs related to corporate headquarters as well as to the amortization of intangible assets acquired in business combinations as the impact of those costs are not included in the profitability measures used by the Chief Executive Officer, in his role of CODM, for the purposes of making decisions about allocating resources to segments and assessing their performance.

Information by operating segment for the years ended December 31, 2023 and December 31, 2022 is presented below.

Year ended December 31, 2023

€ millions	Professional solutions	Direct to consumer	Corporate costs and other	2023
Revenue	**12,199**	**13,195**	**—**	**25,395**
Operating profit before depreciation of intangible assets acquired in business combinations[a]	2,366	2,212	(353)	4,226
Amortization of intangible assets acquired in business combinations				(1,049)
OPERATING PROFIT				**3,176**
Cost of net debt				(116)
Other financial income/(expenses)				(24)
Share of profit (loss) of associates				(1)
Income taxes				(609)
NET PROFIT				**2,426**
Acquisitions of property, plant and equipment and intangible assets	985	560	15	1,560
Amortization, depreciation and impairment	(585)	(1,301)	(1,087)	(2,972)

(a) The Operating profit of the *Professional Solutions* segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

Year ended December 31, 2022

€ millions	Professional solutions	Direct to consumer	Corporate costs and other	2022
Revenue	**11,770**	**12,724**	**—**	**24,494**
Operating profit before depreciation of intangible assets acquired in business combinations[a]	2,337	2,209	(330)	4,216
Amortization of intangible assets acquired in business combinations				(1,059)
OPERATING PROFIT				**3,157**
Cost of net debt				(131)
Other financial income/(expenses)				(0)
Share of profit (loss) of associates				6
Income taxes				(751)
NET PROFIT				**2,281**
Acquisitions of property, plant and equipment and intangible assets	804	584	17	1,404
Amortization, depreciation and impairment	(564)	(1,283)	(1,122)	(2,970)

(a) The Operating profit of the *Professional Solutions* segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

4.2. Information by geographical area

The geographic segments include **North America**, **EMEA** (*i.e.* Europe Middle East Africa, including Turkey and Russia), **Asia-Pacific** and **Latin America**.

Information by geographical area is as follows:

	Revenue		Non-current assets[a]	
€ millions	2023	2022	December 31, 2023	December 31, 2022
North America	11,637	11,492	5,830	6,243
Emea	9,184	8,749	11,615	12,002
Asia-pacific	3,036	2,842	2,158	2,154
Latin America	1,537	1,410	934	787
TOTAL	**25,395**	**24,494**	**20,537**	**21,186**

(a) Non-current assets excluding goodwill.

The main countries in which the Group operated are:

- the United States for North America (revenue amounting to €10,930 million for the year ended December 31, 2023, €10,738 million in 2022 and non-current assets amounting to €3,979 million at the end of 2023, €4,091 million at the end of 2022); and
- France, United Kingdom and Ireland, Germany and Italy for Europe (cumulated revenue amounting to €5,239 million for the year ended December 31, 2023, €5,031 million in 2022 and cumulated non-current assets amounting to €7,887 million at the end of 2023, €8,044 million at the end of 2022).

The geographical footprint of EssilorLuxottica's distribution networks is diversified across more than 150 countries. Moreover, Professional Solutions operates in a highly fragmented eyecare and eyewear market. In this context, potential dependency risk to a key account is remote and the Group has no external customer with revenues exceeding 10% of the Group revenue.

Note 5 Revenue

ACCOUNTING PRINCIPLES

The Group's revenue includes:

- the sales of goods to customers;
- the rendering of services;
- the sales of goods to franchisees along with other revenue from franchisees, such as royalties based on sales and initial franchise fee revenue; and
- sub-lease income (accounted for in accordance with IFRS 16).

The Group recognizes revenue in accordance with IFRS 15 only if the following requirements are met (so-called requirements for identifying the "contract" with the customer):

- the parties have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance; and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for goods or services transferred to the customer.

If the above requirements are not met, the relevant revenue is recognized when the Group has already transferred goods and/or rendered services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable or the contract has been terminated and the consideration received from the customer is non-refundable.

If the above requirements are met, the main recognition rules by nature of revenue are as follows.

Sale of goods

Revenue from the sale of goods is recognized when control of the asset is transferred to the buyer, *i.e.* when the asset is delivered to the customer in accordance with contractual provisions and the customer acquires the ability to direct the use of and obtain substantially all of the benefits from the asset.

It mainly includes the sale of ophthalmic lenses, frames, sunglasses, instruments, and equipment.

If the sales contract includes retrospective volume-related discounts, the Group estimates the relevant impact and treat it as variable consideration. In addition, the Group estimates the impact of potential returns from customers based on the Group's right of return policies and practices along with historical data on returns. There are no post-delivery obligations other than product warranties (refer to Note 22 – Provisions (current and non-current)).

Rendering of services

Revenue is recognized when the service is rendered to the customer.

The *Direct to Consumer* segment's revenue includes the consideration arising from vision care services (such as eye exams, contact lens fitting fees, etc.) which is also recognized when the service is rendered to the customer.

As for the *fixed-fee insurance plans* offered to customers, the Group acts through a *reseller*. The *reseller* contracts with the actual end-client (referred to as the plan *sponsor*), while the Group contracts with the *reseller* but acting as the *principal* in the transaction. The Group receives a predetermined amount of revenue, so called *premium* (typically equal to a fixed fee per plan member/subscriber per month) and bears the risk for all claim payments. Premium revenue is recognized as earned during the benefit coverage period. Any unearned premium revenue is recognized as deferred revenue in the consolidated statement of financial position.

For plans with fees varying according to the service (so called *fee-for-service* arrangements), the end-client (or sponsor) pays the Group a fee for processing claims and providing administrative services. For these plans, the end-client is responsible for the cost associated with claims. The Group considers the end-client as the entity primarily responsible for managing the plan and acts as an agent in the transaction.

The Group makes provisions for the receivables accrued under these agreements as per IFRS 9 (see Note 16 – Trade receivables).

Contract costs, contract assets and contract liabilities

As part of the provision of administrative services related to the vision care business, the Group bears costs for the acquisition and performance of long-term contracts, which typically have a term of four years. These costs, which can be specifically referred to new individually identifiable contracts, generate resources used to comply with the contract and will be recovered by means of revenue deriving from the contracts. Therefore, these costs are recognized as a contract asset and amortized over the term of the relevant contracts, on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

Contract liabilities relate to the Group's obligation to deliver future goods and services for contracts with its customers and mainly include prepayments made by customers, vouchers for rebates on future purchases given as part of an initial sales transaction and unfulfilled extended (service-type) warranties.

Franchising and licensing agreements

Revenue from franchising agreements is recognized based on the sales accrued and accounted for by unconsolidated franchisees.

Upfront franchise fees may refer to: (i) fees paid for the franchising agreement and/or the improvement of retail premises which are recognized along with license fees throughout the term of the franchising agreement; and (ii) franchising fees associated with the sale of tangible assets necessary for business operations (e.g. furniture) recognized as revenue when control of the asset is transferred to the buyer.

The franchising agreement may also include: (i) fees associated with the ongoing rendering of services to the franchisee throughout the term of the franchising agreement, recognized at the time the service is rendered; and (ii) fees associated with the management and implementation of advertising and marketing initiatives, recognized upon realization of the related separate performance obligations.

The Group licenses the rights to certain intellectual property to third parties and recognizes royalty revenue based on the characteristics of the agreements with customers.

Financing components

The payment terms offered to the Group's customers normally do not exceed 12 months; in that case, the Group applies the practical expedient provided by IFRS 15 that enables not to adjust the transaction price of the contract for the effects of any significant financing component.

Sub-lease income (accounted for in accordance with IFRS 16)

Some entities in the Group's *Direct to Consumer* segment, in particular in North America and Australia, sublease space in the retail optical stores to third party doctors who perform eye exam services, while retaining the primary obligation under the original lease (so-called *head lease*). Those entities continue to account for the head lease as a lessee and account for the sublease as the lessor (so-called *intermediate lessor*).

These entities classify the sub-lease as an operating lease (i.e. continue to account for the lease liability and right-of-use asset on the head lease, like any other lease) and recognize all income earned under the sublease contracts with doctors on a straight-line basis as revenue in the Group's consolidated statement of profit or loss. This classification is made by reference to the right-of-use asset arising from the head lease.

The breakdown of revenue by category is as follows:

€ millions	2023	2022
Sales of products	23,377	22,692
Managed vision care	1,538	1,358
Eye-exam and related professional fees	301	261
Income from franchisee royalties	149	151
Sub-lease income	29	32
REVENUE	**25,395**	**24,494**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the year ended December 31, 2023 is as follows:

€ millions	Professional solutions	Direct to consumer	2023
Sales of products	12,199	11,178	23,377
Managed vision care	—	1,538	1,538
Eye-exam and related professional fees	—	301	301
Income from franchisee royalties	—	149	149
Sub-lease income	—	29	29
REVENUE	**12,199**	**13,195**	**25,395**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the year ended December 31, 2022 is as follows:

€ millions	Professional solutions	Direct to consumer	2022
Sales of products	11,770	10,922	22,692
Managed vision care	—	1,358	1,358
Eye-exam and related professional fees	—	261	261
Income from franchisee royalties	—	151	151
Sub-lease income	—	32	32
REVENUE	**11,770**	**12,724**	**24,494**

For information on contract assets and contract liabilities, see Note 14 – Other assets (current and non-current) and Note 23 – Other liabilities (current and non-current).

Note 6 Operating income and expenses

ACCOUNTING PRINCIPLES

Research and development costs

Research costs are recognized as an expense for the year in which they are incurred.

Research and development costs that are recognized in operating expenses include the operating costs of the Group's research centers and engineering costs for the development of new production processes.

Development costs are recognized as an intangible asset if the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible asset and use or sell it;
- the Group's ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of technical, financial and other resources to complete the intangible asset; and
- the reliable measurement of development expenditures.

For ophthalmic lens development projects, due to the risks and uncertainties concerning market developments and the large number of projects undertaken, the above criteria are considered as not being fulfilled; consequently, the related development costs are recognized as an expense.

Other income/expenses

Income and expenses that, because of their nature, cannot be classified in any of the functions detailed in the operating expenses, are recognized under *Other income/(expenses)*. They might include, among others, changes in price supplements for acquisitions (*e.g.* earn-out), net income on disposals of a business, as well as net income realized on business combination achieved in stages (*i.e.* step acquisition), impairment losses on goodwill and investments and net gain/losses on disposal of fixed assets.

Personnel costs

Personnel costs mainly include salaries, social security contributions, expenses related to share-based payments and employee benefits (see Note 20 – Employee benefits).

6.1. Depreciation, amortization and impairment loss

For the year ended December 31, 2023, the depreciation, amortization and impairment loss of *Property, plant and equipment*, *Intangible assets* and *Right-of-use assets* amount to €2,972 million (€2,970 million for 2022).

6.2. Research and development costs

For the year ended December 31, 2023, the *Research and development* costs amount to €593 million (€600 million for 2022).

6.3. Personnel costs and shared based payments

Personnel costs amount to €8,251 million (€7,869 million for 2022) including €220 million related to share-based payment expenses (€206 million for 2022) as detailed in Note 21 – Share-based payments and €70 million related to employee benefit obligations (€76 million for 2022).

The number of employees as of the end of the reporting period is as follows:

Number of employees at closing date	December 31, 2023	December 31, 2022
North America	44,051	43,741
EMEA	70,615	72,273
Asia-Pacific	52,366	49,790
Latin America	24,674	23,984
TOTAL NUMBER OF EMPLOYEES	**191,706**	**189,788**

6.4. Other income and expenses

Other income and expenses are as follows:

€ millions	2023	2022
Capital gains/(losses) on disposals of operations and assets	(2)	1
Other	21	60
OTHER INCOME/(EXPENSES)	**19**	**61**

The line *Other* reported in the table above mainly includes income resulting from the Group's M&A activities (such as earn-out reassessments) for approximately €14 million, an income of approximately €12 million related to the sale of a non-consolidated company, and other costs incurred in the context of restructuring projects for €(4) million.

In 2022, the line *Other* mainly included an income of approximately €41 million resulting from the remeasurement of the Group's previously held equity interest in an US-based company of which the Group took control, an income resulting from the Group's M&A operation for €8 million and an income of approximately €8 million resulting from the divestment of the European businesses as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition.

Note 7 Financial income and expenses

ACCOUNTING PRINCIPLES

Financial result

The *Cost of net debt* consists of interests on debt, borrowings and leases, net of income from cash and cash equivalents. The *Cost of net debt* also includes interests on derivatives related to financing operations. Income from cash and cash equivalents includes interests received and accrued on investments made by Group companies and gains or losses on money market funds.

Dividend income is recognized in the consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

Financial income and expenses are as follows:

€ millions	2023	2022
Interest on debt and borrowings and related derivatives	(108)	(87)
Interest on leases liabilities	(90)	(69)
Interest income	82	25
Cost of net debt	**(116)**	**(131)**
Dividend income	2	4
Foreign exchange gains or losses	(7)	12
Interest income on lease receivables	3	1
Other	(21)	(18)
Other financial income/(expenses)	**(24)**	**(0)**
FINANCIAL RESULT	**(140)**	**(131)**

Note 8 Income taxes

ACCOUNTING PRINCIPLES

Income taxes for the period comprise of current and deferred income taxes. They are recognized in the consolidated statement of profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

In accordance with IAS 12 and IFRIC 23, uncertain income tax positions are classified within the line *Tax payables*.

Deferred taxes are recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements, based on tax rates (and tax laws) that have been enacted (or substantively enacted) at the reporting date, and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred taxes are provided on temporary differences arising on equity investments in subsidiaries and associates, except for deferred taxes where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. No provision is made for deferred taxes on tax-suspended reserves subject to taxation in the event of distribution and/or use, where distribution or use is not envisioned.

Deferred tax assets and liabilities are offset when it is permitted to offset current tax assets against current tax liabilities by applicable tax regulations and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

8.1. Tax (expenses) income

The amount of income taxes recognized in the statement of profit or loss is as follows:

€ millions	2023	2022
Current year tax (expense) benefit	(811)	(898)
Deferred taxes	202	147
INCOME TAXES	**(609)**	**(751)**

As mentioned in the paragraph *Significant events of the year*, the Group has worked, in collaboration with the relevant tax authorities, on the clarification of certain tax treatments for which an *uncertain tax position* was reflected in the consolidated statement of financial position as of December 31, 2022 (within *Tax payables*). In light of the outcome of the discussions occurred with the tax authorities, the *uncertain tax position* was re-assessed leading to the recognition of a tax benefit in the consolidated statement of profit or loss of 2023 for approximately €115 million.

Pillar Two rules

In December 2021, the Organisation for Economic Co-operation and Development published its Global Anti-Base Erosion Model Rules ("Pillar Two"). The rules are part of a two-pillar solution to address the tax challenges arising from the digitalisation of the economy and were agreed by more than 135 countries and jurisdictions. The Pillar Two rules aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate and would achieve that aim by applying a system of top-up taxes that results in the total amount of taxes payable on excess profit in each jurisdiction representing at least the minimum effective rate of 15%.

The Pillar Two rules were adopted in France at the end of 2023 and is applicable in France starting from January 1, 2024. According to these rules EssilorLuxottica is considered a multinational enterprise group to which the Pillar Two model shall be applied.

Potential impacts resulting from the application of those rules are currently being analysed, notwithstanding the Group mainly operates in tax jurisdictions where the statutory corporate income tax rate is higher than 15%. The assessment performed so far indicates that only a few jurisdictions may be subject to an effective tax rate below 15%, which would nonetheless not result in significant top-up taxes.

Since the Pillar Two rules were not effective at the reporting date, no current tax exposures have been recorded in the 2023 consolidated financial statements.

The amount of income taxes recognized in other comprehensive income is as follows:

	2023			2022		
€ millions	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that may be reclassified subsequently to profit or loss						
Cash flow hedges	3	(1)	2	(13)	4	(10)
Foreign currency translation differences[a]	(1,045)	—	(1,045)	1,100	—	1,100
Total (A)	**(1,042)**	**(1)**	**(1,043)**	**1,087**	**4**	**1,091**
Items that will not be reclassified To profit or loss						
Actuarial gain/(loss) on employee benefits	2	(3)	(1)	82	(18)	64
Equity investments at fvoci – net change in fair value	(24)	8	(16)	(43)	4	(39)
Total (B)	**(22)**	**5**	**(17)**	**39**	**(14)**	**26**
TOTAL (A+B)	**(1,064)**	**4**	**(1,060)**	**1,126**	**(10)**	**1,116**

(a) For the year 2022 only, the line *Foreign currency translation differences* includes the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets as of January 1, 2022.

The reconciliation between the statutory tax rate and the effective rate is as follows:

As a % of profit before tax	2023	2022
Statutory income tax rate in %	25.83%	25.83%
Non-taxable income and specific tax regimes	-2.47%	-2.31%
Withholding and other taxes	1.20%	1.10%
Changes in tax rates	0.01%	0.03%
Net effect of unrecognized tax losses	0.58%	0.30%
Prior year tax adjustments	-0.35%	-0.44%
Aggregate effect of different tax rates in foreign jurisdictions	-0.91%	0.45%
Others (net)[a]	-3.81%	-0.19%
EFFECTIVE INCOME TAX RATE	**20.07%**	**24.77%**

(a) For the year 2023, the line *Other (net)* includes the impact resulting from the significant re-assessment of uncertain tax positions as described in paragraph 8.1 *Tax (expenses) income*.

8.2. Tax receivables and payables

Tax receivables and tax payables are as follows:

€ millions	December 31, 2023	December 31, 2022
Tax receivables	271	259
Tax payables	561	711

Tax payables include liabilities related to uncertain tax positions in various countries in which the Group operates for €316 million as of December 31, 2023 (€482 million as of December 31, 2022). The main decrease comes from the reassessment of the uncertain tax position described in paragraph 8.1 *Tax (expenses) income*.

8.3. Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

€ millions	December 31, 2023	December 31, 2022
Deferred tax assets	387	408
Deferred tax liabilities	2,145	2,377
DEFERRED TAX ASSETS/LIABILITIES (NET)	**(1,758)**	**(1,970)**

Changes in deferred taxes are as follows:

€ millions	2023	2022
Position as of January 1	**(1,970)**	**(2,049)**
Tax charged/credited to profit or loss	202	147
Tax charged/credited to other comprehensive income	4	(10)
Tax charged/credited to equity	—	(1)
Business combinations	(3)	(12)
Exchange rate difference and other movements[a]	10	(45)
POSITION AS OF DECEMBER 31	**(1,758)**	**(1,970)**

(a) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

Deferred taxes by nature are as follows:

€ millions	December 31, 2023	December 31, 2022
Elimination of inter-company profits	289	269
Differences in depreciation periods (pp&e)	(339)	(390)
Temporarily non-deductible provisions	186	244
Employee benefits-related reserves	99	87
Other intangible assets	(2,180)	(2,409)
Assets recognized on tax loss carryforward	80	116
Leases[a]	48	58
Other	58	55
TOTAL	**(1,758)**	**(1,970)**

(a) Of which €791 million deferred tax assets from lease liabilities and €743 million deferred tax liabilities from right-of-use assets as of December 31, 2023.

Deferred tax assets are recognized for tax losses carried forward and other temporary differences to the extent that the realization of the related tax benefit through future profit is probable.

In particular, for each tax jurisdiction, a deferred tax asset is recognized on tax losses carried forward when the Company assesses that probable future taxable income would be available to offset against these losses in an expected timeframe generally not exceeding five years. This assessment is performed on a case-by-case basis, considering the taxable income forecasts prepared on a legal entity or fiscal unit level. Those forecasts are prepared according to budget estimates and projections and are based on local business assumptions that are in line with the Group business framework. In certain jurisdictions, tax loss limitations are taken into account when applicable. As of December 31, 2023, approximately €80 million have been recognized as deferred tax assets on tax loss carryforwards, mainly in Canada, France, UK and Italy, with tax losses expected to be fully used within a range of 2 – 5 years.

Moreover, as of December 31, 2023, the Group did not recognize deferred tax assets of €201 million (€254 million as of December 31, 2022) in respect of losses and other temporary differences. The unrecognized deferred tax assets on losses (€180 million as of December 31, 2023) are mainly located in North and South America. The majority of these tax losses have no expiration date but have certain offset limitations against future taxable income.

The Group does not recognize deferred tax liabilities on the undistributed earnings of its subsidiaries that are intended to be permanently invested.

Note 9 Earnings per share

ACCOUNTING PRINCIPLES

Basics earnings per share
Awards of performance shares are taken into account in the weighted average number of shares outstanding over the fiscal year on the basis of the number of shares granted, as soon as the performance criteria have been met before the period-end.

Diluted earnings per share
Diluted earnings per share are calculated by taking into account dilutive potential ordinary shares, as follows:

- stock subscription options: the dilution arising from stock subscription options is calculated based on the average number of shares plus the number of shares that would be issued or sold if the options were issued at market price instead of at the adjusted exercise price. The exercise price of the stock subscription options is adjusted for the cost to be recognized in future periods for options that have not yet vested at the period-end;
- performance share grants: the number of shares used for the calculation is determined based on the number of shares that would have been granted if the performance criterion had been met at the balance sheet date.

The net profit used for the calculation of earnings per share is €2,289 million (a net profit of €2,152 million in 2022), while the 2023 average number of ordinary shares outstanding used for the calculation of basic earnings per share is 448,066,944 (442,049,822 in 2022).

€ millions / number of shares / €	2023	2022
Net profit (loss) used for the calculation	2,289	2,152
Weighted average number of ordinary shares	448,066,944	442,049,822
BASIC EARNINGS PER SHARE *(in euros)*	**5.11**	**4.87**

The average number of ordinary shares outstanding used to calculate diluted earnings per share is as follows:

Number of shares / €	2023	2022
Weighted average number of ordinary shares	448,066,944	442,049,822
Dilutive effect of stock subscription options	78,476	90,059
Dilutive effect of share grants	2,620,442	3,519,371
Diluted weighted average number of ordinary shares	450,765,862	445,659,252
DILUTED EARNINGS PER SHARE *(in euros)*	**5.08**	**4.83**

As of December 31, 2023:

- 3,041,379 performance shares were excluded from the diluted weighted-average number of ordinary shares calculation as the related performance conditions were not met at the end of the reporting period (2,837,886 as of December 31, 2022);
- 267,467 stock subscription options were excluded from the diluted weighted-average number of ordinary shares calculation as their average value was greater than the average price during the respective period, *i.e.* anti-dilutive effect (118,970 as of December 31, 2022).

Note 10 Goodwill and other intangible assets

ACCOUNTING PRINCIPLES

Goodwill
Refer to Note 3 – Business combinations.

Other intangible assets
Separately acquired intangible assets are accounted for at acquisition cost.

Trademarks, tradenames, brands, licenses, contractual customer relationships, technologies and other intangible assets acquired in a business combination are recognized at their fair value at the acquisition date.

The directly attributable costs of producing identifiable and separable intangible assets are recognized as an intangible asset when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. They are reported under *Other intangible assets*.

All intangible assets have a finite useful life and are amortized on a straight-line basis over the assets' useful lives as follows:

Category	Useful life
Trademarks, trade names and brands	From 14 to 25 years
Technologies	From 6 to 10 years
Distributor network, contractual customer relationships and franchise agreements	From 3 to 25 years
Patents	Legal protection period
Other intangible assets	From 1 to 7 years

Depreciation ceases when intangible assets are classified as held for sale, in compliance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*.

The useful life and residual value of intangible assets are reviewed at each period-end. As necessary, the occurrence of changes to the useful life or residual value is recognized prospectively as a change in accounting estimates.

Changes in *Goodwill* and *Intangible assets* for the year ended December 31, 2023 and 2022 are presented in the tables below.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2023						
Historical cost	30,734	6,617	2,874	6,815	2,849	49,888
Accumulated amortization and impairment	—	(2,146)	(1,146)	(1,962)	(1,779)	(7,033)
Net book value as of January 1, 2023	**30,734**	**4,471**	**1,728**	**4,853**	**1,069**	**42,855**
Additions	—	—	0	—	314	315
Business combinations	97	6	14	—	5	122
Amortization	—	(247)	(273)	(495)	(289)	(1,304)
Impairment	—	—	—	0	(6)	(6)
Divestment and assets classified as held for sale	0	—	—	—	(1)	(1)
Translation differences and other[a]	(566)	(64)	7	(81)	1	(703)
Total changes	**(469)**	**(305)**	**(252)**	**(576)**	**25**	**(1,577)**
Balance as of December 31, 2023						
Historical Cost	30,265	6,471	2,891	6,673	3,102	49,401
Accumulated amortization and impairment	—	(2,305)	(1,414)	(2,395)	(2,007)	(8,122)
NET BOOK VALUE AS OF DECEMBER 31, 2023	**30,265**	**4,166**	**1,476**	**4,277**	**1,095**	**41,279**

(a) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2022						
Historical cost	29,104	6,402	2,858	6,413	2,660	47,437
Accumulated amortization and impairment	—	(1,821)	(871)	(1,402)	(1,639)	(5,734)
Net book value as of January 1, 2022[a]	**29,104**	**4,581**	**1,987**	**5,010**	**1,020**	**41,703**
Additions	—	—	—	—	289	289
Business combinations	697	81	9	188	26	1,001
Amortization	—	(251)	(271)	(503)	(278)	(1,302)
Impairment	—	(22)	—	1	(5)	(26)
Divestment and assets classified as held for sale	0	—	—	—	(3)	(3)
Translation differences and other[b]	932	82	4	157	19	1,194
Total changes	**1,629**	**(110)**	**(259)**	**(157)**	**49**	**1,152**
Balance as of December 31, 2022						
Historical Cost	30,734	6,617	2,874	6,815	2,849	49,888
Accumulated amortization and impairment	—	(2,146)	(1,146)	(1,962)	(1,779)	(7,033)
NET BOOK VALUE AS OF DECEMBER 31, 2022	**30,734**	**4,471**	**1,728**	**4,853**	**1,069**	**42,855**

(a) The net book value as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition.
(b) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

Most significant *Intangible* assets of the Group are related to:

(i) the Group's brands, with a total carrying amount of €4,166 million as of December 31, 2023 (€4,471 million as of December 31, 2022), including those recognized as a result of the combination between Essilor and Luxottica occurred on October 1, 2018 (hereinafter referred as the "EL Combination"), with a carrying amount of €2,275 million as of December 31, 2023 (€2,449 million as of December 31, 2022) and the additional trade names recognized in the context of the GV Acquisition with a carrying amount of €1,389 million as of December 31, 2023 (€1,444 million as of December 31, 2022);

(ii) the technologies recognized in 2018 as a result of the EL Combination, with a carrying amount of €1,437 million as of December 31, 2023 (€1,705 million as of December 31, 2022);

(iii) the customer relationship recognized in 2018 as a result of the EL Combination, with a carrying amount of €3,326 million as of December 31, 2023 (€3,750 million as of December 31, 2022) as well as the additional customer relationships recognized in 2021 in the context of the GV Acquisition with a carrying amount of €702 as of December 31, 2023 (€816 as of December 31, 2022);

(iv) the other intangible assets mainly comprise, in addition to the carrying value of the Franchising Network recognized in the context of the finalization of the purchase price allocation related to the GV Acquisition (€233 million as of December 2023), payments to licensors for the use of brand names in the context of license agreements, capitalized IT investments as well as other capitalized software and capitalized developments costs on owned e-commerce website.

In 2023, *Goodwill* decreased by €469 million, of which:

- €(724) million resulting from foreign currency fluctuations (including €(495) million related to foreign currency fluctuations on the goodwill arising from the EL Combination and €(89) million on the goodwill arising from the GV Acquisition) counterbalanced by the positive effect of hyperinflation accounting on the goodwill allocated to Turkish operations in the context of the GV Acquisition (€158 million);
- €97 million resulting from the business combinations accounted for in the period (please refer to Note 3 – Business combinations).

Excluding exchange rate and hyperinflation effects, the main increases in *Intangible assets* in 2023 resulted from the business combinations occurred during the year, investment in the IT projects of the Group as well as the Armani license renewal fees mentioned in the *Significant events of the year* paragraph.

10.1. Impairment tests

ACCOUNTING PRINCIPLES

According to IAS 36 – *Impairment of assets*, entities are required to conduct impairment tests on goodwill and certain intangible assets annually, as well as whenever there is an indication that those intangible assets with finite useful life may be impaired.

Goodwill

Goodwill is not subject to amortization but is tested at least annually for impairment.

Impairment test consists in the comparison of the recoverable amount of each group of CGUs with their corresponding carrying amount of net assets including goodwill. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The fair value less costs to sell is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or, in the absence of such data, on the basis of discontinued cash flows as determined by a market participant.

The value in use is determined on the discounted future cash flows net of income taxes, calculated from a business plan based on actual cash flows for the current year, the annual budget estimates presented to the Board of Directors for the following year and mid/long term projections consistent with the outlook communicated to the stakeholders and past experience. They are then extrapolated by applying a long-term growth rate.

Moreover, the discounted cash flows:

- take into account future cash outflows needed to replace leased assets at the end of the lease-term which are essential to the ongoing operation of the Group; and
- exclude the payments for both principal portion of lease liabilities and related interests, while including cash outflows for expected future variable rents, short-term leases and low-value-asset leases.

The Group discount rate (weighted average cost of capital, WACC) is determined on the basis of market information of the specific risk of the Group's industry and the cost of capital after IFRS 16 implementation (i.e. lease liabilities are considered as part of the capital structure of the Group's peer companies).

Furthermore, the carrying amount tested against the groups of CGUs value in use includes *Right-of-use assets* and is not reduced by *Lease liabilities*.

An impairment loss is recognized if the recoverable amount is lower than the carrying amount. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

Other intangible assets

All intangible assets with a finite useful life are tested for impairment when the occurrence of an event or a change of circumstances indicates that their recoverable amount may be less than their carrying amount.

10.1.1. Allocation of goodwill to groups of CGUs

The lowest level at which the goodwill is monitored for internal management purposes is:

- the segment itself for the Professional Solutions (PS) business;
- the retail sun and retail optical businesses within the Direct to Consumer (DTC) segment.

The amount of *Goodwill* allocated to each groups of CGUs is reported in the following table.

€millions	January 1, 2023	Changes	December 31, 2023
Professional solutions	21,778	(543)	21,235
Direct to consumer – optical	7,555	130	7,685
Direct to consumer – sun	1,401	(56)	1,345
TOTAL	**30,734**	**(469)**	**30,265**

Changes occurred in 2023 are substantially linked to foreign currency fluctuations (€(551) million) and to the acquisition of the period (€97 million) mainly in the Professional Solutions group of CGUs.

10.1.2. Impairment test of goodwill

The annual impairment test on goodwill was performed at an interim date during the annual period. Moreover, as required by IAS 36, the Group assessed whether any impairment indicator existed as at December 31, 2023. Following the last assessment, management did not identify any impairment indicators, accordingly no additional impairment test on Goodwill was performed as of December 31, 2023.

For the annual impairment test, the value in use of each group of CGUs was determined based on discounted cash flows. These cash flows were derived from the annual budget estimates prepared for the year 2024 and mid/long term projections then extrapolated by applying a long-term growth rate.

The main business assumptions reflected in the forecasted cash flows are broadly consistent with the 5-year outlook (2022-2026) communicated to the market: the Company disclosed its target of mid-single-digit annual revenue growth from 2022 to 2026 (at constant exchange rates based on 2021 *pro forma* revenue) coupled with an expected *adjusted* operating profit as a percentage of revenue in the range of 19-20% by the end of that period.

The main key operating growth' drivers are connected to the new licenses in the frame business and product innovation in the lenses business, higher penetration in the fast-growing markets and the focus on partner programs, all of these initiatives being supported by an expanded and more efficient manufacturing footprint, notably in France, Thailand and Mexico, a growth of the marketing supporting brands and the renewal of the retail network.

The Weighted Average Cost of Capital (WACC) applied to each group of CGUs are reported below. The growth rates used to determine terminal values are around 3% (in line with the annual impairment test performed for the year ended December 31, 2022).

In %	WACC
Professional Solutions	9.9%
Direct to Consumer – Optical	9.7%
Direct to Consumer – Sun	9.3%

No impairment loss has been recognized in the consolidated statement of profit or loss in 2023 nor in 2022.

The table below shows, for each group of CGUs, the percentage of the *headroom* over the tested net carrying amount (column: *Surplus of recoverable amount over the net carrying amount*) as well as the approximate WACC which would lead the difference between recoverable amount and net carrying amount equal to zero (column: *Break-even WACC*).

In % / bps	Surplus of recoverable amount over the net carrying amount	Break-even WACC
Professional solutions	25%	~11.6%
Direct to consumer – optical	75%	~14.7%
Direct to consumer – sun	>100%	~18.4%

Moreover, with all other parameters remaining equal, a decrease of 100 basis points in the long-term growth rate would not generate any impairment loss on the net amount of goodwill allocated to each group of CGUs as of the date of the impairment tests.

Finally, Management has considered that there was no reasonably possible change in the key operating assumptions that could cause, *ceteris paribus*, an impairment loss.

10.1.3. Impairment test of other intangible assets

As regards to other intangible assets, specific impairment tests have been performed, as of December 31, 2023, when the Group identified an impairment indicator.

The tests carried out did not lead to the identification of any significant impact. The overall impairment losses on intangible assets recognized in 2023 amounted to €6 million (€26 million in 2022).

Note 11 Property, plant and equipment

ACCOUNTING PRINCIPLES

Property, plant and equipment are reported on the statement of financial position at their acquisition price, net of accumulated depreciation and impairment losses.

The directly attributable costs of producing identifiable and separable items of property, plant and equipment are recognized as property, plant and equipment when they are controlled by the Group and it is probable that they will generate future economic benefits in excess of their cost over a period of more than one year.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The depreciable amount of the items of property, plant and equipment, measured as the difference between their historical cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

Category	Useful life
Buildings	From 3 to 40 years
Machinery and equipment	From 3 to 20 years
Other equipment	From 2 to 20 years
Leasehold improvements	According to the economic life of the leasehold improvement, unless the Group does not expect to use the leasehold improvements beyond the lease term of the related lease (if this is the case the useful life of the leasehold improvements is the same as the lease term)

Land is not subject to depreciation.

Depreciation ceases when property, plant and equipment is classified as held for sale, in compliance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*.

The useful life and residual value of property, plant and equipment are reviewed at each period-end. As necessary, the occurrence of changes to the useful life or residual value is recognized prospectively as a change in accounting estimates.

Where an item of property, plant and equipment comprises several parts with different useful lives, each part is recognized as a separate item and depreciated over its useful life.

Where there are any internal or external indications that the value of an item of property, plant and equipment may be impaired, the Group assesses its recoverable amount and records an impairment loss if the carrying amount is more than the recoverable amount. A review is carried out at each period-end to determine whether such indications exist.

Upon disposal or when no future economic benefits are expected from the use of an item of property, plant and equipment, its carrying amount is derecognized. The gain or loss arising from derecognition is included in the consolidated statement of profit or loss.

Changes in items of *Property, plant and equipment* in 2023 are as follows:

€ millions	Land, buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2023				
Historical cost	3,641	4,168	2,346	10,155
Accumulated depreciation and impairment	(1,652)	(2,576)	(1,181)	(5,408)
Net book value as of January 1, 2023	**1,989**	**1,592**	**1,165**	**4,747**
Additions	175	303	766	1,245
Business combinations	2	0	0	3
Depreciation	(216)	(331)	(167)	(714)
Impairment	(4)	(6)	(7)	(17)
Disposals and assets classified as held for sale	(5)	(9)	(2)	(16)
Translation differences and other[a]	141	155	(362)	(66)
Total changes	**92**	**113**	**230**	**435**
Balance as of December 31, 2023				
Historical cost	3,847	4,408	2,587	10,842
Accumulated depreciation and impairment	(1,765)	(2,703)	(1,192)	(5,660)
NET BOOK VALUE AS OF DECEMBER 31, 2023	**2,082**	**1,705**	**1,395**	**5,182**

(a) Includes the transfer of tangible assets in progress into the other tangible assets

Changes in items of *Property, plant and equipment* in 2022 are as follows:

€ millions	Land, buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2022				
Historical cost	3,188	3,761	2,148	9,098
Accumulated depreciation and impairment	(1,459)	(2,285)	(1,142)	(4,887)
Net book value as of January 1, 2022	**1,729**	**1,476**	**1,006**	**4,211**
Additions	229	256	631	1,116
Business combinations	29	32	11	71
Depreciation	(203)	(320)	(172)	(695)
Impairment	(4)	(8)	(9)	(21)
Disposals and assets classified as held for sale	(5)	(10)	(7)	(23)
Translation differences and other[a]	214	168	(295)	87
Total changes	**261**	**116**	**159**	**536**
Balance as of December 31, 2022				
Historical cost	3,641	4,168	2,346	10,155
Accumulated depreciation and impairment	(1,652)	(2,576)	(1,181)	(5,408)
NET BOOK VALUE AS OF DECEMBER 31, 2022	**1,989**	**1,592**	**1,165**	**4,747**

(a) Includes the transfer of tangible assets in progress into the other tangible assets

The Group's *Property, plant and equipment* mainly include:

- buildings consisting mainly of plants, prescription laboratories and administrative offices. Their locations reflect the Group's broad international presence;
- production plants and equipment including machines and equipment for producing semi-finished and finished lenses as well as frames.

The prescription laboratories also have machines and equipment for surfacing, coating, edging and mounting lenses.

The other tangibles include assets under constructions for a net book value of €750 million and are mainly related to stores as well as distribution and production sites. This other tangible category also includes store and office furnitures.

Specific impairment tests were performed as of December 31, 2023, when the Group identified impairment indicators. The impairment losses on tangible assets recognized in 2023 amounted to €17 million (€21 million in 2022).

Note 12 Leases

ACCOUNTING PRINCIPLES

The lease contracts largely relate to the leases of stores operated by the Group, and leases of stores that are subleased to the Group's franchisees. Lease contract also include leases for offices, warehouses, vehicles and equipment.

The recognition, measurement, presentation and disclosure of right-of-use assets and lease liabilities are governed by IFRS 16 – *Leases*.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessee accounting

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment (IAS 36 – *Impairment of Assets* requirements do apply).

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments to be made over the lease term.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments, a change in the assessment to purchase the underlying asset or a lease modification that does not constitute a separate lease.

Discount rate

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (*i.e.* the interest rate that a lessee would have to pay to borrow, over a similar term and in a similar economic environment, the funds necessary to acquire an asset of a similar value to the right-of use asset) at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group defines the incremental borrowing rate considering, among the other, the term of the arrangement (notably the length of the lease term), the economic environment in which the lease is concluded as well as the currency and the date at which the lease is entered into. The Group decided not to reflect in the determination of the incremental borrowing rate the payment profile of the lease payments.

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Termination options held only by the lessor are not considered when determining the lease term.

The Group has the option, under some of its leases (especially stores), to lease the assets for additional terms without any ability of opposition for the lessor. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Exemptions

The Group applies the short-term lease recognition exemption to all of its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Leases corresponding to short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lessor accounting

The Group subleases some of its right-of-use assets to franchisees or other third parties. When substantially all the risks and rewards are transferred to the lessee, the sublease is classified as finance lease, otherwise the sublease is classified as an operating lease (see Note 5 – Revenue, paragraph *Sub-lease income (accounted for in accordance with IFRS 16)*).

When the sublease is classified as finance lease, the right-of-use asset in the head lease is derecognized and a lease receivable is recognized. The lease receivable is initially measured at the present value of future lease receipts. Any difference on initial recognition of finance sublease is recorded in the consolidated statement of profit or loss. Subsequently, the interest income and interest expense are accrued on the lease receivable and lease liability respectively applying the effective interest method.

12.1. Right-of-use assets

The following tables summarize the amounts recognized in the Group consolidated statement of financial position as a result of the application of IFRS 16. In particular, the tables show the carrying amounts of the Group's *Right-of-use assets* as well as their movements during the years ended December 31, 2023 and 2022.

€ millions	Store and other buildings	Equipment and machinery	Other	Total
Net book value January 1, 2023	**2,972**	**15**	**23**	**3,010**
Additions	1,018	9	25	1,052
Business combination	5	—	0	5
Depreciation	(907)	(5)	(18)	(929)
Impairment	(2)	—	—	(2)
Divestments and assets classified as held for sale	(1)	—	0	(1)
Translation differences and other	(64)	(2)	1	(66)
NET BOOK VALUE DECEMBER 31, 2023	**3,021**	**18**	**30**	**3,069**

€ millions	Store and other buildings	Equipment and machinery	Other	Total
Net book value January 1, 2022	**2,904**	**7**	**20**	**2,930**
Additions	927	15	19	961
Business combination	42	3	0	45
Depreciation	(900)	(7)	(16)	(924)
Impairment	(2)	—	—	(2)
Divestments and assets classified as held for sale	(1)	—	(0)	(1)
Translation differences and other	3	(2)	(1)	1
NET BOOK VALUE DECEMBER 31, 2022	**2,972**	**15**	**23**	**3,010**

Specific impairment tests were performed as of December 31, 2023, when the Group identified impairment indicators. The impairment losses on right-of-use assets recognized in 2023 amounted to €2 million (€2 million in 2022).

12.2. Lease liabilities and lease receivables

Lease receivables and lease liabilities break down as follows:

€ millions	2023	2022
Current lease receivables	17	17
Non-current lease receivables	75	71
Total lease receivables	**92**	**88**
Current lease liabilities	(841)	(846)
Non-current lease liabilities	(2,399)	(2,336)
Total lease liabilities	(3,239)	(3,182)
NET LEASE RECEIVABLES (LIABILITIES)	**(3,148)**	**(3,094)**

The table below provides the maturity of the Group's lease liabilities as of December 31, 2023.

€ millions	2024 (1y)	2025 (2y)	2026 (3y)	2027 (4y)	2028 (5y)	>2028 (>5y)	Total
LEASE LIABILITIES	**(841)**	**(651)**	**(484)**	**(350)**	**(285)**	**(629)**	**(3,239)**

12.3. Impact of leases on the income statement

€ millions	2023	2022
Depreciation expenses on right-of-use assets	(929)	(924)
Impairment losses on right-of-use assets	(2)	(2)
Rent expenses – short term leases	(20)	(12)
Rent expenses – low value leases	(23)	(17)
Rent expenses – variable leases payments[a]	(558)	(558)
Total amounts recognized in operating profit	**(1,532)**	**(1,513)**
Interest expense on leases liabilities	(90)	(69)
Total amounts recognized in financial result	**(90)**	**(69)**
TOTAL AMOUNTS RECOGNIZED IN THE INCOME STATEMENT	**(1,622)**	**(1,582)**

(a) For the year 2022 only, the line includes negative variable payments resulting from Covid-19 rent concessions.

12.4. Impact of leases on the statement of cash flows

The cash-out related to lessee accounting are reflected in the Consolidated statement of cash flows in the lines *Interest paid on leases liabilities* and *Cash payments for principal portion of lease liabilities*.

€ millions	2023	2022
Interest paid on leases liabilities	(90)	(69)
Impact on net cash received from (used in) operating activities	**(90)**	**(69)**
Cash payments for principal portion of lease liabilities	(936)	(955)
Impact on net cash received from (used in) financing activities	(936)	(955)
TOTAL IMPACT OF LEASES ON THE STATEMENT OF CASH FLOWS	**(1,024)**	**(1,023)**

Note 13 Investments in associates

Investments in associates amount to €81 million as of December 31, 2023 (€83 million as of December 31, 2022).

The main investment in associates refers to the non-controlling interest in Mazzucchelli 1849 SpA.

For the year ended December 31, 2023, the Group's share of profit (loss) in associates amounts to €(1) million (€6 million in 2022).

Note 14 Other assets (current and non-current)

ACCOUNTING PRINCIPLES

Other receivables

Other receivables are recognized at amortized cost and measured on the basis of the impairment model introduced by IFRS 9 – *Financial instruments* (see paragraph *Financial assets* below for the measurement on initial recognition).

The other receivables, for which the Group estimates a low credit risk, are measured using the general approach which requires to monitor at each reporting date changes in credit risk compared to the initial measurement and adjust the loss allowance accordingly.

Contract assets

Contract assets are described in Note 5 – Revenue.

Financial assets

The Group's financial assets are classified based on the business model for managing them and the contractual cash flow characteristics of the financial assets. The Group has identified the following categories:

Financial assets measured at amortized cost

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are mainly trade receivables, cash deposits with a maturity of less than 12 months (i.e. *Short-term investments* classified under *Other current assets*), loans, and other receivables (as described in the Note 16 – Trade receivables).

Loans and receivables are included in current assets, except for those with contractual maturities greater than 12 months compared to the reporting date, which are classified as non-current assets. Except for trade receivables that do not contain a significant financing component, other loans and receivables are initially recognized at fair value plus directly attributable transaction costs. Trade receivables that do not contain a significant financing component are recognized at the transaction price (determined in accordance with IFRS 15 – *Revenue from Contract with Customers*). After initial recognition, the assets included in this category are measured at amortized cost, using the effective interest method. The effects of this measurement are recognized within the financial result. These assets are subject to the impairment model introduced by IFRS 9 – *Financial Instruments*.

Equity investments that the Group designates as FVOCI on initial recognition

Equity investments that the Group designates as Fair value through Other Comprehensive Income ("FVOCI") on initial recognition are mainly investments in non-consolidated companies over which the Group does not have significant influence. These assets are recognized under *Other non-current assets*. The Group made an irrevocable election to present in other comprehensive income changes in the fair value of those investments. Amounts presented in other comprehensive income will not subsequently transferred to the statement of profit or loss. Moreover, investments included in this category are not subject to the impairment model required by IFRS 9.

Financial assets at fair value through consolidated profit or loss (FVPL)

This category includes financial assets not classified in any of the previous categories (i.e. residual category). These are mainly derivative instruments and money market funds. Assets in this category are classified as current or non-current assets based on their maturity and are initially recognized at fair value. Any ancillary costs incurred on initial recognition of the assets are immediately recognized through consolidated profit or loss. After initial recognition, financial assets at FVPL are measured at fair value. Gains and losses deriving from changes in fair value are recognized through consolidated profit or loss in the period in which they occur, within financial result.

Applicable to all financial assets

Purchases and sales of financial assets are cancelled at the settlement date.

Financial assets are derecognized when the rights to receive cash flows from the instrument have expired and the Group has transferred substantially all risks and rewards of ownership.

The fair value of listed financial instruments is based on the current bid price. If the market for a financial asset is not active (or if it refers to unlisted securities), the Group defines the fair value by utilizing valuation techniques such as recent arms' length market transactions between knowledgeable willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and pricing models based on observable market inputs.

14.1. Other non-current assets

Other non-current assets are described as follows:

€ millions	December 31, 2023	December 31, 2022
Other non-financial assets	365	438
Financial lease receivables	75	71
Other financial assets	364	308
OTHER NON-CURRENT ASSETS	**803**	**817**

Over the year, the deposit of €125 million transferred, at the end of 2021, to the French Competition Authority in the context of the procedure against Luxottica, its subsidiary Alain Mikli and other competitors has been reclassified from *other non-current non-financial assets* to *other current non-financial assets*, the Court of Appeal decision being now expected within 12 months from the reporting date (see Note 26 – Contingencies and commitments, paragraph 26.2 *Litigation and contingent liabilities*).

Moreover, Other non-financial assets also include security deposits with a corresponding carrying amount of €70 million (€111 million as of December 31, 2022), non-current advance payments related to royalties, including the portion related to the renewal of the Armani license (commented in the paragraph *Significant events of the year*) for €24 million (€18 million as of December 31, 2022) and non-current trade receivables for €97 million (€57 million as of December 31, 2022).

Non-current contract assets included in other non-financial assets amount to €17 million (€19 million as of December 31, 2022).

Financial lease receivables mainly relate to GrandVision's leases of stores that are subleased to the Group's franchisees.

Other financial assets mainly include the carrying amount of non-consolidated companies. The increase of the year is mainly linked to the acquisition of non-controlling interest in companies operating in the optical retail industry as well as to the adjustments at their fair value at the reporting date (through other comprehensive income).

14.2. Other current assets

Other current assets are as follows:

€ millions	December 31, 2023	December 31, 2022
Social and sales tax receivables	307	297
Advances to suppliers	116	121
Prepaid expenses	228	213
Other	525	258
Total other current non-financial assets	**1,176**	**890**
Derivative financial instruments	12	29
Short-term investments	—	—
Financial lease receivables	17	17
Other	1	0
Total other current financial assets	**30**	**46**
OTHER CURRENT ASSETS	**1,206**	**936**

The increase of the line *Other* within the *Other current non-financial assets* mainly comes from:

- the reclassification from non-current to current non-financial assets of the deposit of €125 million transferred, at the end of 2021, to the French Competition Authority in the context of the procedure against Luxottica, its subsidiary Alain Mikli and other competitors, the Court of Appeal decision being now expected within 12 months from the reporting date (see Note 26 – Contingencies and commitments, paragraph 26.2 *Litigation and contingent liabilities*);
- the deposit of €81 million transferred in February 2023 to the French Authorities in the context of the procedure initiated by the French Competition Authority against Essilor International. As mentioned in the paragraph *Significant events of the year*, a €81 million penalty was imposed on October 6, 2022 to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses. EssilorLuxottica appealed this decision on November 23, 2022. On February 15, 2023, pending the decision on appeal, the funds were transferred to the French Authorities; this cash-out was considered as a deposit made to a public authority in the context of the overall procedure and accounted for accordingly (see Note 26 – Contingencies and commitments, paragraph 26.2 *Litigation and contingent liabilities*); and
- €12 million (USD14 million) within the *Other current non-financial assets* to reflect the agreement reached with an insurance company in the context of a class action settlement in the US (see Note 22 – Provisions (current and non-current) and Note 26 – Contingencies and commitments, paragraph 26.2 *Litigation and contingent liabilities*).

As of December 31, 2023, contract assets included in other current non-financial assets amount to €16 million (€18 million as of December 31, 2022).

Note 15 Inventories

ACCOUNTING PRINCIPLES

Inventories are accounted for at the lower of the weighted-average cost and the net realizable value. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Write-downs for raw materials, work in process and finished goods which are considered obsolete or slow moving are computed taking into account their expected future utilization and their net realizable value. The Group also considers other reasons that the cost of inventories may not be recoverable such as damage, obsolescence, declines in selling price. The cost of inventories may not be recoverable if the estimated costs of completion or the estimated costs incurred to make the sale exceed that cost.

The composition of inventories is as follows:

€ millions	December 31, 2023	December 31, 2022
Raw material, supplies and packaging	780	790
Work in progress	114	110
Finished goods	2,344	2,365
Inventories (gross)	**3,237**	**3,266**
Inventory obsolescence reserve	(487)	(477)
INVENTORIES (NET)	**2,750**	**2,789**

Obsolescence refers to products that are expected to have low sale ability due to a number of factors including, but not limited to, the fact that: they have been discontinued, the related quality standards have changed, the related technology has been superseded and/or they have been withdrawn from the catalogue.

This assessment was based among other factors, on sales expectations.

In the year ended December 31, 2023, a provision on inventories has been booked for €136 million (€103 million for 2022).

Note 16 Trade receivables

ACCOUNTING PRINCIPLES

Trade receivables are recognized at amortized cost and measured on the basis of the impairment model introduced by IFRS 9 – *Financial instruments* (see Note 14 – Other asset (current and non-current), paragraph *Financial assets* for the measurement on initial recognition).

In the case of trade receivables, the Group adopts the *simplified approach* that does not require assessing changes in credit risk on a regular basis, allowing instead to recognize an Expected Credit Loss (ECL) calculated over the entire *lifetime* of the receivables. Specifically, trade receivables are analyzed based on the number of days past due and the counterparty's solvency. The Group applies different impairment percentages that reflect the relevant expectations for recovery. Trade receivables are fully written down in the absence of a reasonable expectation of recovery.

The amount of receivables is reported in the statement of financial position net of the relevant bad debt provisions. The impairment losses reported pursuant to IFRS 9 – *Financial instruments* (including reversals of impairment losses or impairment gains) are recognized in the consolidated income statement mainly within the line item *Selling* expenses.

Trade receivables are as follows:

€ millions	December 31, 2023	December 31, 2022
Trade receivables (gross)	3,102	2,877
Bad debt provision	(166)	(180)
TRADE RECEIVABLES (NET)	**2,936**	**2,697**

Note 17 Cash and cash equivalents

ACCOUNTING PRINCIPLES

Cash in hand and time deposits comprise cash on hand and at bank, carried at nominal amount, equal to fair value.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits qualify for cash equivalents only when they have a maturity of three months or less from the date of the acquisition, or when the Group has the right to exit the investment without capital loss at any time, subject to a notice period not exceeding three months.

Cash and cash equivalents are as follows:

£ millions	December 31, 2023	December 31, 2022
Cash in hand and at bank	1,663	1,756
Time deposits	872	204
Money market funds	23	—
CASH AND CASH EQUIVALENTS	**2,558**	**1,960**

The Group is operating in some countries where cash and cash equivalents are subject to legal restrictions. The respect of preliminary formalities in these countries is mandatory before transferring these funds with some delay and eventually some tax payment. Cash and cash equivalents can also be held by some subsidiaries where the initial approval of our partners is required to transfer any funds.

Note 18 Equity

ACCOUNTING PRINCIPLES

Share premium reserve

Share premium reserve represents the excess of the capital increases price over the par value of the shares issued.

Treasury shares

Treasury shares are deducted from equity at cost, including directly attributable transaction expenses. Capital gains and losses on sales of treasury shares are recorded directly in equity, for their amount net of tax.

Translation reserve

Translation differences are generated by the translation into euro of consolidated entities' financial statements prepared in currency other than euro.

Retained earnings and other reserves

This includes undistributed earnings of the Group, the cumulated amount of items recognized in other comprehensive income (such as actuarial gains and losses, cash-flow hedge reserves, etc.), equity-settled share-based payments and other reserves.

Dividends

Dividends are deducted from equity when they are approved by the Shareholders' Meeting.

Non-controlling interests

Non-controlling interests represent the portion of the net asset and net profit of a consolidated entity that is not attributable to the Group, directly or indirectly.

When a put option is granted to non-controlling shareholders of a subsidiary, if the option provides for settlement in cash, a liability is recognized for the present value of the exercise price of the option. This liability is classified as *Other non-current liabilities* or *Other current liabilities* in the consolidated statement of financial position based on its due date. Subsequent changes in the liability's fair value are recognized through Group equity. When the put option provides the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, profit or loss and changes in other comprehensive income are still allocated to the non-controlling interests. However, in the statement of financial position, the non-controlling interests are derecognized as if they were acquired at the closing date. When the put option does not provide the non-controlling shareholders with present access to the returns associated with the underlying ownership interest, then, the Group derecognizes the non-controlling interests accounted for at the acquisition date.

Negative equity

Where a consolidated company has negative equity, non-controlling interests are treated as being attributable to the non-controlling shareholders unless they are not liable for their share of the losses or are not capable of fulfilling this obligation.

18.1. Number of shares

The changes in number of shares between January 1 and December 31 for the years 2023 and 2022 are as follows:

In number of shares	2023	2022
Number of shares as of January 1	**447,688,233**	**442,442,920**
Scrip dividend	5,909,082	4,789,194
Delivery of performance shares[a]	—	167,947
Employee stock ownership plan	221,455	232,868
Exercise of stock options[a]	28,445	55,304
NUMBER OF SHARES AS OF DECEMBER 31	**453,847,215**	**447,688,233**

(a) As of December 31, 2023 the amount includes 13,295 shares which were delivered but not yet registered; 40,903 shares delivered but not yet registered as of December 31, 2022.

18.2. Share capital and Share premium reserve

The share capital of the Company amounted to €82 million as of December 31, 2023 and was comprised of 453,847,215 ordinary shares with a par value of €0.18 each.

The changes in share capital and share premium reserve (issue of ordinary shares) are presented below.

In number of shares / € millions	Number of shares	Share capital	Share premium reserve
Position as of January 1	**447,688,233**	**81**	**23,066**
Dividend payment[a]	5,909,082	1	(218)
Employee stock ownership plan[b]	221,455	0	31
Exercise of stock options[a]	28,455	0	3
POSITION AS OF DECEMBER 31	**453,847,215**	**82**	**22,882**

(a) Dividend payment for the year 2022 has been deducted from Share premium for €(1,167) million whereas the share capital increase for the dividend payment in share affects the Equity for €950 million.
(b) Increase in share capital settled in cash for €34 million.

18.3. Treasury shares reserve

The reserve for the Company's treasury shares corresponds to the cost incurred to repurchase the Company's shares held by the Group. As of December 31, 2023, the Group held 1,803,854 of the Company's shares valued at €312 million.

The changes over 2023 are presented below.

In number of shares / € millions	Number of shares	Treasury shares reserve	Cash impact in 2023
Position as of January 1	**2,360,650**	**360**	**N.A**
Purchased shares (buy-back)	1,801,923	312	(312)
Shares delivered for Performance Shares Plans	(1,822,042)	(283)	—
Shares delivered for Stock-option plans	(69,767)	(11)	8
Disposed shares (Boost plan)[a]	(466,910)	(65)	32
POSITION AS OF DECEMBER 31	**1,803,854**	**312**	**271**

(a) Movement of the treasury shares reserves corresponds to the carrying value of the shares disposed in 2023 whereas the cash impact is related to the Boost plan delivered in 2022 (€24 million) and to the Boost plan delivered in 2023 (€7 million), price paid by the employees being deducted from their payslip over a period of 12 months following the vested date in most cases.

During the twelve-month period ended December 31, 2023, the Group accounted for an increase of €312 million in the treasury shares reserve related to the share buyback programs launched by the Company:

- 120,000 EssilorLuxottica shares were purchased from March 10 to March 14, 2023 for an average price of €160.30 and for a total amount of €19 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on September 23, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022); and
- 1,681,923 EssilorLuxottica shares were purchased from August 7, 2023 to September 25, 2023 for an average price of €173.42 and for a total amount of €293 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on July 27, 2023 (in accordance to the 13th resolution approved by the Annual Shareholders' Meeting of May 17, 2023).

The shares acquired are intended to be awarded or transferred 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.

18.4. Retained earnings and other reserves

Retained earnings and other reserves amount to €13,087 million as of December 31, 2023 (€11,286 as of December 31, 2022).

Changes in the period are largely related to the allocation of 2022 restated net profit attributable to owners of the parent (€2,152 million) partially counterbalanced by the dividend distribution described in the following paragraph (€271 million), the share-based payments costs recorded in the period (€195 million increase compared to December 31, 2022), the delivery of shares to employees in the context of share-based plan served with treasury shares (€283 million decrease compared to December 31, 2022), transactions with non-controlling interests (€124 million decrease compared to December 31, 2022) and the effect resulting from the application of hyperinflation accounting (€169 million increase).

18.5. Dividends

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 17, 2023 approved the distribution of a dividend of €3.23 per ordinary share for the year 2022. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €160.91 per share (so-called scrip dividend). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the dividend to be distributed for the financial year ended on December 31, 2022, this total being rounded up to the next euro cent.

At the end of the option period (June 7, 2023), 294,375,414 dividend rights were exercised in favour of the payment of the 2022 dividend in shares. Accordingly, a total dividend distribution of €1,438 million (of which €271 million distributed from *Other reserves* and €1,167 million distributed from *Share premium reserve*) was accounted for:

- 5,909,082 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €951 million; and
- €487 million was paid in cash to those shareholders who did not opt for the scrip dividend.

Both the cash and the scrip dividend were paid on June 13, 2023. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

Over the first semester of 2022, a dividend amounting to €2.51 per share was paid on June 21, 2022 to the shareholders for a total amount of €1,104 million, of which €454 million paid in cash and €649 million in shares (scrip dividend).

The total dividend distributed to non-controlling shareholders in 2023 amounted to €110 million (€140 million in 2022).

18.6. Non-controlling interests

Equity attributable to non-controlling interests amounted to €653 million as of December 31, 2023 and €692 million as of December 31, 2022.

The following table provides a reconciliation of the changes in non-controlling interests over the year. In 2022, the most significant variation resulted from the acquisition of the remaining non-controlling interests in Shamir which lead to the reclassification from equity attributable to non-controlling interests to equity attributable to owners of the parent, for approximately €79 million.

€ millions	2023	2022
Position as of January 1	**692**	**811**
Total comprehensive income of the period	109	137
Changes in consolidation scope and NCI	(37)	(116)
Acquisition of subsidiaries with NCI	—	*16*
Acquisition of NCI without a change in control	*(1)*	*(94)*
Other changes related to NCI	*(36)*	*(38)*
Dividends paid	(110)	(140)
POSITION AS OF DECEMBER 31	**653**	**692**

The overall net cash flow related to transactions with non-controlling interests amount to -€64 millions in 2023. For 2022, this cash flow amounted to -€674 millions, of which the most significant transaction related to the acquisition of non-controlling interests in Shamir for approximately €451 million.

Note 19 Financial debt, including lease liabilities

Total financial debt is €11,656 million as of December 31, 2023 (€12,204 million as of December 31, 2022).

The changes in financial debt during the years ended December 31, 2023 and 2022 are as follows:

€ millions	Balance as of January 1, 2023	Change in financing flows[a]	Scope effects	Translation differences	Other[b]	Balance as of December 31, 2023
Non-current borrowings	7,858	7	—	(3)	(1,302)	6,559
Non-current lease liabilities	2,336	—	1	(46)	107	2,399
Total non-current financial debt	**10,194**	**7**	**1**	**(49)**	**(1,195)**	**8,958**
Current borrowings	1,164	(597)	—	(7)	1,297	1,858
Current lease liabilities	846	(936)	1	(7)	937	841
Total current financial debt	**2,010**	**(1,533)**	**1**	**(14)**	**2,235**	**2,698**
TOTAL FINANCIAL DEBT	**12,204**	**(1,526)**	**2**	**(63)**	**1,039**	**11,656**

(a) The total change in financing flow corresponds to the Issuance of bonds, private placements and other long-term debts, Repayment of bonds, private placements and other long-term debts, the Changes in other current and non-current borrowings and the Cash payments for principal portion of lease liabilities lines as reported in the consolidated statement of cash flows.

(b) The column "Other" includes, among others, interests paid, reported within the Net cash flows provided by/(used in) operating activities subtotal in the consolidated statement of cash flows. It also includes the reclassifications between non current and current.

€ millions	Balance as of January 1, 2022	Change in financing flows[a]	Scope effects	Translation differences	Other[b]	Balance as of December 31, 2022
Non-current borrowings	8,913	(43)	27	10	(1,050)	7,858
Non-current lease liabilities	2,230	(1)	37	37	32	2,336
Total non-current financial debt	**11,144**	**(43)**	**64**	**47**	**(1,018)**	**10,194**
Current borrowings	1,036	(920)	11	16	1,021	1,164
Current lease liabilities	837	(954)	8	13	942	846
Total current financial debt	**1,874**	**(1,874)**	**19**	**29**	**1,963**	**2,010**
TOTAL FINANCIAL DEBT	**13,017**	**(1,917)**	**83**	**76**	**945**	**12,204**

(a) The total change in financing flow corresponds to the Issuance of bonds, private placements and other long-term debts, Repayment of bonds, private placements and other long-term debts, the Changes in other current and non-current borrowings and the Cash payments for principal portion of lease liabilities lines as reported in the consolidated statement of cash flows.

(b) The column "Other" includes, among others, interests paid, reported within the *Net cash flows provided by/(used in) operating activities* subtotal in the consolidated statement of cash flows, as well as the decrease in lease liabilities resulting from Covid-19 rent concessions accounted for as negative variable lease payments in the consolidated statement of profit or loss (see Note 6 – Operating income and expense).

The Group uses debt financing to raise financial resources for medium/long-term business operations and to finance acquisitions. The overall decrease by €548 million in total financial debt is mainly linked to the repayment of a €1,000 million Eurobond (face value) matured on May 27, 2023, partially offset by an increase of Commercial Paper for a total amount of USD500 million (face value).

19.1. Non-current borrowings

ACCOUNTING PRINCIPLES

Borrowings are initially recorded at fair value, less directly attributable transaction costs, and subsequently measured at their amortized cost by applying the effective interest method.

If there is a change in expected cash flows, the carrying amount of the liability is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate.

Borrowings are classified among current liabilities, unless the Group has an unconditional right to defer their payment for at least 12 months after the reporting date.

Borrowings are removed from the statement of financial position when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

The table below summarizes the Group's non-current borrowings as of December 31, 2023.

€ millions	December 31, 2023	December 31, 2022	Face value	Currency	Nominal interest rate	Issue date *(dd/mm/yyyy)*	Maturity *(dd/mm/yyyy)*
Eurobond[a]	989	987	1,000	EUR	0.75%	27/11/2019	27/11/2031
Eurobond[b]	1,245	1,243	1,250	EUR	0.50%	05/06/2020	05/06/2028
Eurobond[a]	1,491	1,489	1,500	EUR	0.38%	27/11/2019	27/11/2027
US private placement	88	90	100	USD	2.65%	05/01/2017	05/01/2027
Eurobond[b]	1,247	1,246	1,250	EUR	0.38%	05/06/2020	05/01/2026
Eurobond[a]	1,496	1,494	1,500	EUR	0.13%	27/11/2019	27/05/2025
Eurobond[c]	—	299	300	EUR	2.38%	09/04/2014	09/04/2024
Eurobond[c]	—	499	500	EUR	2.63%	10/02/2014	10/02/2024
Eurobond[b][c]	—	500	500	EUR	0.25%	05/06/2020	05/01/2024
Other	3	11					
NON-CURRENT BORROWINGS	**6,559**	**7,858**					

(a) Those lines refer to the 5BIL Bonds issued on November 27, 2019.
(b) Those lines refer to the 3BIL Bonds issued on June 5, 2020.
(c) Reclassified to *Current borrowings*.

As of December 31, 2023, non-current borrowings decreased by €1,299 million compared to December 31, 2022, mainly due to the reclassification from non-current to current borrowings of three Eurobonds for a total amount of €1,300 million (face value) now due within 12 months from the reporting date.

The Group's debt agreements contain certain financial covenants (for more details see Note 25 – Financial instruments and management of market risks). As of December 31, 2023, the Company was in compliance with these financial covenants.

19.2. Current borrowings

As of December 31, 2023, the Group's short-term funding structure was as follows:

€ millions	December 31, 2023	December 31, 2022	Face value	Currency	Nominal interest rate	Issue date *(dd/mm/yyyy)*	Maturity *(dd/mm/yyyy)*
Eurobond[a]	299	—	300	EUR	2.38%	09/04/2014	09/04/2024
Eurobond[a]	501	—	500	EUR	2.63%	10/02/2014	10/02/2024
Eurobond[a][b]	500	—	500	EUR	0.25%	05/06/2020	05/01/2024
US private placement	—	28	30	USD	3.40%	05/11/2013	04/11/2023
Eurobond[a][c]	—	1,000	1,000	EUR	0.00%	27/11/2019	27/05/2023
Commercial paper	452	—	500	USD	5.42%	Q4 2023	Q1 2024
Other[d]	106	136					
CURRENT BORROWINGS	**1,858**	**1,164**					

(a) Reclassified from Non-current borrowings.
(b) This line refers to the 3BIL Bonds issued on June 5, 2020.
(c) This line refers to the 5BIL Bonds issued on November 27, 2019.
(d) Changes compared to December 31, 2022 balances are reported within the line *Repayment of bonds, private placements and other long-term debts* and *Changes in other current and non-current borrowings* in the consolidated statement of cash flows for the year ended December 31, 2023.

The other current borrowings correspond to short-term bank borrowings, overdraft and accrued interest, and amount to €106 million as of December 31, 2023 (€136 million as of December 31, 2022).

The Group's current borrowings increased overall by €695 million. The main changes correspond to the reclassification from non-current to current borrowings of three Eurobonds for a total amount of €1,300 million (face value) now due within 12 months from the reporting date, the reimbursement of a €1,000 million Eurobond (face value) matured on May 27, 2023 and of a US Private Placement for USD30 million matured on November 5, 2023 and the issuance of various Commercial Paper mainly under the USCP program for a total amount of USD500 million (face value).

19.3. Net debt

The table below summarizes the Group's Net debt as of December 31, 2023 and 2022.

€ millions	December 31, 2023	December 31, 2022
Non-current borrowings	6,559	7,858
Current borrowings	1,858	1,164
Total liabilities	**8,417**	**9,022**
Cash and cash equivalents	(2,558)	(1,960)
Total asset	**(2,558)**	**(1,960)**
Financial debt derivatives at fair value	(0)	1
Net debt excluding lease liabilities	**5,859**	**7,063**
Lease liabilities (current and non-current)	3,239	3,182
NET DEBT	**9,098**	**10,246**

Note 20 Employee benefits

ACCOUNTING PRINCIPLES

Short-term employee benefits are expensed as the related services is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group has both defined benefit and defined contribution plans.

Where obligations are payable under defined contribution plans, the Group has no further payment obligations once the contributions have been paid. These contributions are recognized as expenses when they are due.

A defined benefit plan is a pension plan or an incentive plan that is not a defined contribution plan. Typically, defined benefit plans provide an amount of pension benefit that an employee will receive upon retirement, usually based on one or more factors such as age, years of service and compensation. The Group also has long-term incentive plans (LTI) in place with its employees, which, depending on their characteristics, are included in the category of other long-term benefits.

The defined benefit obligation is calculated annually based on actuarial valuations performed by independent actuaries using the "projected unit credit method".

The actuarial assumptions used differ depending on the country (discount rate, inflation rate) and the company concerned (staff turnover rates, rate of future salary increases).

Actuarial gains and losses due to changes in actuarial assumptions or to changes in the plan's conditions are recognized as incurred in other comprehensive income.

If the Group introduces a defined benefit plan or changes the benefit formula under an existing defined benefit plan, the related change in the Group's obligation (*past service cost*) is immediately recognized in the statement of profit or loss.

Other long-term benefits are discounted to determine their present value. Remeasurements are recognized in the statement of profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

As of December 31, 2023, net recognized employee benefit obligations amount to €431 million (€431 million as of December 31, 2022).
In accordance with laws and regulations in each country in which it operates, the Group has legal obligation with regard to employee post-employment benefits.

20.1. Description of the main post-employment plans granted to Group employees

France

- **Article 39:** Since its inception in December 1997, the Essilor group provides to its senior management teams (category IIIC and HC in accordance with the definition of the French metallurgy collective agreement) the opportunity to reward seniority to remain with the group through a supplementary pension scheme (Article 39 of the French tax code) in addition to the general requirements applicable to all other employees.

  Eligible personnel needed to demonstrate at least 10 years of service within the group to benefit from the scheme. In addition, they were required to still be working for the group at their retirement date. The additional pension was calculated based on the number of years of service within the group as well as an average of the yearly gross salary (fixed and variable) based on the three highest years of compensation throughout their employment history with the group.

  On July 4, 2019, the "Loi Pacte" amended the treatment of the Art. 39 pension. Since then, these plans are no more authorized according to this law. This plan is closed to new members and rights are currently frozen. 14 senior team members were part of this plan as at December 31, 2023.

- **Jubilee and termination benefits:** Jubilee and termination benefits schemes are regulatory and compulsory schemes applicable to all companies incorporated in France.

  Upon retirement, employees are eligible to receive a lump sum payment depending on the number of years of service within the group. Rights are acquired based on legal requirements (French labor law), general collective agreements, as well as company specific agreements in place when the employee first joined the group.

  A provision is recorded in the consolidated financial statements to cover for the defined benefit obligation. The most significant plan is carried by Essilor International (SAS). For this entity, rights are calculated based on the metallurgy collective agreement (in additional salary). No assets are associated to this liability that represent the defined benefit obligation for the 2,767 French permanent contract employees working for the Essilor International (SAS) as of December 31, 2023.

US Pension plan

There are several types of defined benefit plans in the US. The most significant plans are described below:

- **A supplementary retirement plans for Executives:** Essilor USA provides the opportunity to reward seniority to remain with the group for Executives through a supplementary pension plan. As of December 31, 2023, there are 2 active members and 11 non active members to this defined benefit plan.

  To be eligible to join the plan, Executives need to be at least 62 years old, have held for at least five years an executive position, and have at least 10 years of service within the group. Additionally, they are required to still be working for the group at their retirement date. The additional payout represents 40% of the base salary received over the last three years preceding retirement.

  Additionally, other post-employment benefits are paid out in case of early retirement, death, or end of employment resulting in lower accessibility conditions and a lower payout.

  There are no assets associated to this defined benefit plan.

- **Lux Pension Plan** — Oakley, Inc. sponsors a qualified non-contributory defined benefit pension plan, the "Lux Pension Plan", which provides for the payment of benefits to eligible past and present employees of EssilorLuxottica USA Inc. and its subsidiaries (herein after "US Holdings") upon retirement. Pension benefits are gradually accrued based on length of service and annual compensation excluding non-cash components. Participants become vested in the Lux Pension Plan after three years of vesting service as defined by the Lux Pension Plan. In 2013, the Lux Pension Plan was amended so that employees hired on or after January 1, 2014 would not be eligible to participate. This plan is funded.

- **Lux SERP** — US Holdings also maintains a non-qualified, unfunded supplemental executive retirement plan ("Lux SERP") for participants of its qualified pension plan to provide benefits in excess of amounts permitted under the provisions of prevailing US tax law. This plan's liability mirrors the actuarial methods and assumptions used for the Lux Pension Plan. There are no assets associated to this plan.

  The last two plans operate under the US regulatory framework. These plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Luxottica Group ERISA Plans Compliance and Investment Committee controls and manages the operation and administration of the plans. The plans expose the Group to actuarial risks, such as longevity risk, exchange rate risk, and interest rate risk.

Italy TFR (post-employment benefits of the Italian companies' employees)

The provision for employee severance pay (TFR), governed by Article 2120 of the Italian Civil Code, represents the estimated liability determined on the basis of actuarial procedures for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from January 1, 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the company's only obligation is to pay the contributions to the pension funds or to National Social Insurance Agency (INPS). Liabilities related to severance pay pre-dating January 1, 2007 remain a defined-benefit plan to be valued using actuarial methods. There are no assets associated to this plan.

Germany

There are several different types of defined benefit plans in Germany. The most significant plan is carried by Essilor GmbH. As of December 31, 2023, this plan had 181 active members and 742 non active members (including 352 retired members). This plan is closed to new members and rights are currently frozen. Before its change of status, to join the plan, employees were required to hold a permanent contract, be younger than 55 years old and have a specified number of years of service. Rights offered by this plan are based on a final salary type of scheme. Payouts are based on 0.4% of the base salary for each eligible year of service, plus an additional 12%. No assets are currently associated to this defined benefit plan.

Moreover, as a result of the GV Acquisition, a pension arrangement, in addition to the state pension provided in Germany, for employees already employed with Apollo prior to 1994 is included in the Employee benefit balance as of December 31, 2023 (€45 million). Every service year of the employees in the plan adds an amount of 1% of their pensionable salaries to the plan. This occurs for a maximum of 25 years and is maximized in terms of pay-out.

Switzerland

Following the GV Acquisition, Swiss pension arrangements are included into the Employee benefit balance as of December 31, 2023 (€32 million). These pension arrangements (occupational pension plans) of Swiss activities are funded plans, providing benefits upon retirement, death, disability and termination. Those arrangements are the base of the second pillar of the Swiss social security system. Both employer and employees pay contributions to the pension plan.

Other

In Australia and Hong Kong, the Group makes mandatory contributions to retirement funds. The plans provide benefits on a defined contribution basis for employees upon retirement, resignation, injury or death. Contributions to defined contribution superannuation plans are recognized as an expense as the contributions are paid or become payable to the fund. Contributions are accrued based on legal rates and annual compensation.

20.2. Changes of the period

	2023			2022		
€ millions	Defined benefit obligation	Fair value of plan assets	Net liability (asset)	Defined benefit obligation	Fair value of plan assets	Net liability (asset)
BALANCE AS OF JANUARY 1	**1,276**	**845**	**431**	**1,506**	**1,020**	**485**
Included in profit or loss						
Cost of services rendered in the period	22	(3)	25	50	(2)	52
Cost of past services	(4)	—	(4)	—	—	—
Interest cost (income)	52	36	16	26	21	6
Total movements in profit or loss	**70**	**33**	**36**	**76**	**18**	**58**
Included in OCI						
Actuarial loss (gain) arising from:						
Demographic assumptions	*(16)*	—	*(16)*	*(4)*	—	*(4)*
Financial assumptions	*48*	*(0)*	*48*	*(313)*	—	*(313)*
Experience adjustment	*4*	—	*4*	*30*	—	*30*
Return on plan assets excluding interest income	—	36	(36)	—	(202)	202
Translation differences and other movements	(35)	(26)	(8)	50	48	2
Total movements in OCI	**2**	**9**	**(7)**	**(237)**	**(154)**	**(83)**
Other						
Contributions to plan assets	4	12	(8)	4	14	(11)
Benefits paid	(71)	(49)	(23)	(73)	(54)	(20)
Business combinations	—	—	—	0	—	0
Total other movements	**(67)**	**(36)**	**(31)**	**(69)**	**(40)**	**(30)**
TOTAL AS OF DECEMBER 31	**1,281**	**851**	**430**	**1,276**	**845**	**431**
Net defined benefit assets classified in other non-current assets			1			—
BALANCE AS OF DECEMBER 31			**431**			**431**

20.3. Actuarial assumptions

A major assumption taken into account in the valuation of pension and other post-employment benefit obligations is the discount rate. In accordance with IAS 19 – *Employee Benefits*, the rates were determined by currency areas and by reference to the return on high-quality private bonds with a maturity equal to the term of the plans or the return on government bonds when the private market has insufficient liquidity.

The return on plan assets is determined based on the allocation of the assets and the discount rates used.

The main rates used by the Group are as follows:

	2023				2022			
In %	Eurozone	United States	Switzerland	United Kingdom	Eurozone	United States	Switzerland	United Kingdom
Discount rate	3.1%-3.5%	4.7%-5.0%	1.4%	4.5%	3.3%-3.8%	5.0%-5.2%	2.2%	4.8%
Inflation rate	2.0%	2.5%	1.3%	3.1%	2.0%-5.9%	2.5%	1.3%	3.2%
Weighted average rate of salary increases	2.3%-3.0%	0.0%-8.2%	1.5%	0.0%	2.4%-2.6%	1.9%-8.2%	4.0%	0.0%

20.4. Breakdown of the fair value of plan assets by category

In %	December 31, 2023	December 31, 2022
Shares and equity funds	13%	12%
Bonds and fixed income funds	66%	67%
General insurance funds	14%	14%
Real estate/property	2%	2%
Other	5%	5%
TOTAL	**100%**	**100%**

The Plan's long-term investment objectives are to generate investment returns that provide adequate assets to meet the Plan's benefit obligations, and to maintain sufficient liquidity to pay benefits and administrative expenses.

Plan assets are invested in pension funds or insurance companies for which invested assets are managed directly by pension fund managers or insurance companies. They determine appropriate investment strategies and funding allocations.

Plan assets are also invested in diversified portfolios across various asset classes based on the targets envisioned for the allocation of resources, using a mix of active management strategies, for which various consultants have been employed. Risk management is ensured by investment diversification across various asset classes, managers, strategies, market capitalizations (equity investments) and individual securities. Certain transactions and securities are not authorized to be conducted or held in the pension funds, such as purchase or sale of commodity contracts, real estate investments, excluding in trust funds, and American Depositary Receipts (ADR) or treasury shares of the Company. Risk is further controlled both at the asset class and manager level by assigning benchmarks and performance objectives. The investment managers are monitored on an ongoing basis to evaluate performance against these benchmarks and performance objectives.

Investments comply with local regulations in the countries in question.

20.5. Sensitivities

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would increase/decrease the total defined benefit obligation as shown below:

	Discount rate		Compensation increase	
€ millions	-50 bps	+50 bps	-100 bps	+100 bps
DBO at year end	1,354	1,214	1,260	1,304

Note 21 Share-based payments

ACCOUNTING PRINCIPLES

Share-based payments are classified as equity-settled or cash-settled depending on the terms of the plans. The classification determines the accounting for the plan.

Stock subscription options and share awards

The fair value of stock options and share awards, which are accounted for as equity-settled share-based payments, is determined based on methods adapted to their characteristics. Both performance-based stock subscription options and performance shares, which are subject to vesting conditions based on the change in the share price compared with the reference price on the grant date, are valued using the Monte Carlo model; whereas for share award without performance conditions, the valuation reflects the face value of the awards as at the date of grant discounted by the estimated value of dividends to be paid during the course of the vesting period.

The fair value of stock subscription options on the grant date is recognized as an expense over the vesting period of the awards, taking into account the probability of such options being exercised earlier, with a corresponding increase in consolidated reserves.

For performance share awards, the vesting period is considered as being the most probable period over which the performance conditions will be fulfilled, determined using the Monte Carlo model.

The model parameters are determined at the grant date:

- share price volatility is determined by reference to historical volatilities;
- the risk-free interest rate corresponds to the government bond rate;
- the impact of dividends is taken into account in the model by applying a yield assumption, determined by reference to the dividends distributed in the previous year; and
- the options' expected life is determined based on the vesting period and the exercise period.

At the end of each reporting period, the probability of options or performance shares being forfeited is assessed by the Group. The impact of any adjustments to these estimates is recognized in the statement of profit or loss, with a corresponding adjustment to consolidated reserves.

Employee share issues

For employee share issues, the difference between the market price of the shares at the transaction date and the price at which the shares are offered to employees is recognized directly as an expense when the shares are issued.

Cash-settled share-based payments

The fair value of the amount payable to the employee in respect to cash-settled share-based payments is recognized as an expense with a corresponding increase in liabilities, within Employee benefits, over the period during which the employee becomes unconditionally entitled to payments. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any change in the recognized liability is recognized in the consolidated statement of profit or loss.

The breakdown of the expenses recorded into the consolidated statement of profit or loss is as follows:

€ millions	2023	2022
Performance shares	(141)	(133)
Stock options subscriptions	(1)	(2)
Employee share issues	(77)	(71)
COMPENSATION COSTS ON SHARE-BASED PAYMENTS	**(220)**	**(206)**

21.1. Performance shares

The Group has launched performance-based bonus share allotment plans (performance shares). In particular, these plans allow the beneficiaries to be awarded a certain amount of performance shares based on the annualized growth in the average share price of the Company, depending on the performance of the Company's share price compared with the price on the grant date (corresponding to the average of the prices quoted over the 20 trading days preceding the Board of Directors' Meeting at which the grant is decided).

The following table presents the changes in the number of performance shares in 2023 and 2022:

In number of shares	2023	2022
Performance shares as of January 1	6,785,566	7,256,975
Performance shares vested	(1,816,607)	(1,713,094)
Performance shares forfeited or cancelled	(497,401)	(932,328)
Awards for the fiscal year	2,269,800	2,174,013
PERFORMANCE SHARES AS OF DECEMBER 31	**6,741,358**	**6,785,566**
Weighted average of the remaining vesting period of the performance shares outstanding at end of the year (expressed in years)	*1.75*	*1.82*

The table below summarizes the movements since the granted date, in terms of number of shares, for the performance share plan with an impact on the 2023 statement of profit or loss.

Granted date	Duration *(in years)*	Number of performance shares granted	Number of performance shares cancelled / forfeited	Number of performance shares vested	Number of performance shares outstanding as of December 31, 2023	Note
October 3, 2019	3	2,228,446	766,780	1,462,251	—	(a)
November 28, 2019	3	94,520	32,950	61,570	—	(b)
October 1, 2020	3	2,138,851	374,224	1,764,627	—	(a)
November 26, 2020	3	92,800	14,300	78,500	—	(b)
October 28, 2021	3	2,900,311	414,028	3,761	2,482,522	
October 6, 2022	3	2,174,013	148,780	2,474	2,022,759	
October 2, 2023	3	2,269,800	33,723	—	2,236,077	

(a) 76% of the outstanding performance shares at the vesting date were vested because the performance condition was partially met.
(b) 100% of the outstanding performance shares at the vesting date were vested.

For each plan, at the granted date, the Company determined the fair-value of the performance shares based on the following assumptions:

In % / €	October 2023	October 2022	October and November 2021	October and November 2020	October and November 2019
Share volatility	23.52%	25.67%	22.53%	21.2%–21.6%	16.2%–16.6%
Risk-free interest rate	3.18%	1.87%	-0.58%	-0.70%	-0.6%– -0.7%
Dividend yield	2.18%	2.34%	1.65%	1.40%	1.60%
WEIGHTED AVERAGE FAIR VALUE	**€78.58**	**€76.06**	**€69.76**	**€49.39**	**€49.13**

21.2. Stock subscription option

Summary of the changes on the stock subscription options over 2023 and 2022 is presented below:

	2023		2022	
	Average exercise price (€)	Number of options	Average exercise price (€)	Number of options
As at January 1	130.09	464,073	128.25	570,018
Granted during the year	—	—	—	—
Exercised during the year	117.93	(98,212)	119.78	(99,616)
Forfeited / Cancelled during the year	129.65	(19,918)	126.41	(6,329)
AS AT DECEMBER 31	**133.57**	**345,943**	**130.09**	**464,073**
of which vested and exercisable at December 31	*117.93*	*232,934*	*120.74*	*242,610*

With regards to the options exercised during the course of 2023, the weighted average share price of EssilorLuxottica shares was equal to €172.76 (€159.37 in 2022). The total cost accounted during the period amounted to €1 million (€2 million in 2022).

21.3. Employee share issues

In 2023, total expense incurred for employee share issues amounted to €77 million, including €44 million related to the Boost plan (the possibility to obtain existing shares of EssilorLuxottica offered to employees of foreign subsidiaries of the Group). In 2022, total expense incurred for employee share issues amounted to €71 million, including €40 million related to the Boost plan.

During 2023 the Group issued 221,455 shares to its employees (232,868 in 2022). The subscription price has been set at €137.94 per share (€131.79 in 2022), this being the average of the opening prices over the 20 trading days preceding November 20, 2023, to which a 20% discount has been applied.

In addition, the Group transferred 466,926 treasury shares to its employees as part of the Boost plan (419,821 in 2022).

Note 22 Provisions (current and non-current)

ACCOUNTING PRINCIPLES

Provisions are determined by the Group based on facts and circumstances, historical risk data and the information available at the closing date, in accordance with IAS 37.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time value of money is recognized as a financial expense.

Contingent liabilities are not recognized in the statement of financial position – except in connection with business combinations – but are disclosed in the notes to the financial statements unless the probability of an outflow of resources embodying economic benefits is remote.

Restructuring provisions are recognized when the Group has a detailed formal plan for the restructuring and has announced its main features to those affected by the plan.

Provisions for warranty costs are recognized when the products are sold ("standard" warranty inseparable from the sale of the products). The corresponding expense is recognized in *Cost of sales*.

The balances as of December 31, 2023 and 2022 are detailed below:

€ millions	December 31, 2023	December 31, 2022
Warranty and returns	135	136
Litigations	194	208
Self-insurance	28	28
Restructuring and other	221	213
TOTAL PROVISIONS	**578**	**585**
of which current provisions	*345*	*283*
of which non-current provisions	*234*	*302*

The changes in provision for the years ended December 31, 2023 and 2022, are as follows:

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
Balance as of January 1, 2023	**136**	**208**	**28**	**213**	**585**
Provisions for the period	78	39	4	143	264
Utilization and releases	(67)	(36)	(7)	(158)	(268)
Translation differences	(4)	(3)	(1)	(2)	(10)
Business combinations	—	1	—	—	1
Other movements	(9)	(15)	5	26	7
TOTAL CHANGES	**(2)**	**(13)**	**(0)**	**9**	**(6)**
Balance as of December 31, 2023	**135**	**194**	**28**	**221**	**578**
of which current provisions	*109*	*97*	*13*	*126*	*345*
of which non-current provisions	*26*	*98*	*15*	*95*	*234*

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
Balance as of January 1, 2022[a]	**134**	**248**	**27**	**206**	**616**
Provisions for the period	38	8	—	120	166
Utilization and releases	(37)	(54)	(1)	(122)	(214)
Translation differences	3	8	2	1	13
Business combinations	1	—	—	0	2
Other movements	(4)	(2)	0	8	2
TOTAL CHANGES	**2**	**(40)**	**1**	**7**	**(31)**
Balance as of December 31, 2022	**136**	**208**	**28**	**213**	**585**
of which current provisions	*111*	*31*	*7*	*133*	*283*
of which non-current provisions	*25*	*176*	*21*	*80*	*302*

(a) The balance as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition.

Provisions (current and non-current) decreased by €6 million over the year. The provision for the period, €264 million, was counterbalanced by utilization and releases for about €268 million and other movements for approximately €(6) million (including foreign currency translation effects).

The line *Provisions for the period* is largely comprised of the *Litigations* column which is mainly affected by the effect resulting from the reassessment of a risk related to a class action where a US Group subsidiary of EssilorLuxottica is defendant following a settlement reached in 2023 (for approximately €36 million (USD39 million) of which €4 million already settled), pending its final approval from the Court (see Note 26 – Contingencies and commitments, paragraph 26.2 *Litigation and contingent liabilities*); the net exposure for the Group amounts to USD20 million considering the USD19 million contribution agreed with an insurance company of which USD5 million already settled (see Note 14 – Other assets (current and non-current)).

Litigations include provisions for various legal disputes that have occurred in the course of business of the Group.

The item self-insurance includes provisions made since the Group insures itself against certain risks. The Group is self-insured for certain losses relating to workers' compensation, general liability, own risk, and employee medical benefits for claims incurred but not reported. The Group's liability is estimated using historical claims experience and industry averages.

Note 23 Other liabilities (current and non-current)

ACCOUNTING PRINCIPLES

Other current and non-current liabilities include, among the others, liabilities related to put options over non-controlling interests and other liabilities related to financial investments (e.g. earn out).

For the accounting of put options over non-controlling interests of subsidiaries, refer to Note 3 – Business combinations and Note 18- Equity, paragraph 18.6 *Non-controlling interests*. Earn out are recognized as a liability from the acquisition date at their fair value. Subsequent changes in price supplements are recognized in *Other income/ (expenses)*.

Contract liabilities

Contract liabilities are described in Note 5 – Revenue.

23.1. Other non-current liabilities

Other non-current liabilities as of December 31, 2023 and 2022 are detailed below:

€ millions	December 31, 2023	December 31, 2022
Liabilities related to long-term put options over non-controlling interests	70	152
Trade payables and liabilities related to long-term financial investments	15	26
Derivative financial instruments	1	1
Other	36	42
OTHER NON-CURRENT LIABILITIES	**123**	**221**

The significant decrease in the liabilities related to long-term put options over non-controlling interests is due to the combined effect of new agreements signed during the year and the reclassification, to other current liabilities, of the put options expected to be exercised within 12 months from the reporting date.

Other non-current liabilities include contract liabilities for a total amount of €15 million (€27 million as of December 31, 2022).

23.2. Other current liabilities

Other current liabilities as of December 31, 2023 and 2022 are detailed below:

€ millions	December 31, 2023	December 31, 2022
Liabilities related to short-term put options over non-controlling interests	306	158
Liabilities related to short-term financial investments	32	69
Personnel expenses, social contribution, Vat and other indirect tax payables	1,390	1,401
Premium and discount	555	476
Payables with extended payment terms	490	515
Derivative financial instruments	27	36
Other	955	932
OTHER CURRENT LIABILITIES	**3,756**	**3,587**

The significant increase in the liabilities related to short-term put options over non-controlling interests is due to the combined effect of the revaluation of the period and the reclassification, from other non-current liabilities, of the put options expected to be exercised within 12 months from the reporting date.

In the table above, the line *Payables with extended payment terms* refers to the amount due to suppliers that agreed to join voluntary supply chain finance ("SCF") programs. Those programs enable the Group's suppliers, at their sole discretion, to sell their receivables due by the Group, on a non-recourse basis and at a rate that leverages the Group's credit rating.

No guarantees are provided by the Group or any of its subsidiaries under the SCF program and the Group has neither an economic interest in a supplier's decision to participate in the SCF program nor a direct financial relationship with the financial institution, as it relates to the SCF program. Suppliers who opted to join this supply chain finance program have enabled the Group to benefit from an extension of the payment terms of their debts towards these suppliers without any consideration. Compared to the usual payment terms applied to the Group in the different regions in which it operates, the extension can vary in a range of 60 up to 120 days.

Management has not identified additional liquidity risks deriving from the SCF program.

As of December 31, 2023, the amounts due to suppliers elected to participate in the SCF program included in *Other current liabilities* (line *Payables with extended payment terms*) amount to €490 million (€515 million as of December 31, 2022). Those payables have a similar nature and function to trade payables, being related to the Group's normal operating cycle. At Group level, on average, approximately 70% of the outstanding amount at year-end was already collected by the supplier through the SCF programs.

Cash flows related to those payables are classified as arising from operating activities (line *Changes in other operating receivables and payables* of the consolidated statement of cash flows).

The lines *Other* in the *Other non-current liabilities* and in the *Other current liabilities* include contract liabilities for respectively €15 million and €209 million (€27 million and €222 million as of December 31, 2022).

Note 24 Trade payables

ACCOUNTING PRINCIPLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost.

Trade payables amount to €2,381 million (€2,297 million as of December 31, 2022).

€ millions	December 31, 2023	December 31, 2022
TRADE PAYABLES	**2,381**	**2,297**

The book value of trade payables is approximately equal to their fair value.

Note 25 Financial instruments and management of market risks

25.1. Financial instruments recognized in the consolidated statement of financial position

ACCOUNTING PRINCIPLES

Fair value

In accordance with IFRS 13 – *Fair Value Measurement*, the fair value of financial instruments accounted for in the Group's financial statements is determined using different valuation techniques. The Group uses observable market data as far as possible.

€ millions	Notes	Total December 31, 2023	Financial assets/ (liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/ (liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets (excluding derivatives)	14	364	2	61	301	—	—
Finance lease receivables (non-current & current)	14	92	—	—	92	—	—
Trade receivables	25.2.2	3,033	—	—	3,033	—	—
Other current financial assets (excluding derivatives)	14	1	0	—	1	—	—
Derivative financial instruments	14	12	10	—	—	—	2
Cash and cash equivalents	17	2,558	23	—	2,534	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**6,059**	**36**	**61**	**5,961**	**—**	**2**
Non-current borrowings	19	6,559	—	—	6,559	—	—
Other non-current liabilities (excluding derivatives)[a]	23	106	9	—	27	70	—
Current borrowings	19	1,858	—	—	1,858	—	—
Trade payables	24	2,381	—	—	2,381	—	—
Other current liabilities (excluding derivatives)[b]	23	338	32	—	—	306	—
Derivative financial instruments	23	28	16	—	—	—	12
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**11,270**	**57**	**—**	**10,824**	**376**	**12**

(a) Excluding IFRS 15 contract liabilities.
(b) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

€ millions	Notes	Total December 31, 2022	Financial assets/ (liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/ (liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets (excluding derivatives)	14	308	2	44	263	—	—
Finance lease receivables (non-current & current)	14	88	—	—	88	—	—
Trade receivables	25.2.2	2,754	—	—	2,754	—	—
Other current financial assets (excluding derivatives)	14	0	—	—	0	—	—
Derivative financial instruments	14	29	23	—	—	—	6
Cash and cash equivalents	17	1,960	—	—	1,960	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**5,139**	**25**	**44**	**5,065**	**—**	**6**
Non-current borrowings	19	7,858	—	—	7,858	—	—
Other non-current liabilities (excluding derivatives)[a]	23	193	7	—	33	152	—
Current borrowings	19	1,164	—	—	1,164	—	—
Trade payables	24	2,297	—	—	2,297	—	—
Other current liabilities (excluding derivatives)[b]	23	227	69	—	—	158	—
Derivative financial instruments	23	37	19	—	—	—	18
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**11,776**	**95**	**—**	**11,352**	**310**	**18**

(a) Excluding IFRS 15 contract liabilities.
(b) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

The carrying value of assets and liabilities recorded at amortized cost is close to its fair value, except for long-term borrowings for which fair value is €6,559 million (€7,858 million as of December 31, 2022).

The fair value hierarchy of the relevant financial assets and liabilities is as follows:

- borrowings: the fair value of listed debt is equal to their market price. The level of the hierarchy used for determining this fair value is Level 1. The fair value of the non-listed debt equals the present value of future cash flows, calculated by utilizing the market rate currently available for similar debt and adjusted in order to take into account the Company's current credit rating. The level of the hierarchy used for determining this fair value is Level 2;
- cash, cash equivalent and short-term investments: the level of the hierarchy used for determining the fair value of money market mutual funds is Level 1. The hierarchy used to determine the fair value of time deposits is Level 2;
- derivatives financial instruments: the fair value of the derivatives financial instruments equals the present value of future cash flows, calculated by utilizing the market inputs currently available. The level of the hierarchy used for determining this fair value is Level 2;
- equity investments at fair value through other comprehensive income: the level of the hierarchy used for determining this fair value is Level 3, except for investments in listed companies whose fair value is determined based on quoted price in the related active market, *i.e.* Level 1.

Other financial liabilities include the put liabilities and liabilities related to earn-out clauses. Changes in put liability's fair value are recognized through Group equity.

25.2. Counterparty risk

25.2.1. Credit risk related to financial counterparties

The Group is exposed to counterparty risk, *i.e.*, the risk that a bank defaults on its contractual obligations (short term investment, hedge or credit facility), which would result in a financial loss for the Group.

Default by a counterparty may result in loss in value (the case of non-payment of a financial asset) or liquidity (the case of inability to draw on an unused line of credit). To mitigate the risk, the Group mainly deals with top-tier banks and diversifies its banking counterparties, in order to limit its individual exposure, depending on the rating of the counterparty. Moreover, available cash is mainly invested with the purpose of meeting the criteria of *Cash and cash equivalents* classification as per the strategy of the Group (*i.e.* at least 90% of excess cash must be invested in products complying with the *Cash and cash equivalents* definition under IFRS).

The Group enters into derivative transactions under various master agreements, which contain clauses for the offsetting of amounts payable and receivable only on the occurrence of future events, such as a default or other credit event by one of the contracting parties. Since the Group does not have any currently legally enforceable right to offset recognized amounts, the mentioned agreements do not meet the criteria of offsetting in the statements of financial position.

Based on the information available to the Group, during the course of the year, there were no potential losses deriving from the inability of the above-mentioned counterparties to meet their contractual obligations.

25.2.2. Credit risk related to commercial counterparties

The credit risk is managed locally and monitored centrally by the Group. Nevertheless, a portion of the Group's revenue is realized directly with the end customer and those revenue do not expose the Group to any credit risk.

The Group does not have a significant concentration of credit risk. In any case, there are proper procedures in place to ensure that the sales of products and services are made to reliable customers on the basis of their financial position as well as past experience. Credit limits are defined according to thresholds that take into consideration internal and external evaluation of the customer's reliability. The utilization of credit limits is regularly monitored through automated controls.

As of December 31, 2023, non-provisioned past due trade receivables amount to €300 million (€332 million at the end of 2022).

€ millions	December 31, 2023	December 31, 2022
Trade receivables due within one year[a]	2,936	2,697
Trade receivables beyond one year[b]	97	57
of which:		
Trade receivables not yet due	*2,734*	*2,422*
Past due trade receivables	*300*	*332*

(a) In line item *Trade receivables* in the consolidated statement of financial position.
(b) In line item *Other non-current assets* in the consolidated statement of financial position.

Breakdown of the trade receivables as of December 31, 2023:

€ millions	Total	Not yet due	Past due	<6 months	>6 months and <12 months	>12 months
Trade receivables due within one year (gross value)	3,102	2,658	445	310	65	70
Bad debt provision	(166)	(20)	(145)	(37)	(46)	(62)
Trade receivables due within one year (net value)	**2,936**	**2,637**	**299**	**272**	**19**	**8**
Trade receivables due beyond one year (gross value)	99	99	—	—	—	—
Bad debt provision	(2)	(2)	—	—	—	—
Trade receivables due beyond one year (net value)	97	97	—	—	—	—
TOTAL TRADE RECEIVABLES (CURRENT AND NON-CURRENT)	3,033	2,734	300	272	19	8

25.3. Liquidity risk

The Group's activities expose it to the risk that its sources of liquidity may be insufficient to cover its financing needs. The Group aims to maintain a permanent source of liquidity in order to ensure its independence and growth. The funding policy is based on the diversification of funding sources, the use of medium- and long-term financing, the distribution of debt maturities over time and the establishment of committed credit facilities.

As of December 31, 2023, most of the Group's long-term financing and credit facilities were concentrated on EssilorLuxottica which then refinances its subsidiaries. Some companies may, however, need to arrange their own local financing when local regulations hamper intra-Group arrangements.

As of December 31, 2023, the Group had €2,249 million of committed credit facilities with leading banks. Drawing down these lines is not subject to any covenant. As of December 31, 2023, none of these lines had been used.

Primary rating agencies have assigned to the Company the following rating:

	Long term	Short term	Outlook	Effective date
Moody's	A2	P-1	Stable	September 27, 2023
Standard & Poor's	A	A-1	Stable	April 13, 2023

The distribution of the Group's Net debt (excluding lease liabilities) and available credit facilities by contractual maturity at the end of 2023 was as follows:

€ millions	2024 (1y)	2025 (2y)	2026 (3y)	2027 (4y)	2028 (5y)	>2028 (>5y)	Total
Bonds	1,299	1,496	1,247	1,491	1,245	989	7,767
Commercial papers	452	—	—	—	—	—	452
Bank loans	5	0	—	—	—	—	5
Private placements	—	—	—	88	—	—	88
Overdraft	32	—	—	—	—	—	32
Others debt	69	3	0	0	—	—	72
GROSS DEBT	**1,858**	**1,500**	**1,247**	**1,579**	**1,245**	**989**	**8,417**
Short-term investments	—	—	—	—	—	—	—
Cash & cash equivalents	(2,558)	—	—	—	—	—	(2,558)
Financial debt derivatives at fair value							(0)
NET DEBT (EXCLUDING LEASE LIABILITIES)	**(700)**	**1,500**	**1,247**	**1,579**	**1,245**	**989**	**5,859**
Available committed syndicated credit facilities	—	—	—	—	1,750	—	1,750
Available committed bilateral bank facilities	100	150	—	—	249	—	499
Available committed bridge facilities	—	—	—	—	—	—	—

The distribution of the Group's nominal gross debt (*i.e.* face value) by contractual maturity at the end of 2023 was as follows. The amounts disclosed are the contractual undiscounted cash flows (including interests).

€ millions	2024 (1y)	2025 (2y)	2026 (3y)	2027 (4y)	2028 (5y)	>2028 (>5y)	Total
Bonds	1,319	1,526	1,274	1,519	1,264	1,023	7,924
Commercial papers	452	—	—	—	—	—	452
Bank loans	5	0	—	—	—	—	5
Private placements	1	2	2	93	—	—	98
Overdraft	32	—	—	—	—	—	32
Others debt	73	3	0	0	—	—	77
GROSS DEBT	**1,883**	**1,532**	**1,276**	**1,612**	**1,264**	**1,023**	**8,589**

Please also refer to Note 19 – Financial debt, including lease liabilities.

Negative pledges and financial covenants

Some of the financing agreements of the Group (see Note 19 – Financial debt, including lease liabilities) require compliance with negative pledges and financial covenants, as set forth in the respective agreements.

Financial covenants require the Group to comply with specific levels of financial ratios. The most significant covenants establish a threshold for the ratio of EBITDA to financial expenses and priority debt to consolidated total assets.

In the case of a failure to comply with the above-mentioned ratios, the Group may be called upon to pay the outstanding debt if it does not correct such default within the period indicated in the applicable agreement.

Compliance with these covenants is monitored by the Group at the end of each semester and, as of December 31, 2023, the Group was fully in compliance with these covenants.

25.4. Currency risk

Due to its international presence, the Group is naturally exposed to risks related to fluctuations in foreign currencies. This international presence impacts its operations, its financing, and the conversion into euro of the financial statements of foreign subsidiaries denominated in other currencies.

In particular, the Group operations and sales are disseminated in several countries with multiple currencies. As a consequence, Group results could be materially affected by foreign exchange rate fluctuations.

The primary exchange rate to which the Group is exposed is the EUR/USD parity.

As of December 31, 2023, most of the currency hedging is managed by EssilorLuxottica and its subholding companies (Essilor, Luxottica and GrandVision). The Group seeks to limit currency risk with natural hedges, by hedging residual transactional exposure through currency forwards or options. Foreign exchange derivatives are entered into solely to hedge currency risks arising on business and financing operations. The Group does not carry out any currency trading transactions without any underlying transaction. The currency risk related to the translation of the results and financial positions of Group subsidiaries that have a functional currency other than the Euro, is not hedged.

25.5. Interest rate risk

The purpose of the interest rate management policy is to minimize the cost of financing while limiting the volatility of financial expenses linked to changes in interest rates. The major part of the Group's financing is therefore kept at fixed rates, either in the initial agreement or via hedging.

As almost all of the Group's financing is now concentrated on EssilorLuxottica, interest rate risk management is therefore centralized.

The interest rate position before and after hedging is as follows:

	Net debt		Derivatives		Net IR position	
€ millions	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Gross debt	7,882	535	(300)	300	7,582	835
Short-term investments	—	—	—	—	—	—
Cash and cash equivalents	—	(2,558)	—	—	—	(2,558)
Financial debt derivatives at fair value	—	—	—	—	—	—
NET DEBT (EXCLUDING LEASE LIABILITIES)	**7,882**	**(2,023)**	**(300)**	**300**	**7,582**	**(1,723)**

The interest rate position, by currency, before and after hedging is as follows:

	Net debt		Derivatives		Net IR position	
€ millions	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
EUR	7,794	(990)	(300)	300	7,494	(690)
USD	84	(191)	—	—	84	(191)
Other	3	(842)	—	—	3	(842)
NET DEBT (EXCLUDING LEASE LIABILITIES)	**7,882**	**(2,023)**	**(300)**	**300**	**7,582**	**(1,723)**

25.6. Commodities' risks

The Group's activities expose it to the volatility of energy, gas and raw materials prices. During the year, the Group entered into agreements and set up hedging financial instruments in order to decrease the volatility of its energy and raw materials supply costs.

25.7. Derivatives financial instruments

ACCOUNTING PRINCIPLES

Derivative financial instruments are accounted for in accordance with IFRS 9 – *Financial instruments*. At the inception of the contract, derivative instruments are initially recognized at fair value as financial assets at FVPL when the fair value is positive, or financial liabilities at FVPL when the fair value is negative.

The Group designates certain derivatives as instruments for hedging as cash flow hedges or fair value hedges (hedge accounting on risks related to interest rates, energy and gas prices and foreign exchanges). For each derivative financial instrument designated as a hedging instrument, the Group documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives, the hedging strategy and the methodology to measure the hedging effectiveness. The hedging effectiveness of the instruments is assessed both at the hedge inception date and on an ongoing basis.

The full fair value of a hedging derivate is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivative instruments are accounted for as follows:

Cash flow hedges

When a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows or highly probable forecasted transactions, the effective portion of the changes in fair value of the derivative financial instrument is recognized directly in the statement of other comprehensive income, whereas the gain or loss related to the ineffective portion of the derivative instrument is recognized in the consolidated statement of profit or loss. The amount that has been accumulated in the cash flow hedge reserve is recycled into the statement of profit or loss in the period when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of profit or loss.

Hedge of the net investment in a foreign operation

The Group might hedge the amount of its interest in the net assets of a foreign operation. In that case, the effective portion of the changes in the fair value of the instrument is recognized directly in the statement of other comprehensive income in the line *Foreign currency translation differences*. The amount recognized in the *Translation reserve* is reclassified to the statement of profit or loss when the investment in the foreign operation is sold or the entity is wound up. The ineffective portion of the changes in the fair value is recognized in the statement of profit or loss.

Fair value hedge

When a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability, both the changes in fair value of the derivative instrument as well as changes in the hedged item are recorded in the consolidated statement of profit or loss.

Financial instruments not qualifying for hedge accounting

Certain derivatives financial instruments that in substance are used for hedging purposes do not qualify for hedge accounting under IFRS 9 – *Financial instruments*. Gains and losses resulting from the changes in the fair value of these financial instruments are recognized directly in the statement of profit or loss.

25.7.1. Market value by nature

	December 31, 2023		December 31, 2022	
€ millions	Fair value	Nominal	Fair value	Nominal
Forward contracts	(7)	4,857	6	3,951
Currency options	—	—	—	—
Cross-currency swap	—	—	—	—
Interest rate swaps	—	300	(2)	300
Interest rate options (caps)	—	—	—	—
Commodities[a]	(10)	32	(11)	58
TOTAL DERIVATIVES	**(16)**	**5,189**	**(8)**	**4,309**

(a) Mainly related to energy and gas supply.

25.7.2. Market value by hedge strategy

€ millions	December 31, 2023 Assets	December 31, 2023 Liabilities	December 31, 2022 Assets	December 31, 2022 Liabilities
Cash flow hedge				
Interest rate swaps	—	—	—	—
Forward contracts	1	(2)	3	(3)
Commodities[a]	—	(9)	2	(13)
Fair value hedge				
Interest rate swap	—	—	—	(2)
Not allocated to a hedging relationship				
Forward contracts	11	(17)	23	(17)
Commodities[b]	—	(1)	1	(1)
TOTAL MARKET VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS	**12**	**(29)**	**29**	**(37)**
of which current	*12*	*(27)*	*29*	*(36)*
of which non-current	—	*(1)*	—	*(1)*

(a) Mainly related to energy and gas supply.
(b) Mainly related to metals.

25.7.3. Foreign exchange derivatives hedging commercial and financing exposures as of December 31, 2023 (nominal amount)

	Currency purchased												
€ millions	EUR	USD	CNY	HKD	GBP	AUD	JPY	THB	CAD	CHF	SEK	Others	Total
Currency sold													
EUR	—	1,813	422	104	105	197	31	80	74	25	31	258	3,141
USD	337	—	35	10	0	0	16	21	1	—	—	95	525
GBP	155	3	—	—	—	—	—	—	—	—	20	3	180
HKD	150	31	32	—	—	—	4	—	—	—	—	—	217
CAD	4	30	—	2	—	—	—	—	—	—	—	—	36
AUD	6	1	—	37	—	—	—	—	—	—	—	—	44
MXN	99	36	—	—	—	—	—	—	—	—	—	—	135
JPY	72	—	—	8	—	—	—	—	—	—	—	—	80
SEK	40	1	—	—	5	—	—	—	—	—	—	3	48
INR	14	2	—	—	—	—	—	—	—	—	—	—	16
THB	18	14	—	5	—	—	2	—	—	—	—	—	39
NOK	26	0	—	—	2	—	—	—	—	—	—	1	29
CNY	39	8	—	4	—	—	4	—	—	—	—	—	54
BRL	28	23	—	—	—	—	—	—	—	—	—	—	50
SGD	3	3	—	3	—	—	—	—	—	—	—	—	9
ZAR	9	1	—	—	—	—	—	—	—	—	—	—	9
Others	178	32	—	3	5	5	—	—	—	—	18	2	243
TOTAL	**1,177**	**1,996**	**489**	**176**	**126**	**203**	**57**	**101**	**76**	**25**	**69**	**363**	**4,857**

Note 26 Contingencies and commitments

26.1. Commitments

As of December 31, 2023, the Group's contractual obligations and commitments were as follows:

€ millions	December 31, 2023	December 31, 2022
Guarantees and endorsements	628	271
Licenses	870	1,029
Other	68	91
TOTAL COMMITMENTS GIVEN	**1,567**	**1,391**

As part of the activities supporting the Company's Mission, Essilor International signed in March 2021 a Collaboration Agreement with Vision Catalyst Fund ("VCF"), a 1$ billion fund created in 2018 to bring eye care to all people in the Commonwealth. According to this Collaboration Agreement, Essilor International aims to support VCF by way of a donation of a maximum of 200 million pairs of free ophthalmic lenses over a period ending in 2030.

In 2022, the Group signed a power purchase agreement with an Italian energy supplier to purchase electricity produced by a wind power plant to cover approximately half of the energy needs of its Italian operations. This agreement, which came into effect on January 1, 2023 for a period of 12 years, covers a commitment by the Group to purchase an energy volume of 70GWh per year. This contract has been concluded for the specific needs of the Group's normal activity (it will be accounted for as a purchase for own use starting from the second quarter of 2024).

Regarding future commitments related to lease agreements, the most significant future cash outflows not already reflected in the measurement of lease liabilities are the *variable lease payments*. Variable lease payments for the current year are disclosed in paragraph 12.3 – *Impact of leases on the income statement*; this information can be used to assess the potential future cash outflows exposure generated by lease agreements.

26.1.1. Guarantees and endorsements

Guarantees and endorsements mainly consist of the Company guarantees over Group subsidiaries.

26.1.2. Licenses

The Group has entered into license agreements with certain designers for the production, design and distribution of sunglasses and prescription frames. Under these license agreements, which have terms ranging from 5 to 15 years (and may contain options for renewal), the Group is also required to pay a royalty generally ranging from 6% to 13% of net sales of the related collection. Certain agreements also provide for the payment of minimum annual guaranteed amounts and require to make marketing investments (the latter amount to between 5% and 12% of net sales of the related collection). These agreements can typically be terminated early by either party for several reasons, including but not limited to non-payment of royalties, failure to reach minimum sales thresholds, and unauthorized changes to products.

The minimum payments related to these agreements are, as follows:

€ millions	December 31, 2023	December 31, 2022
Due within 1 year	234	213
Due in 1 to 5 years	366	484
Due in more than 5 years	270	332
TOTAL	**870**	**1,029**

The current exposure reported above (*i.e. Due within 1 year*) also includes the consideration agreed by EssilorLuxottica and Eastman Kodak Company in the context of the perpetual worldwide license agreement signed on July 27, 2023. The agreement, effective starting from January 1, 2024, grants EssilorLuxottica the exclusive right to use the Kodak registered trademarks for products and services in connection with EssilorLuxottica's business indefinitely.

26.2. Litigation and contingent liabilities

26.2.1. Alleged anti-competitive practices

French Competition Authority Investigations

Essilor

In July 2014, the French Competition Authority's investigation department made unannounced visits to selected Essilor entities in France and other actors in the ophthalmic lens industry involved in the online sale of ophthalmic lenses. Related to this investigation, a €81 million penalty has been imposed on October 6, 2022 by the French Competition Authority to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica strongly disagrees with the French Competition Authority and has appealed its decision on November 23, 2022, still confident that it will successfully demonstrate that this decision is ungrounded. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On February 15, 2023, €81 million was transferred to the French Authorities pending the decision on appeal. This transfer is considered as a deposit made to a public authority in the context of the overall procedure (see Note 14 – Other assets (current and non-current)).

Luxottica

Following lengthy proceedings against Luxottica, the Group was sentenced to a €125 million fine by the French Competition Authority on July 22, 2021 on the account of cartel practices. The Group has appealed this decision on September 10, 2021 and remains confident that it will successfully demonstrate that the decision is wrong from both a factual and a legal perspective. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On December 14, 2021, €125 million was transferred to the French Authorities. That cash-out was considered as a deposit made to a public authority in the context of the overall procedure and it has been accounted for as such in the Company's financial statements. The court of appeal decision related to the case is expected within 12 months from the reporting date, therefore the deposit is now accounted for in the other current non-financial assets (see Note 14 – Other assets (current and non-current)).

Turkish Competition Authority Investigation

Following an investigation initiated in 2021, the Group was sentenced by the Turkish Competition Authority to a TRY 492 million fine on August 18, 2023 for breach of its exclusivity commitment and abusive bundling. EssilorLuxottica strongly disagrees with the Turkish Competition Authority and will appeal its decision, confident that it will successfully demonstrate that this decision is ungrounded.

Other Anti-trust investigation

The Group is under an investigation initiated in 2022 by the Greek Competition Authority in relation to local commercial practices. The Group is working with the authority in connection with this ongoing investigation.

26.2.2. Class actions

In 2023 an agreement was reached to settle a class action where a US Group subsidiary of EssilorLuxottica is a defendant. The settlement is pending its final approval from the Court. The Group reassessed accordingly the related provision (see Note 22 – Provisions (current and non-current)). The settlement amount is partially covered by an insurance contribution (see Note 14 – Other assets (current and non-current).

Moreover, certain EssilorLuxottica Group's entities, primarily US and Canadian subsidiaries, are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, price fixing, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. This includes, among others, several putative class actions filed in the second semester of 2023 in US Federal Courts for alleged price fixing and monopolization. The relevant entities dispute the merits of all of these actions.

26.2.3. Tax disputes

EssilorLuxottica is part of various tax litigations, for which provisions have already been made.

26.2.4. Other existing proceedings

Shamir Optical, a US Company's subsidiary, is involved in a court case which also involves the US Department of Justice, with regard to certain promotional activities.

Moreover, EssilorLuxottica and its subsidiaries are defendants in other legal proceedings arising in the ordinary course of business. EssilorLuxottica disputes the merits of all such outstanding claims, which it will vigorously pursue.

As of the date of approval by EssilorLuxottica Board of Directors of these consolidated financial statements, such other ongoing legal proceedings known to the Group are not likely to have significant impacts on the Group's financial position or profitability.

Note 27 Related party transactions

Main related parties are:

- members of EssilorLuxottica's Board of Directors, key management personnel and their close family members;
- companies over which members of the Board of Directors, key management personnel or their close family members have control or significant influence;
- companies over which the Group exercises joint control or significant influence; and
- people and companies which exercise control over the Group.

Moreover, as Delfin S.à r.l. is EssilorLuxottica's parent company, the Company's related parties also include Delfin's related parties.

27.1. Remuneration of members of the Board of Directors and key management personnel

€ millions	2023	2022
Total compensation and benefits accounted for	41	39
Directors' fees paid	1	1
TOTAL	**42**	**40**

The Board of Directors consisted of 14 members as of December 31, 2023, same as of December 31, 2022.

Total compensation and benefits reported above include wages, salaries and social security contributions, profit-sharing, bonuses, non-monetary benefits and share-based payment.

No transactions outside the normal course of business were concluded during the year with the Board of Directors' members or key executives.

27.2. Related parties' transactions

A summary of related party transactions carried out during the years ended December 31, 2023 and December 31, 2022 is provided below.

	Consolidated statement of profit or loss 2023		Balance outstanding as of December 31, 2023	
€ millions	Revenue	Costs	Assets	Liabilities
Mazzucchelli 1849 S.p.A.[a]	1	(30)	1	11
Triapex s.r.o.[a]	—	(4)	—	2
Reliance Vision Express Private Ltd[a]	1	—	0	—
Others	—	(0)	—	—
TOTAL	**2**	**(34)**	**1**	**13**

(a) Group's associates.

	Consolidated statement of profit or loss 2022		Balance outstanding as of December 31, 2022	
€ millions	Revenue	Costs	Assets	Liabilities
Mazzucchelli 1849 S.p.A.[a]	—	(24)	—	8
Triapex s.r.o.[a]	—	(4)	—	3
Visionweb[a][b]	—	(1)	—	—
Gateway Professional Network[a][c]	0	(2)	—	—
Others	1	—	0	—
TOTAL	**1**	**(30)**	**0**	**11**

(a) Group's associates.
(b) Fully consolidated starting from the end of January 2022.
(c) Fully consolidated starting from July 1, 2022.

The relationships between the Group and its related parties are of a commercial nature. In 2023, the Group bought/sold products and services from/to those entities. Those transactions were concluded at arm's length within the normal day-to-day business operations.

Note 28 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue, as a going concern, to provide returns to its shareholders and benefit to other stakeholders, balancing the capital structure and lowering the cost of capital in order to reach a strong financial position.

One way the management use to monitor the capital is observing the ratio between *Net debt* and *Total equity*.

The Net debt is calculated as total debt less cash, cash equivalents and short-term investments (see Note 19 – Financial debt, including lease liabilities), while the total equity comprises all components of equity (see Note 18 – Equity).

The Group's *Net debt* to *Total equity* ratio as of December 31, 2023 and 2022 was as follows:

€ millions	Notes	December 31, 2023	December 31, 2022
Net debt (A)	19	9,098	10,246
Total equity (B)		38,891	38,147
NET DEBT TO EQUITY RATIO (A)/(B)		**23.4%**	**26.9%**

Note 29 Independent auditors' fees

	PricewaterhouseCoopers				Mazars			
EssilorLuxottica FY 2023 Audit and non audit services fees	PricewaterhouseCoopers Audit		Réseau		Mazars France		Réseau	
€ millions	Montant	%	Montant	%	Montant	%	Montant	%
Audit								
Review of interim condensed financial statements								
Parent company	1.1	38%	0.0	0%	0.8	57%	0.0	0%
Fully consolidated subsidiaries	1.6	55%	11.4	92%	0.6	41%	6.0	98%
Sub-total	**2.7**	**93%**	**11.4**	**92%**	**1.4**	**98%**	**6.0**	**98%**
Non audit services[(a)]								
Parent company	0.2	7%	0.0	0%	0.0	1%	0.0	0%
Fully consolidated subsidiaries	0.0	0%	1.0	8%	0.0	1%	0.1	2%
Sub-total	**0.2**	**7%**	**1.0**	**8%**	**0.0**	**2%**	**0.1**	**2%**
TOTAL	**2.9**	**100%**	**12.4**	**100%**	**1.4**	**100%**	**6.1**	**100%**

(a) Non audit services provided by PricewaterhouseCoopers Audit during 2023 comprised:
- tax compliance services;
- issuance of the Independent third party's report on the consolidated statement of extra-financial performance;
- agreed-upon procedures and technical consultancy.

Non audit services provided by Mazars during 2023 comprised:
- technical consultancy;
- services required by the law;
- tax compliance services.

EssilorLuxottica FY 2022 Audit and non audit services fees *€ millions*	PricewaterhouseCoopers				Mazars			
	PricewaterhouseCoopers Audit		Réseau		Mazars France		Réseau	
	Montant	%	Montant	%	Montant	%	Montant	%
Audit								
Review of interim condensed financial statements								
Parent company	1.3	50%	0.0	0%	0.7	42%	0.0	0%
Fully consolidated subsidiaries	1.1	43%	12.3	97%	0.7	44%	5.8	98%
Sub-total	**2.4**	**93%**	**12.3**	**97%**	**1.4**	**86%**	**5.8**	**98%**
Non audit services[(a)]								
Parent company	0.2	7%	0.0	0%	0.2	14%	0.0	0%
Fully consolidated subsidiaries	0.0	0%	0.4	3%	0.0	0%	0.1	2%
Sub-total	**0.2**	**7%**	**0.4**	**3%**	**0.2**	**14%**	**0.1**	**2%**
TOTAL	**2.6**	**100%**	**12.7**	**100%**	**1.6**	**100%**	**5.9**	**100%**

(a) Non audit services provided by PricewaterhouseCoopers Audit during 2022 comprised:
- tax compliance services;
- issuance of the Independent third party's report on the consolidated statement of extra-financial performance;
- agreed-upon procedures and technical consultancy.

Non audit services provided by Mazars during 2022 comprised:
- technical consultancy;
- services required by the law;
- tax compliance services.

Note 30 Subsequent events

No significant subsequent events occurred between January 1, 2024 and February 14, 2024, date of approval of these consolidated financial statements by EssilorLuxottica Board of Directors.

Appendix 1

Exchange Rates

		Closing rate		Average rate	
For €1		December 31, 2023	December 31, 2022	2023	2022
AUD	Australian Dollar	1.6263	1.5693	1.6288	1.5167
BRL	Brazilian Real	5.3618	5.6386	5.4010	5.4399
CAD	Canadian Dollar	1.4642	1.4440	1.4595	1.3695
CNY	Chinese Yuan	7.8509	7.3582	7.6600	7.0788
GBP	British Pound	0.8691	0.8869	0.8698	0.8528
HKD	Hong Kong Dollar	8.6314	8.3163	8.4650	8.2451
JPY	Japanese Yen	156.3300	140.6600	151.9903	138.0274
INR	Indian Rupee	91.9045	88.1710	89.3001	82.6864
MXN	Mexican Peso	18.7231	20.8560	19.1830	21.1869
USD	US Dollar	1.1050	1.0666	1.0813	1.0530

Appendix 2

Interest in Group companies

Listed below are the main Group companies, together with the related Group's percentage of interest and the respective consolidation method. On the basis of this latter information it is possible to determine whether an entity is controlled by the Group (from an accounting perspective) or not; conversely the percentage of interest can be used to deduct which portion of the net result and net equity is allocated to the non-controlling interests.

The complete list of consolidated companies is available on request at the registered office of the Company.

		2023		2022
Company	Country	Consolidation method	% Group interest	% Group interest
ESSILORLUXOTTICA SA	France	Legal parent[a]		
LUXOTTICA GROUP SPA	Italy	Accounting parent[a]		
LA OPTICA S.A.	Argentina	Full consolidation	100%	100%
LUXOTTICA RETAIL AUSTRALIA PTY LTD	Australia	Full consolidation	100%	100%
LUXOTTICA SOUTH PACIFIC HOLDINGS PTY LIMITED	Australia	Full consolidation	100%	100%
OPTIMED AUSTRALIA PTY LTD	Australia	Full consolidation	75%	75%
PEARLE ÖSTERREICH GMBH	Austria	Full consolidation	100%	100%
GRAND OPTICIENS BELGIUM N.V.	Belgium	Full consolidation	100%	100%
BRASILOR COMÉRCIO DE PRODUTOS ÓPTICOS E PARTICIPACOES LTDA	Brazil	Full consolidation	100%	100%
ESSILOR DA AMAZONIA E COMERCIO LTDA	Brazil	Full consolidation	100%	100%
LUXOTTICA BRASIL PRODUTOS OTICOS E ESPORTIVOS LTDA	Brazil	Full consolidation	100%	100%
MULTI-OPTICA DISTRIBUIDORA LTDA	Brazil	Full consolidation	100%	100%
OTICAS CAROL LTDA	Brazil	Full consolidation	100%	100%
SGH BRASIL COMERCIO DE OCULOS LTDA	Brazil	Full consolidation	100%	100%
VE BULGARIA EOOD	Bulgaria	Full consolidation	100%	100%
ESSILORLUXOTTICA CANADA INC	Canada	Full consolidation	100%	100%
NIKON OPTICAL CANADA INC	Canada	Full consolidation	50%	50%
LUXOTTICA OF CHILE SA	Chile	Full consolidation	100%	100%
CHEMILENS (JIAXING) CO. LTD	China	Full consolidation	50%	50%
ESSILOR (CHINA) HOLDING CO LTD	China	Full consolidation	100%	100%
JIANGSU WANXIN OPTICAL CO LTD	China	Full consolidation	80%	80%
LUXOTTICA (CHINA) INVESTMENT CO LTD	China	Full consolidation	100%	100%
LUXOTTICA (SHANGHAI) TRADING CO LTD	China	Full consolidation	100%	100%
LUXOTTICA COMMERCIAL SERVICE (DONGGUAN) CO LTD	China	Full consolidation	100%	100%
LUXOTTICA TRISTAR (DONGGUAN) OPTICAL CO LTD	China	Full consolidation	100%	100%
SHANGHAI ESSILOR OPTICAL COMPANY LIMITED	China	Full consolidation	100%	100%
XIAMEN ARTGRI OPTICAL CO LTD	China	Full consolidation	50%	50%
XIN TIANHONG OPTICAL COMPANY LIMITED	China	Full consolidation	50%	50%
LAFAM S.A.S.	Colombia	Full consolidation	100%	100%
LUXOTTICA OF COLOMBIA SAS	Colombia	Full consolidation	100%	100%
SERVIOPTICA S.A.S.	Colombia	Full consolidation	100%	100%
GRANDVISION CYPRUS LTD.	Cyprus	Full consolidation	100%	100%
GV CZ S.R.O.	Czech Republic	Full consolidation	100%	100%

Company	Country	2023 Consolidation method	2023 % Group interest	2022 % Group interest
SMEY DANMARK A/S	Denmark	Full consolidation	63%	63%
SYNOPTIK A/S	Denmark	Full consolidation	63%	63%
INSTRUMENTARIUM OPTIKA OÜ	Estonia	Full consolidation	100%	100%
INSTRU OPTIIKKA OY	Finland	Full consolidation	100%	100%
BBGR	France	Full consolidation	100%	100%
ESSILOR INTERNATIONAL SAS	France	Full consolidation	100%	100%
ESSILORLUXOTTICA AMERICA SAS	France	Full consolidation	100%	100%
GRANDVISION FRANCE S.A.S.	France	Full consolidation	100%	100%
INVOPTIC	France	Full consolidation	100%	100%
LUXOTTICA FRANCE SASU	France	Full consolidation	100%	100%
MEGA OPTIC DESIGN	France	Full consolidation	75%	75%
NOVACEL OPHTALMIQUE	France	Full consolidation	75%	75%
SUNGLASS HUT FRANCE SASU	France	Full consolidation	100%	100%
APOLLO OPTIK HOLDING GMBH & CO KG[a]	Germany	Full consolidation	100%	100%
ESSILOR GMBH	Germany	Full consolidation	100%	100%
GRANDVISION TECHCENTRE DEUTSCHLAND GMBH[a]	Germany	Full consolidation	100%	100%
LUXOTTICA GERMANY GMBH	Germany	Full consolidation	100%	100%
ROBIN LOOK GMBH[b]	Germany	Full consolidation	100%	100%
RUPP + HUBRACH OPTIK GMBH	Germany	Full consolidation	100%	100%
SATISLOH GMBH	Germany	Full consolidation	100%	100%
GRANDVISION HELLAS S.A.	Greece	Full consolidation	100%	100%
LUXOTTICA HELLAS AE	Greece	Full consolidation	70%	70%
LGL LTD.	Guernsey	Full consolidation	100%	100%
LUXOTTICA HONG KONG SERVICES LIMITED	Hong Kong	Full consolidation	100%	100%
GRANDVISION HUNGARY KFT.	Hungary	Full consolidation	100%	100%
ESSILOR INDIA PRIVATE LIMITED	India	Full consolidation	100%	100%
GKB RX LENS PRIVATE LIMITED	India	Full consolidation	76%	76%
LUXOTTICA INDIA EYEWEAR PRIVATE LIMITED	India	Full consolidation	100%	100%
SUNGLASS HUT IRELAND LIMITED	Ireland	Full consolidation	100%	100%
TRANSITIONS OPTICAL LIMITED	Ireland	Full consolidation	100%	100%
VISION EXPRESS IRELAND LTD.	Ireland	Full consolidation	100%	100%
ESSILOR ISRAELI HOLDINGS LTD	Israel	Full consolidation	100%	100%
LUXOTTICA OPTICS LTD	Israel	Full consolidation	100%	100%
SHAMIR OPTICA HOLDING LTD	Israel	Full consolidation	100%	100%
SHAMIR OPTICAL INDUSTRY LTD	Israel	Full consolidation	100%	100%
NUANCE HEARING LTD	Israel	Full consolidation	100%	
BARBERINI SPA	Italy	Full consolidation	100%	100%
ESSILORLUXOTTICA WHOLESALE ITALIA SPA[a]	Italy	Full consolidation	100%	100%
L.T.L. SPA	Italy	Full consolidation	100%	100%
LUXOTTICA ITALIA SRL	Italy	Full consolidation	100%	100%
LUXOTTICA SRL	Italy	Full consolidation	100%	100%
ESSILORLUXOTTICA ITALIA S.P.A.[d]	Italy	Full consolidation	100%	100%

Company	Country	2023 Consolidation method	2023 % Group interest	2022 % Group interest
FUKUI MEGANE INDUSTRY CO LTD	Japan	Full consolidation	100%	67%
LUXOTTICA JAPAN CO LTD	Japan	Full consolidation	100%	100%
NIKON ESSILOR CO LIMITED	Japan	Full consolidation	50%	50%
ESSILORLUXOTTICA RE SA	Luxembourg	Full consolidation	100%	100%
GRANDVISION LUXEMBOURG S.A.R.L.	Luxembourg	Full consolidation	100%	100%
LUXOTTICA WHOLESALE MALAYSIA SDN BHD	Malaysia	Full consolidation	100%	100%
ESSILOR MEXICO S.A DE C.V.	Mexico	Full consolidation	100%	100%
GVMV, S.A DE C.V.	Mexico	Full consolidation	70%	70%
LUXOTTICA MEXICO SA DE CV	Mexico	Full consolidation	100%	100%
OPTICA LUX, S.A DE C.V.	Mexico	Full consolidation	70%	70%
PRECISION OPTICA, S.A.	Mexico	Full consolidation	70%	70%
SUNGLASS HUT DE MEXICO SAPI DE CV	Mexico	Full consolidation	100%	100%
TIDE TI, S.A. DE C.V.	Mexico	Full consolidation	70%	70%
GRANDOPTICAL MONACO S.A.R.L.	Monaco	Full consolidation	100%	100%
SOLARIS MONACO S.A.R.L.	Monaco	Full consolidation	100%	100%
LUXOTTICA HOLLAND BV	Netherlands	Full consolidation	100%	100%
LUXOTTICA THE NETHERLANDS BV	Netherlands	Full consolidation	100%	100%
CHARLIE TEMPLE EUROPE B.V.	Netherlands	Full consolidation	100%	67%
ESSILOR NEDERLAND BV	Netherlands	Full consolidation	100%	100%
ESSILOR NEDERLAND HOLDING BV	Netherlands	Full consolidation	100%	100%
GRANDVISION B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION FINANCE B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION RETAIL HOLDING B.V.	Netherlands	Full consolidation	100%	100%
GRANDVISION SUPPLY CHAIN B.V.	Netherlands	Full consolidation	100%	100%
VISION VENTURES B.V.	Netherlands	Full consolidation	100%	100%
BRILLELAND AS	Norway	Full consolidation	63%	63%
INTEROPTIK AS	Norway	Full consolidation	63%	63%
OPTICAS GMO PERU SAC	Peru	Full consolidation	100%	100%
TOPSA PERU SAC	Peru	Full consolidation	100%	100%
LUXOTTICA POLAND SP ZOO	Poland	Full consolidation	100%	100%
VISION EXPRESS SP SP Z.O.O.	Poland	Full consolidation	100%	100%
ESSILOR PORTUGAL – SOCIEDADE INDUSTRIAL DE ÓPTICA, LDA	Portugal	Full consolidation	100%	100%
GRANDOPTICAL PORTUGAL S.A.	Portugal	Full consolidation	100%	100%
GRANDVISION PORTUGAL, UNIPESSOAL LDA.	Portugal	Full consolidation	100%	100%
GRANDVISION SUPPLY CHAIN (PORTUGAL) S.A.	Portugal	Full consolidation	100%	100%
LUXOTTICA PORTUGAL SA	Portugal	Full consolidation	100%	100%
SOLARIS PORTUGAL S.A.	Portugal	Full consolidation	100%	100%

Company	Country	2023 Consolidation method	2023 % Group interest	2022 % Group interest
COMPANY GRANDVISION LLC	Russia	Full consolidation	100%	100%
LENSMASTER OOO	Russia	Full consolidation	100%	100%
LUXOTTICA RUS LLC	Russia	Full consolidation	100%	100%
OPTIC CLUB LLC	Russia	Full consolidation	100%	100%
ESSILORLUXOTTICA ASIA PACIFIC PTE LTD (EX. ESSILOR AMERA PTE LTD)	Singapore	Full consolidation	100%	100%
OSA INVESTMENTS HOLDINGS PTE LTD	Singapore	Full consolidation	100%	100%
TRANSITIONS OPTICAL (S) PTE. LTD.	Singapore	Full consolidation	100%	100%
GRANDOPTICAL SLOVAKIA S.R.O.	Slovakia	Full consolidation	100%	100%
LUXOTTICA SOUTHERN AFRICA (PTY) LTD	South Africa	Full consolidation	100%	100%
CHEMIGLAS CORP.	South Korea	Full consolidation	50%	50%
LUXOTTICA KOREA LTD	South Korea	Full consolidation	100%	100%
ESSILOR ESPANA	Spain	Full consolidation	100%	100%
ESSILOR OPTICA INTERNATIONAL HOLDING SL	Spain	Full consolidation	100%	100%
GRANDVISION SPAIN GRUPO OPTICO S.A.U.	Spain	Full consolidation	100%	100%
LUXOTTICA SPAIN SLU	Spain	Full consolidation	100%	100%
FUTURE EYEWEAR SWEDEN GROUP AB	Sweden	Full consolidation	100%	100%
SMART EYES HOLDING AB	Sweden	Full consolidation	63%	63%
SYNOPTIK SWEDEN AB	Sweden	Full consolidation	63%	63%
ESSILOR SUISSE SA	Switzerland	Full consolidation	100%	100%
KOCHOPTIK GMBH	Switzerland	Full consolidation	79%	79%
MC OPTIK (SCHWEIZ) AG	Switzerland	Full consolidation	79%	79%
SATISLOH AG	Switzerland	Full consolidation	100%	100%
SATISLOH HOLDING AG	Switzerland	Full consolidation	100%	100%
VISILAB MAGASINS S.A.	Switzerland	Full consolidation	79%	79%
VISILABGROUP S.A.	Switzerland	Full consolidation	79%	79%
ESSILOR MANUFACTURING (THAILAND) CO LTD	Thailand	Full consolidation	100%	100%
ESSILORLUXOTTICA WHOLESALE (THAILAND) LTD(E)	Thailand	Full consolidation	100%	100%
ATASUN OPTIK PERAKENDE TICARET ANONIM ŞIRKETI	Turkey	Full consolidation	100%	100%
LUXOTTICA GOZLUK ENDUSTRI VE TICARET ANONIM SIRKETI	Turkey	Full consolidation	100%	100%
CLASSIC OPTICAL LABORATORIES, INC.	U.S.A.	Full consolidation	100%	100%
COSTA DEL MAR, INC	U.S.A.	Full consolidation	100%	100%
DAC VISION INC	U.S.A.	Full consolidation	100%	100%
EOA HOLDING CO., INC.	U.S.A.	Full consolidation	100%	100%
ESSILOR LABORATORIES OF AMERICA HOLDING CO INC	U.S.A.	Full consolidation	100%	100%
ESSILOR LABORATORIES OF AMERICA INC	U.S.A.	Full consolidation	100%	100%
ESSILOR LABS COMPANY	U.S.A.	Full consolidation	100%	100%
ESSILOR LATIN AMERICA & CARIBBEAN, INC	U.S.A.	Full consolidation	100%	100%
ESSILOR OF AMERICA, INC	U.S.A.	Full consolidation	100%	100%
ESSILORLUXOTTICA USA INC	U.S.A.	Full consolidation	100%	100%
EYEBUY DIRECT, INC	U.S.A.	Full consolidation	100%	100%
EYEMED INSURANCE COMPANY	U.S.A.	Full consolidation	100%	100%
EYEMED VISION CARE LLC	U.S.A.	Full consolidation	100%	100%

Company	Country	2023 Consolidation method	2023 % Group interest	2022 % Group interest
FGX INTERNATIONAL INC.	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO. OF CALIFORNIA, INC.	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO. OF COCONUT GROVE, INC	U.S.A.	Full consolidation	100%	100%
FOR EYES OPTICAL CO., INC.	U.S.A.	Full consolidation	100%	100%
FRAMES FOR AMERICA, INC.	U.S.A.	Full consolidation	100%	100%
I-COAT COMPANY, LLC	U.S.A.	Full consolidation	100%	100%
INSIGHT OPTICAL MANUFACTURING CO. OF FLORIDA, INC.	U.S.A.	Full consolidation	100%	100%
K.B. CO. LLC, THE POLARIZED LENS COMPANY	U.S.A.	Full consolidation	100%	100%
LUXOTTICA OF AMERICA INC	U.S.A.	Full consolidation	100%	100%
MOC ACQUISITION CORPORATION	U.S.A.	Full consolidation	100%	100%
OAKLEY INC	U.S.A.	Full consolidation	100%	100%
PREMIER OPHTHALMIC SERVICES LLC	U.S.A.	Full consolidation	80%	80%
SATISLOH NORTH AMERICA	U.S.A.	Full consolidation	100%	100%
SHAMIR INSIGHT INC	U.S.A.	Full consolidation	100%	100%
SIGHTGLASS VISION INC	U.S.A.	Full consolidation	50%	50%
TRANSITIONS OPTICAL INC	U.S.A.	Full consolidation	100%	100%
TRI-SUPREME OPTICAL, LLC	U.S.A.	Full consolidation	100%	100%
VISION SOURCE	U.S.A.	Full consolidation	100%	100%
WALMAN OPTICAL COMPANY	U.S.A.	Full consolidation	100%	100%
LUXOPTICA	Ukraine	Full consolidation	51%	51%
LUXOTTICA MIDDLE EAST FZE	United Arab Emirates	Full consolidation	100%	100%
BBGR LIMITED	United Kingdom	Full consolidation	100%	100%
ESSILOR LIMITED	United Kingdom	Full consolidation	100%	100%
GRANDVISION TECH CENTRE UK LTD.	United Kingdom	Full consolidation	100%	100%
LENSTEC	United Kingdom	Full consolidation	100%	100%
LUXOTTICA NORTH EUROPE LTD	United Kingdom	Full consolidation	100%	100%
LUXOTTICA RETAIL UK LTD	United Kingdom	Full consolidation	100%	100%
TRIFLE HOLDINGS LIMITED	United Kingdom	Full consolidation	100%	100%
VISION DIRECT LIMITED	United Kingdom	Full consolidation	100%	100%
VISION EXPRESS (UK) LTD.	United Kingdom	Full consolidation	100%	100%
TYLOR S.A.	Uruguay	Full consolidation	100%	100%

(a) EssilorLuxottica is the legal parent of the Group. However, for accounting purposes the EL Combination has been accounted for as a reverse acquisition, i.e. the consolidated financial statements of the Group have been prepared as a continuation of the financial statements of the accounting acquirer, Luxottica Group S.p.A..
(b) Apollo-Optik Holding GmbH & Co. KG (Schwabach), GrandVision TechCentre Deutschland GmbH (Schwabach) and Robin Look GmbH (Berlin) are included in the consolidated financial statements of EssilorLuxottica SA and take advantage of the exemption provisions of Section 264 b HGB (German Commercial code) and Section 264 Abs. 3 Nr. 5 HGB (German Commercial code) for the financial year 2023. The statutory duty to prepare consolidated financial statements and a group management report does not apply to the subgroup of Apollo-Optik Holding GmbH & Co. KG pursuant to Section 291 HGB in conjunction with Section 1 et seqq. "KonBefrV." because Apollo-Optik Holding GmbH & Co. KG and its subsidiaries (GrandVision TechCentre Deutschland GmbH and Robin Look GmbH) are included in the consolidated financial statements of EssilorLuxottica SA.
(c) Previously Essilor Italia.
(d) Previously Salmoiraghi & Vigano' S.p.A.
(e) Previously Luxottica Wholesale (Thailand) Ltd.

4.2 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2023

To the Annual Shareholders' Meeting of EssilorLuxottica

Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders' Meeting, we have audited the accompanying consolidated financial statements of EssilorLuxottica ("the Group") for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de déontologie*) for Statutory Auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and intangible assets

Risk identified

As of December 31, 2023, goodwill and intangible assets net book value total €30.3 billion and €11.0 billion, respectively.

The Group performs at least once a year an impairment test of goodwill. Impairment test consists in the comparison of the recoverable amount of each group of CGUs with their corresponding carrying amount of net assets including goodwill. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable value is therefore determined by reference to market data or to value in use calculations based on discounted cash-flows (as described in note 10.1 "Impairment tests" in the notes to the consolidated financial statements). The determination of the recoverable amount due to its sensitivity to key data and assumptions used requires significant Management judgment and estimates. An Impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Intangible assets are tested for impairment when the occurrence of an event or a change in circumstances indicates that their recoverable value may be less than their carrying amount (as described in note 10.1 "Impairment tests" to the consolidated financial statements). The recoverable amount is determined as the higher of the value in use, calculated consistently with the basis applied for goodwill, and the fair value less costs to sell.

The significant value of goodwill and intangible assets, the sensitivity of the impairment test to the fluctuation of certain key data and major assumptions, judgment applied by Management in the complex and evolving context due to the macroeconomic environment, and the potential consequences of climate and environmental risks, have led us to consider the measurement of the recoverable value of goodwill and intangible assets as a key audit matter.

Our response

We have gained an understanding of (i) the impairment testing procedures adopted by Management, policies applied to measuring goodwill and intangible assets and (ii) the methodology developed by Management to elaborate and monitor the main assumptions used.

We have assessed the adequacy of the group of cash generating units used for the allocation of goodwill and their consistency with the Group's organizational structure, the level at which return on investments is monitored and the Group internal reporting.

We have corroborated Management's analysis leading to conclude on the existence or absence of impairment indicators as of December 31, 2023.

We have assessed the reliability of the methodologies applied in developing cash flows projections to determine value in use and the approach adopted in applying the discounted cash flow mathematical models with the support of our valuation experts. We have also verified the mathematical accuracy of the calculations and consistency of the information used with relevant data source.

We have assessed the consistency of cash flows projections with Management business plans. We have also analyzed, when possible, the consistency of forecasts developed by Management with past performance and market outlook and conducted impairment test sensitivity analyses.

In addition, we have assessed the adequacy of information disclosed in the note 10 "Goodwill and other intangible assets" to the consolidated financial statements.

Valuation of litigation reserves and uncertain tax position ("UTP") and contingent liabilities

Risk identified

EssilorLuxottica operates in numerous countries and therefore the Group is exposed to various risks arising in the ordinary course of its business, particularly tax and legal risks.

As disclosed in note 22 "Provisions (current and non-current)" to the consolidated financial statements, provisions are determined by the Group based on facts and circumstances, historical data and the information available, in accordance with IAS 37. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Contingent liabilities are not recognized in the consolidated statement of financial position - except in connection with business combinations - but are disclosed in the notes to the consolidated financial statements, unless the probability of an outflow of resources embodying economic benefits is remote.

Litigation reserves amount to €194 million as of December 31, 2023 (note 22 "Provisions (current and non-current)" to the consolidated financial statements) and tax payables related to uncertain tax positions amount to €316 million as of December 31, 2023 (note 8.2 "Tax receivables and payables" to the consolidated financial statements).

Note 26.2 "Litigation and contingent liabilities" to the consolidated financial statements describes significant litigations and contingencies and notably the dispute against the French antitrust authority which claims amount to €81 million against Essilor and €125 million against Luxottica as of December 31, 2023.

The measurement of (i) the consequences of legal and tax risks and (ii) the reserves and liabilities, recognized when applicable, is subject to a significant level of judgment from Management, in particular to assess the outcome of ongoing litigations or the likelihood of occurrence of identified risks. Accordingly, we deemed the valuation of litigation reserves and uncertain tax position and contingent liabilities as a key audit matter.

Our response

In order to identify and gain an understanding of all the existing disputes and uncertain tax positions as well as the elements of judgment elements relating thereto, we made inquiries, in France and abroad, with the legal and tax departments. We corroborated the list of disputes identified with the presentations made by the legal and tax departments to the Audit and Risk Committee and the information provided by the main law firms and experts appointed by the Group.

Regarding the main disputes and uncertain tax positions for which a provision is recorded or a contingent liability disclosed in the financial statements, we assessed the quality of Management's estimates by considering as needed, the data, assumptions and calculations used.

With the support of our own experts, when applicable, we have also:

- examined the elements of procedure, the technical notes prepared by Management and, where applicable, the legal opinions prepared by law firms or external experts in order to assess the merits of a provision, a liability or a contingent liability;
- based on elements communicated to us, critically assessed the estimated range of risk level and verified that the measurement used by Management falls in these ranges;
- verified the consistency of the methods used for these assessments, when relevant;
- verified the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*code de commerce*) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the Statutory Auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation no 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Besides, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Essilor International (Compagnie Générale d'Optique), subsequently renamed EssilorLuxottica, by the Annual General Meeting held on June 14, 1983 for PricewaterhouseCoopers Audit and on May 11, 2007 for Mazars.

As at December 31, 2023, PricewaterhouseCoopers Audit was in its forty-first year of uninterrupted engagement and Mazars in its seventeenth year of uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) no 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, February 23, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

4.3 Financial statements of EssilorLuxottica

The statutory financial statements for 2023 include the income statement, balance sheet, cash flow statement and notes presented below and have been prepared under the responsibility of the Board of Directors and are presented to the Shareholders' Meeting for approval. They were approved and authorized for issue by the Board of Directors on February 14, 2024.

The Statutory Auditors' report on the annual financial statements for 2023 is included in Section 4.5.

4.3.1 Key figures

€ millions, except per share data, which is in euros	2023	2022
Income statement		
Operating profit (loss)	(55)	(42)
Profit (loss) before non-operating items and tax	3,267	(58)
Profit (loss)	3,253	(101)
Balance sheet		
Share capital	82	81
Shareholders' equity	26,397	23,571
Net debt	7,434	8,704
Non-current assets, net	35,620	35,629
TOTAL ASSETS	**37,524**	**36,994**
Net dividend per ordinary share *(in euros)*	3.95[a]	3.23

(a) Subject to the decision of Shareholders at the next Annual General Meeting on April 30, 2024.

In 2023, EssilorLuxottica incurred an operating loss of €55 million (loss amounted to €42 million in 2022). This change of the operating loss mainly comes from the Other external purchase expenses increasing by €15 million compared with 2022 due to the development of the holding company's activities.

The profit before non-operating items and tax amounted to €3,267 million includes a net financial income of €3,322 million (a financial loss of €16 million in 2022). This net financial gain mainly comes from an extraordinary distribution of primes and reserves from its subsidiary Essilor International, other dividend incomes for €17 million, partially compensated by the cost of net debt amounted to €184 million and an impact of the remeasurement at fair value of an investments for €12 million.

The net profit comprises non-operating expense at €53 million (€70 million in 2022), due to the net cost of the employee shareholding programs dedicated to Group employees and vested with treasury shares for €28 million (€41 million in 2022) of which €17 million for Performance Share Plans and €11 million for Boost program. Other non-operating expenses are related to the yearly tax depreciation of the investments' acquisition costs for €25 million.

4.3.2 Income statement

€ millions	Notes	2023	2022
Reversal of depreciation, amortization and provisions		—	—
Other income		17	10
Total operating income		**17**	**10**
Other external purchases and expenses		36	21
Personnel expenses		32	28
Depreciation, amortization and provisions		0	0
Other expenses		3	3
Total operating expenses	2	**72**	**52**
Operating profit (loss)		**(55)**	**(42)**
Financial income	3	3,322	(16)
Profit (loss) before non-operating items and tax		**3,267**	**(58)**
Non-operating income (expense)	4	(53)	(70)
Income tax (income) expense	5	(38)	(27)
PROFIT (LOSS)		**3,253**	**(101)**

4.3.3 Balance Sheet

Assets

€millions	Notes	December 31, 2023 Gross amount	Depreciation, amortization & provisions	December 31, 2023 Net amount	December 31, 2022 Net amount
Property, plant and equipment	4	2	2	2	
Financial assets	6	35,642	24	35,618	35,627
Non-current assets		**35,646**	**27**	**35,620**	**35,629**
Trade and related receivables	7	14	—	14	9
Other receivables	7	722	—	722	866
Marketable securities	8	312	—	312	360
Cash and Time deposits		816	—	816	85
Current assets		**1,865**	**—**	**1,865**	**1,320**
Bond redemption premium		29	—	29	31
Prepaid expenses	9	11	—	11	15
TOTAL		**37,551**	**27**	**37,524**	**36,994**

Shareholders' equity and liabilities

€millions	Notes	December 31, 2023	December 31, 2022
Share capital	10.1	82	81
Additional paid-in capital		22,931	23,112
Legal reserves		8	8
Other reserves		8	380
Retained earnings		—	—
Profit (loss) for the year		3,253	(101)
Tax-driven provisions		116	92
Shareholders' equity	**10**	**26,397**	**23,571**
Provisions for contingencies and liabilities	**11**	**495**	**540**
Bonds	12.1	7,920	8,952
Other financial debt (including loans from subsidiaries)	12.1	642	197
Financial liabilities		**8,563**	**9,149**
Trade and related payables	12.2	12	10
Accrued taxes and personnel expenses	12.2	14	9
Other liabilities	12.2	2,034	3,704
Operating and other liabilities		**2,059**	**3,723**
Foreign currency translation adjustment	13	9	12
TOTAL		**37,524**	**36,994**

4.3.4 Cash flow statement

€ millions	2023	2022
Profit for the fiscal year	3,253	(101)
Adjustments for non-cash items	337	18
Cash flow	**3,589**	**(83)**
Change in working capital[a]	(1,523)	2,193
Net cash flow from operating activities	**2,067**	**2,110**
Purchases of property, plant & equipment	—	—
Acquisition of shares in subsidiaries and affiliates and other investments	(0)	(82)
Loans granted to subsidiaries	(3)	127
Net cash flow used in investing activities	**(3)**	**46**
Capital increase	37	38
Disposal of treasury shares	(304)	(417)
Dividends paid	(487)	(454)
Increase and decrease in borrowings	(580)	(440)
Increase and decrease in loans from subsidiaries	2	(2,343)
Net cash flow used in financing activities	**(1,332)**	**(3,617)**
Change in cash and cash equivalents	731	(1,461)
Cash and cash equivalents at beginning of year	85	1,546
CASH AND ASH EQUIVALENTS AT END OF YEAR[b]	**816**	**85**

(a) Changes in working capital are as follows – see table below.
(b) Cash is defined as available cash and short-term deposits which are subject to an insignificant risk of changes in value. As of December 31, 2023, Cash and cash equivalent comprised Bank deposits for €135 million and Time deposits for €681 million. As of December 31, 2022, this line item only included bank deposits.

€ millions	December 31, 2023	December 31, 2022	Changes
Operating receivables	(14)	(9)	(5)
Other receivables	(733)	(881)	148
Operating liabilities	26	19	7
Other liabilities	2,043	3,716	(1,673)
TOTAL WORKING CAPITAL	**1,322**	**2,844**	**(1,523)**

4.3.5 Notes to the 2023 financial statements of EssilorLuxottica

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These notes include the balance sheet, with total assets of €37,524 million before appropriation of the profit for the year ended December 31, 2023, and the income statement posting a profit of €3,253 million.

EssilorLuxottica is a French limited liability company. Its registered office is located at 147, rue de Paris, in Charenton-le-Pont, France, and it is listed on the Euronext stock exchange. EssilorLuxottica is the parent company of the Group EssilorLuxottica; the major shareholder is Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

The fiscal year covers a 12-month period, from January 1, 2023 to December 31, 2023. Figures are provided in millions of euros, unless otherwise stated.

As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Significant events of the fiscal year

Macroeconomic environment and geopolitical uncertainties

During the year 2023, the macroeconomic environment remained affected by inflation, increases of key ECB (European Central Bank) and FED (US Federal Reserve) interest rates, tightening financial conditions and tension on the commodity and energy markets.

Despite this challenging scenario, the Group was able to grow thanks to its positioning at the intersection of multiple categories – from eyewear, luxury and digital to MedTech. Moreover, the Group's hedging policies on the main risks (interest rates, raw material and energy purchase prices, amongst others) helped to mitigate the overall volatility observed on the markets.

EssilorLuxottica has considered those elements, in particular in the determination of the value in use of the Group equity investments and no impairment was recognized.

Geopolitical uncertainties, such as the one caused by the Russia-Ukraine conflict, carried over from 2022. Nonetheless the Group has continued to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale businesses remained restricted, as announced by the Company in March 2022.

Extraordinary distribution of reserves by Essilor International

EssilorLuxottica recognized a gain amounted to €3,500 million coming from its subsidiary Essilor International and corresponding to an extraordinary distribution of reserves.

French Competition Authority investigation

On February 15, 2023, its subsidiary Essilor International transferred €81 million to the French administration in the context of the decision published by the French Competition Authority ("FCA") related to an investigation opened in 2014 as well as the related penalty of €81 million imposed on Essilor International for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica and Essilor International firmly believe in its practices legality and challenge this decision and appealed of this decision on November 22, 2022, confident that it will successfully demonstrate that the decision is ungrounded. Therefore, Management (after consultation with external counsels) assesses that the risk of outflow of resources is not probable and no provision related to this case has been recognized and this consideration transferred has been considered as a deposit by Essilor International pending the decision on appeal.

Note 1 Accounting policies

The financial statements have been prepared in compliance with French statutory and regulatory provisions (*Plan Comptable Général*) and general guidelines for the preparation and presentation of these annual financial statements are in compliance with the provisions of the French Accounting Standards Board's (ANC) amended Regulation no. 2014-03 (regulation ANC no. 2018-01) on the French Chart of Accounts.

1.1. Properties, plants and equipments

Properties, plants and equipments are measured at acquisition cost (purchase price and associated transaction costs). Property, plant and equipment mainly comprise fixtures and fittings and other property, plant and equipment, which are depreciated using the straight-line method over the assets' estimated useful lives.

Properties, plants and equipments are tested for impairment when the occurrence of an event or a change of circumstances indicates that the recoverable amount may be less than the carrying amount.

When the impairment test shows that an asset's recoverable amount is less than its carrying amount, an impairment loss is recorded. The recoverable amount of an asset is the higher of its fair value and value in use.

The initial cost of assets includes directly related transaction costs.

1.2. Financial assets

Equity investments are carried at their acquisition cost or contribution value. EssilorLuxottica has opted to include acquisition costs in the initial cost of equity investments.

At the year-end closing date, Equity investments are measured at their value in use, based on a multi-criteria approach taking into account in particular the proportional value of the investments in the subsidiary's equity and future cash flow projection.

For the long-term portfolio securities, the shares being listed on a regulated stock exchange, the value in use corresponds to the average price of the shares over the last month of the year.

For both categories of investments, if value in use is below gross value, an impairment loss is recognized. Impairment is recorded under financial income.

Loans and receivables are measured at nominal value. A provision is recorded to cover any risk of non-recovery.

When the company buys back its own shares, they are recognized as treasury shares at their acquisition cost under *Other long-term financial investments* when the Treasury shares are not intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies. An impairment loss is recorded for shares whose acquisition cost is greater than their average market price for the last month of the fiscal year, except for shares repurchased for cancellation and shares covered by provisions for performance or restricted shares and stock options.

External expenses reflecting the professional fees incurred in the business combination that qualify as acquisition costs are recorded under *Other long-term financial investments*. They are then reallocated to Equity investments upon completion of the business combination.

1.3. Receivables and payables

Receivables and payables are stated at nominal value.

Receivables are written down when their present value, estimated based on collection risk, falls below their carrying amount.

1.4. Marketable securities

Marketable securities are recorded at acquisition cost. An impairment loss is recorded if their value falls below their acquisition cost.

Acquired Treasury shares with the attention to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies are recorded in the marketable securities.

1.5. Financial instruments and foreign currency transactions

EssilorLuxottica applies the provisions of ANC Regulation no. 2015-05 on financial futures and hedging transactions.

1.5.1. Foreign exchange derivative instruments

The Company uses derivative instruments solely for hedging purposes. Derivative instruments are handled within predetermined management limits with the purpose of optimizing exchange rate risk hedging.

EssilorLuxottica manages an exchange rate risk position that includes all monetary assets and liabilities in foreign currencies. Gains and losses on foreign exchange derivative instruments are used to offset re-measurement at the closing rate of balance sheet positions in foreign currencies. The swap points relating to derivative financial instruments are recognized in financial income over the life of the hedging instrument.

EssilorLuxottica also uses forward purchases and sales to hedge future foreign currency transactions. Foreign exchange losses and gains relating to these derivatives are recognized in the income statement symmetrically with the hedged items.

In principle, EssilorLuxottica uses derivative financial instruments solely for hedging purposes. In exceptional cases where derivative financial instruments do not qualify for hedge accounting, the following accounting method is used:

- the change in the value of the derivative is recorded on the balance sheet, with an offsetting an adjustment account;
- a provision is recognized for unrealized losses (unrealized gains are not recognized in the income statement);
- realized gains and losses are recognized in profit or loss.

1.5.2. Interest rate derivative instruments

With regard to interest rate risk, the Company's policy is to protect itself against unfavorable interest rate changes. To hedge interest rate risk, EssilorLuxottica uses interest rate swaps.

Financial income and expenses relating to interest rate derivatives are recognized in the income statement in the same period as the hedged item.

1.6. Pensions and other post-employment benefit obligations

In accordance with ANC Recommendation no. 2013-02 of November 7, 2013 on the measurement and recognition of pension and other post-employment benefit obligations, the Company recognizes provisions for its retirement, long-service awards and other long-term benefits.

By the adoption of the amendment dated November 5, 2021 of the ANC Recommendation no. 2013-02 of November 7, 2013, the Company decided to spread the cost related to the benefit obligation over the period on which provided services by the beneficiaries lead to benefits on not anymore over the employment period.

Where the benefits are payable under defined contribution plans, the contributions are expensed as incurred.

In the case of defined benefit plans, provisions are recognized based on the following actuarial assumptions:

- the projected benefit obligation, corresponding to the vested rights of the Company's current and retired employees, is determined based on estimated final salaries (projected unit credit method) and actuarial assumptions relating to the discount, inflation, staff turnover and salary increase rates;
- the discount rate corresponds to the interest rate of top-tier issuers for periods corresponding to the estimated average duration of the benefit obligation;
- when all or part of the obligation is funded by the Company contributing to an external plan, the provision is decreased by the market value of the plan assets;
- actuarial gains and losses resulting from changes in assumptions and experience-based adjustments are recognized in profit and loss using the corridor method. This method entails amortizing in the income statement, over the expected average remaining service lives of plan participants, only the portion of the net cumulative gain or loss that exceeds 10% of the greater of the pension benefit obligation or the fair value of plan assets;
- if the Company amends an existing plan or introduces a new one and the rights under the new or amended plan are unvested, the related change in the Company's obligation is recognized in profit or loss on a straight-line basis over the expected average remaining service lives of the plan participants. If rights under the new or amended plan vest immediately, the resulting change in the Company's obligation is recognized immediately in profit or loss;
- the provision recorded in the balance sheet corresponds to the projected benefit obligation less the market value of any plan assets, the value of unrealized actuarial gains and losses and unrecognized past service costs.

1.7. Income tax (tax consolidation regime)

EssilorLuxottica is the head of the consolidated tax group in France, and the only entity liable to pay corporate income tax. Each company in the tax group calculates and recognizes income tax expense as if it were taxed separately. Consolidated tax income or expense is included in EssilorLuxottica's financial statements.

1.8. Recognition and measurement of provisions

1.8.1. Provisions for contingencies and liabilities

Provisions for contingencies and liabilities are recognized when there is an obligation towards a third party that can be measured with sufficient reliability and it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation without any benefit of at least equivalent value being expected in return.

Contingent liabilities are not recognized on the balance sheet but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Provisions for performance and restricted shares granted over the fiscal year

When a performance share plan is decided to grant existing shares, a provision is recognized. The provision is based on an estimate of the number of shares definitely granted, taking into account staff turnover and, for performance shares plans, the market price assumptions. The provision is calculated based on the weighted average price of treasury shares at year-end. The provision is measured at the stock market price for commitments not covered by treasury shares.

Since French accounting board (CRC) Regulation no. 2014-03, the provision for performance and restricted shares has been allocated over the vesting period, as vesting is conditional on the grantee's employment by the Company.

As performance or restricted shares are compensation items, the related provisions are recognized as personnel expenses for the company's beneficiaries. For transactions with other Group beneficiaries, a provision on the whole commitment is recorded at the grant date, and the equivalent amount is recharged to the corresponding subsidiaries. Those impacts are recorded in non-operating income and expenses.

Provisions for contingencies for subsidiaries and affiliates

An impairment loss is recognized for equity investments whose present value is less than their carrying amount. Where applicable, the provision is allocated in the following order: to securities, non-current receivables, current accounts, and the provision for contingencies. However, the latter is only recognized:

- if the legal form makes EssilorLuxottica indefinitely and jointly and severally responsible for the liability; or
- up to the amount of commitments given by EssilorLuxottica for all other legal forms.

1.8.2. Tax-driven provisions

Tax-driven provisions mainly reflect additional tax depreciation.

1.9. Premium on bonds

Premiums on bonds paid by EssilorLuxottica are recorded in the balance sheet in Bond redemption premium and those received are recorded in the other financial debts.

Premium are therefore amortized in the financial income over the duration of the bonds.

1.10. Borrowing costs

Borrowing costs may be:

- fully expensed in the year they are incurred; or
- allocated over the term of the loan.

The choice of method is made upon issuance of the debt and cannot be later changed.

1.11. Climate and environmental risks

Together with its affiliated companies, EssilorLuxottica's exposure to the consequences of climate change is deemed to be limited due to the nature of the activities. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. In 2023, the Group continued to deliver its approach to sustainability, titled Eyes on the Planet, which is built around, among the others, the following pillars:

- *Eyes on Carbon*: EssilorLuxottica is on track to achieve carbon neutrality in its direct operations (Scopes 1 and 2). Indeed, in 2023, EssilorLuxottica reached carbon neutrality on these scopes in Europe after having already reached neutrality for Italy and France from 2021. In 2023, the Group also announced its commitment to setting near-term science-based emission reduction targets in line with the SBTi criteria and the 12-year Power Purchase Agreement with ERG (entered into force at the end of 2022) for the supply of electricity produced from a repowered wind farm in Sicily – covering half of the Group's energy needs in Italy; and
- *Eyes on Circularity*: EssilorLuxottica is reassessing its production cycle, including a shift from fossil-based materials to bio-based materials, internal recycling initiatives, recycling collaborations and circularity of its packaging materials. In addition, the Company's retail stores are becoming central in encouraging consumers to extend the product life via in-store repair service or to bring back used eyewear so it can start a new journey.

The deployment of these initiatives is reflected in the 2024 budget estimates and in the medium-term projections used to determine the value in use of the equity investments.

Note 2 Operating expenses

Operating expenses amount to €72 million and mainly include other external purchase expenses (€36 million), personnel expenses (€32 million) as well as other expenses (€3 million). The operating expenses are increasing by €20 million compared with the prior year.

This increase mainly comes from the other external purchase expenses, increasing by €15 million compared with 2022 due to the extend of the role of the parent company within the Group. Those costs include fees, consulting and insurance costs and lease expense.

Personnel costs are increasing by approximately €4 million, mainly due to an increase of staff and salaries.

Note 3 Financial income

€ millions	2023	2022
Interest expenses[a]	(184)	(42)
Dividends[b]	3,517	17
Impairment (loss) reversal[c]	(12)	(13)
Currency exchange[d]	2	23
TOTAL	**3,322**	**(16)**

(a) The increase of the line item Interest expense between 2022 and 2023 for an amount of €142 million is mainly explained by an increase of the interest cost on the cash pooling for €125 million.

(b) In 2023, the line item Dividends mainly includes an exceptional distribution of share premium and reserves from Essilor International SAS for an amount of €3 500 million, dividends received from Essilor Korea Co. Ltd for an amount of €15 million and a dividend received from Synsam Group for an amount of €1 million. In 2022, the line item mainly included a dividend received from Essilor Korea Co. Ltd for an amount of €15 million and a dividend received from Synsam Group for an amount of €1 million.

(c) Partial impairment in 2023 for €13 million of a minority interest in an US optical company. In 2022, this line item included the partial impairment for €13 million of a minority interest in the listed company Synsam Group.

(d) In 2023, the line item Currency exchange mainly includes the reversal of €3 million of a portion of the foreign currency adjustment from the partial contribution of assets in 2017 (€24 million in 2022).

Note 4 Non-operating income (expense), net

The non-operating loss amounted by €53 million (loss amounted to €70 million in 2022) mainly comes from:

- cost of the shareholding programs dedicated to Group employees and delivered with treasury shares for €28 million (€41 million in 2022) of which €16 million for the new performance shares plan granted in 2023, the remeasurement of the performance shares plans granted before 2022 (cost of €2 million in 2023 versus a gain of €5 million in 2022) and €11 million related to the disposal of shares to employees within the Boost program. These costs are presented net of the recharges to Group entities;
- yearly tax-driven provisions on acquisition cost for €25 million and related to amortization of the capitalized acquisition costs on investments (€28 million in 2022).

Note 5 Corporate income tax

5.1. Profit excluding tax assessments

€ millions	2023	2022
Profit (loss) for the year	3,253	(101)
Corporate income tax (income) / expense	(38)	(27)
Pre-tax profit (loss)	3,214	(128)
Change in tax-driven provisions	25	29
Pre-tax profit (loss), excluding tax assessments	3,239	(99)

5.2. Breakdown of corporate income tax

The breakdown of corporate income tax between ordinary and non-recurring items is the following:

2023 *€ millions*	Before tax	Corresponding tax	After tax
Profit (loss) from ordinary operations	3,267	—	3,267
Profit (loss) from non-recurring items	(53)	—	(53)
Profit (loss) from the French tax group	—	27	38
PROFIT (LOSS)			**3,253**

2022 *€ millions*	Before tax	Corresponding tax	After tax
Profit (loss) from ordinary operations	(58)	—	(58)
Profit (loss) from non-recurring items	(70)	—	(70)
Profit (loss) from the French tax group	—	27	27
PROFIT (LOSS)			**(101)**

5.3. Increases and reductions in future tax liabilities

5.3.1. Assets

No deferred tax assets were recognized in the balance sheet.

€ millions	December 31, 2023	December 31, 2022
Provision for retirement obligations	1	0
TOTAL	**1**	**0**
Loss carry-forwards[(a)]	**147**	**49**
Future income tax rate	25.83%	25.83%
Corporate income tax	38	13

(a) This is the cumulative loss carry-forward of the consolidated tax group. EssilorLuxottica expects to use its loss carry-forwards.

5.3.2. Liabilities

No deferred tax liabilities were recognized in the balance sheet.

€ millions	December 31, 2023	December 31, 2022
Additional tax depreciation	116	92
TOTAL	**116**	**92**
Future income tax rate	25.83%	25.83%
Future tax liabilities	30	24

Note 6 Financial assets

6.1. Summary

2023 *€ millions*	Carrying amount at January 1, 2023	Increases	Decreases	Other changes	Provisions for the fiscal year	Reversals for the fiscal year	Carrying amount at December 31, 2023
Equity investments	35,043	—	—	—	—	—	35,043
Loans to equity investments[a]	498	3	—	—	—	—	501
Long-term portfolio securities[b]	99	—	—	—	—	—	99
Other long-term financial investments	—	—	—	—	—	—	—
Gross value	**35,639**	**3**	**—**	**—**	**—**	**—**	**35,642**
Impairment	(13)	—	—	—	(13)	1	(24)
NET VALUE	**35,627**	**3**	**—**	**—**	**(13)**	**1**	**35,618**

(a) As of December 31, 2023, receivables to equity investments correspond to a loan granted to Luxottica France for €125 million and a loan granted to GrandVision Finance B.V. for €370 million including accrued interest for both loans. These two loans are with a maturity date in April 2024.

(b) Long-term portfolio securities correspond to a long term minority interest of 2.5% in a US-listed optical retail company (gross value of this investment is €49 million with a fair value at €36 million). In this line, the other investment is an equity interest for 6.6% in Synsam Group, a Swedish company operating in the optical retail industry (gross value of €50 million, with a fair value being at €38 million). An impairment has been recognized accordingly.

2022 *€ millions*	Carrying amount at January 1, 2022	Increases	Decreases	Other changes	Provisions for the fiscal year	Reversals for the fiscal year	Carrying amount at December 31, 2022
Equity investments[a]	35,017	27	—	—	—	—	35,043
Loans to equity investments[b]	625	373	(500)	—	—	—	498
Long-term portfolio securities[c]	50	49	—	—	—	—	99
Other long-term financial investments	0	0	0	—	—	—	0
Gross value	**35,692**	**449**	**(500)**	**—**	**—**	**—**	**35,639**
Impairment	—	—	—	—	(13)	—	(13)
NET VALUE	**35,692**	**449**	**(500)**	**—**	**(13)**	**—**	**35,627**

(a) The increase in equity investments is mainly due to the completion of the squeeze-out procedure on the remaining GrandVision shares for €11 million (acquisition costs included) and to the capital injection in the new fully owned legal entity EssilorLuxottica Ré for €16 million.

(b) As of December 31, 2022, receivables to equity investments correspond to a loan granted to Luxottica France for €125 million and a new loan granted to GrandVision Finance B.V. for €370 million. All these loans are with a maturity date in April 2024. The loan granted to Luxottica Group S.p.A. for €500 million (closing position in 2021) has been repaid in 2022.

(c) Long-term portfolio securities correspond to minority interest in listed companies of which the fair-value is the average listed price over the last month of the year. In 2022, the Company acquired minority interests in a retail company operating in the optical industry and listed in the US. The related gross value of this investment is €49 million with a fair value at year-end at €73 million. In this line, the other investment is an equity interest for 6.6% in Synsam Group, a company in the optical retail industry. Gross value of this investment in Synsam Group is approximately €50 million. At year-end, fair value being at €37 million, an impairment has been recognized accordingly for €13 million.

6.2. Subsidiaries and equity investments

Subsidiaries and equity investments held by EssilorLuxottica at December 31, 2023 (all at least a 50% interest):

€ millions	Share capital	Other equity	Share of capital held *(%)*	Carrying amount of shares held: Gross	Carrying amount of shares held: Net	Loans and advances granted and not yet repaid	Guarantees and endorsements granted	Net revenue of last fiscal year	Profit for last fiscal year	Dividends received by the Company during the fiscal year
Luxottica Group S.p.A.	29	5,109	100%	22,125	22,125			4,155	545	—
Essilor International (SAS)	278	3,238	100%	5,487	5,487			1,505	590	3,500
GrandVision B.V.	5	1,867	100%	7,264	7,264			—	324	—
Essilor Manufacturing India Pvt Ltd	27	19	100%	28	28			49	4	—
Essilor India Pvt Ltd	114	(39)	100%	115	115			62	25	—
EssilorLuxottica Ré	16	—	100%	16	16			—	—	—
Essilor Korea Co Ltd	1	(6)	50%	3	3			28	37	15
ONBITT Co Ltd	0	7	51%	5	5			6	1	—

Luxottica Group S.p.A. is an Italian company. With its subsidiaries, the company designs, manufactures, distributes and retails its eyewear brands. Its best-known brands are Ray-Ban, Persol, and Oakley.
Essilor International (SAS) is based in France. With its subsidiaries, the company designs, manufactures and markets a wide range of lenses to improve and protect eyesight and develops and markets equipment for prescription laboratories and instruments and services for eye care professionals.
GrandVision B.V. is a Company based in The Netherlands. With its subsidiaries, the company is a global leader in optical retail through a global retail network of more than 7,000 stores in approximately 40 countries. Well-known local retail brands include Apollo-Optik, Générale d'Optique, GrandOptical, Pearle, MasVision in and Vision Express.

Impairment test on the equity Investments

Equity Investments are subject to impairment tests to compare the value in use at the closing date with the carrying amount.

In particular, for the Investment in Luxottica Group S.p.A., Essilor International (SAS) and GrandVision, companies all owned at 100%, the value in use is based on future cash flow projections generated by its business. These future cash flow projections rely on the 2024 budget estimate and on a business plan covering a two-year period up to 2026. The applied weighted average cost of capital (WACC) is 9.7% (9.5% in 2022). At December 31, 2023, the value in use of each equity investment is higher than the carrying amount.

Note 7 Current Assets

7.1. Maturities of receivables

€ millions	At December 31, 2023
More than one year	—
Less than one year	**283**
Trade and related receivables	—
Other receivables[a]	283
TOTAL	**283**

(a) The line item Other receivables primarily comprises €218 million invoicing of the Group employee shareholding programs (performance shares plans vested in 2023 and Boost), cash-pooling account for €17 million, tax group current accounts for €11 million and tax receivables for €37 million.

7.2. Accrued income

€ millions	At December 31, 2023	At December 31, 2022
Receivables:		
• Unbilled revenue (trade receivables)	14	7
• Other receivables[a]	435	461
TOTAL	**449**	**468**

(a) The line item Other receivables mainly comprises accrued income for rebilling the cost of the performance share plans awarded since October 2021 for €434 million as of December 31, 2023 (€461 million in 2022).

7.3. Cash instruments

€ millions	At December 31, 2023	At December 31, 2022
Hedging instruments[a]	4	4
TOTAL	**4**	**4**

(a) This line item reflects the re-measurement of hedging instruments set up to cover currency risk associated with the Company's debt denominated in USD.

Note 8 Marketable securities

	At December 31, 2023		At December 31, 2022
€ millions	Gross	Net	Net
Treasury shares[a]	312	312	360
TOTAL	**312**	**312**	**360**

(a) *Treasury shares* classified in Marketable securities are held with the intention to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its affiliated companies. All the movements of the year related to Treasury shares are presented in the table below.

8.1. Movements in treasury shares

€ millions	Number of shares	Net book value
Position as of January 1, 2023	**2,360,650**	**360**
Share buyback	1,801,923	312
Definitive acquisitions of performance shares	(1,822,042)	(283)
Boost plan (transfer of shares to employees)	(466,910)	(65)
Acquisitions stock options	(69,767)	(11)
SITUATION AS OF DECEMBER 31, 2023	**1,803,854**	**312**

Between January 1 and December 31, 2023, the Treasury shares item decreased net by nearly €47 million due to the delivery of treasury shares under employee shareholding programs as well as the implementation of the two share buyback programs below initiated by the Company:

- 120,000 EssilorLuxottica shares were purchased from March 10 to March 14, 2023 for an average price of €160.30 and for a total amount of €19 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on September 23, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022); and
- 1,681,923 EssilorLuxottica shares were purchased from August 7, 2023 10 to September 25, 2023 for an average price of €173.42 and for a total amount of €293 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on July 27, 2023 (in accordance to the 13th resolution approved by the Annual Shareholders' Meeting of May 17, 2023). At the closing date of the financial year, this program is still in progress with a mandate given to buy back up to 3,500,000 EssilorLuxottica shares by March 31, 2024 depending on market conditions.

Note 9 Prepaid expenses

€ millions	At December 31, 2023	At December 31, 2022
Prepaid expenses related to:		
• Operating	1	1
• Financing[a]	9	13
TOTAL	**11**	**15**

(a) The line item corresponds to the borrowing costs.

Note 10 Shareholders' equity

10.1. Changes in share capital

	Number of shares					
	At January 1, 2023	Issued	Cancelled	Exchanged	At December 31, 2023	Par value *(in euros)*
Ordinary shares	447,647,330	6,186,590	—	—	453,833,920	0.18
TOTAL	**447,647,330**	**6,186,590**	**—**	**—**	**453,833,920**	**0.18**

10.2. Statement of changes in shareholders' equity

€ millions	Share capital	Additional paid-in capital	Reserves and retained earnings	Profit (loss) for the year	Tax-driven provisions	Shareholders' equity
Shareholders' equity at January 1, 2023	**81**	**23,112**	**388**	**(101)**	**92**	**23,571**
Capital increases:						
• Stock options	0	7	0	—	—	7
• Fcp mutual funds	—	31	—	—	—	31
Other changes in the fiscal year	0	(0)	—	—	25	24
Profit appropriation	—	(1,159)	1,058	101	—	—
Profit for the fiscal year	—	—	—	3,253	—	3,253
Dividend paid	1	942	(1,430)	—	—	(487)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2023	**82**	**22,931**	**16**	**3,253**	**116**	**26,397**

Share capital amounted to €81,690,105.60 reflecting the increase of 6,186,590 ordinary shares as a result of the transactions related to:

- scrip dividend (5,909,082 shares);
- increase in share capital reserved to employees of EssilorLuxottica group (221,455 shares);
- stock options exercised (56,053 shares).

Scrip dividend

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 17, 2023 approved the distribution of a dividend of €3.23 per ordinary share for the year 2022, corresponding to a total dividend of 1,438 million. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €160.91 per share (so-called scrip dividend). At the end of the option period (June 7, 2023), 294,375,414 dividend rights were exercised in favour of the payment of the 2022 dividend in shares. Accordingly:

- 5,909,082 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €951 million; and
- €487 million were paid in cash to those shareholders who did not opt for the scrip dividend.

Both the cash and the scrip dividend were paid on June 13, 2023. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

10.3. Stock options, Performance shares and employee share issuance

10.3.1. Stock options

The exercise price of stock options is based on the average share market price quoted over 20 trading days preceding the date of the Board of Directors' Meeting at which the decision is taken to grant the options. Gains on stock options granted from 2004 onwards (corresponding to the difference between the average share market price during the three calendar months prior to the month when the option is exercised and the exercise price) are capped at 100% of the exercise price.

In accordance with the decision of the Extraordinary Shareholders' Meeting of November 29, 2018, the new performance share plans granted since this date have been served by using Treasury shares starting this date instead of newly issued shares.

Stock options are subject to performance conditions based on the share market price over a period of two to six years after the grant date, as well as the 100% cap on gains.

Stock purchase options are subject to a provision for risks for €14 million before recharge to Group subsidiaries, see Note 11 – Provisions.

The following table shows changes in the number of outstanding stock options at year-end:

	Number of stock options at January 1, 2023	Options granted	Stock options cancelled or expired	Stock options exercised	Number of stock options at December 31, 2023
Stock subscription options	69,166		(11,657)	(28,445)	29,064
Stock purchase options	394,907		(8,261)	(69,767)	316,879
TOTAL	**464,073**		**(19,918)**	**(98,212)**	**345,943**

10.3.2. Performance shares

The Company has granted performance-based bonus shares depending on the performance of the Company's share price. The number of performance shares definitely granted depends on changes in EssilorLuxottica's share market price during the period compared with the benchmark price at the grant date (corresponding to the average price quoted over the 20 trading days preceding the Board of Directors' Meeting at which the grant was decided).

The maximum number of performance shares that would vest assuming that performance conditions were met is as follows:

- 2023 awards: 2,269,800 shares;
- 2022 awards: 2,159,629 shares;
- 2021 awards: 2,684,813 shares.

Characteristics of the shares to award

Performance shares plans authorized since the Extraordinary Shareholders' Meeting of November 29, 2018 are to be definitely granted with existing treasury shares upon the decision of this Extraordinary Shareholders' Meeting. The related costs to these plans are accrued in accordance with the Note 1.8 – Recognition and measurement of provisions. The amount of this provision is €480 million, before recharge to Group subsidiaries as of December 31, 2023.

The following table shows changes in the number of outstanding performance shares over the fiscal year:

	Number of performance shares at January 1, 2023	Performance shares granted in the period	Performance shares cancelled	Fully vested performance shares	Number of performance shares at December 31, 2023
Performance shares	6,785,566	2,269,800	(497,401)	(1,816,607)	6,741,358
TOTAL	**6,785,566**	**2,269,800**	**(497,401)**	**(1,816,607)**	**6,741,358**

10.3.3. Employee stock purchase plan

The main characteristics of the Employee stock ownership plan are as follows:

In €	2023	2022
Share subscription price	€137.94	€131.79
Total discount amount	€34.49	€32.95
Number of shares subscribed	221,455	232,868

Note 11 Provisions

2023 *£ millions*	Carrying amount at January 1, 2023	Provision allowances for the fiscal year	Reversals for the fiscal year (used)	Reversals for the fiscal year (not used)	Carrying amount at December 31, 2023
Provision on allocation of shares and options[a]	539	209	(254)	—	494
Provisions for pensions and other	1	1	(0)	—	1
TOTAL	**540**	**210**	**(254)**	**—**	**495**

(a) The provision allowances for the fiscal year for the performance shares and stock purchase options corresponds to the cost related to plans granted in 2023 (€135 million) net of updated costs plans granted between October 2021 and December 2022 (increase of €74 million) based on the actuarial assumptions observed at the end of the financial year. Reversals of provisions relate to existing provisions as of December 31, 2022 and relating to plans delivered during the financial year).

2022 *£ millions*	Carrying amount at January 1, 2022	Provision allowances for the fiscal year	Reversals for the fiscal year (used)	Reversals for the fiscal year (not used)	Carrying amount at December 31, 2022
Provision on allocation of shares and options[a]	844	33	(338)	—	539
Provisions for pensions and other	1	—	—	—	1
TOTAL	**845**	**33**	**(338)**	**—**	**540**

(a) The provision allowances for the fiscal year for the performance shares and stock purchase options corresponds to the cost related to plans granted in 2022 (€146 million) net of updated costs plans granted between October 2020 and December 2021 (decrease of €113 million) based on the actuarial assumptions observed at the end of the financial year. Reversals of provisions relate to existing provisions as of December 31, 2021 and relating to plans delivered during the financial year).

Note 12 Financial liabilities

12.1. Maturities of financial liabilities

12.1.1. Breakdown of financial liabilities by maturity and category

£ millions	At December 31, 2023	At December 31, 2022
Due in less than one year	**1,973**	**1,255**
Us private placements[a]	—	29
Bonds[a]	1,300	1,000
Interest on bonds and us private placements[a]	30	30
Us commercial paper programs	452	—
Loans from subsidiaries[b]	184	181
Other financial liabilities	6	15
Due between one and five years	**5,590**	**5,644**
Us private placements[a]	90	94
Bonds[a]	5,500	5,550
Other financial liabilities	—	—
Due in more than five years	**1,000**	**2,250**
Us private placements[a]	—	—
Bonds[a]	1,000	2,250
TOTAL	**8,563**	**9,149**

(a) Corresponds to the balance sheet line item Bonds amounting to €7,920 million.
(b) Corresponds to loans granted by Luxottica Retail Australia Pty. Ltd for AUD 185 million (€114 million), by Luxottica South Pacific Holdings Pty. Ltd for AUD 71 million (€44 million), by Luxottica Retail New Zealand Ltd for NZD 24 million (€13 million), by EssilorLuxottica Re SA for €12 million and the related accrued interests not yet due.

12.1.2. Breakdown of financial liabilities by currency

€ millions	At December 31, 2023	At December 31, 2022
EUR	7,849	8,845
USD	543	123
AUD	158	168
NZD	13	13
TOTAL	**8,563**	**9,149**

12.1.3. Covenants and negative pledge

The Company's financing arrangements are not subject to specific financial covenants. Only the US private placements have a specific financial ratio requirement.

Bonds issued in November 2019 and in June 2020 are subjects to negative pledges which prohibit to EssilorLuxottica and other Group entities from granting any guarantees or security interests on any of their assets in favor of third parties without the consent of the lenders above certain limits. Default with respect to the above-mentioned clauses which may be called upon to pay the outstanding debt.

EssilorLuxottica is in compliance with covenants and negative pledges.

12.2. Maturities of other liabilities

Breakdown of operating liabilities and other liabilities by maturity and category

€ millions	At December 31, 2023	At December 31, 2022
Due in less than one year	**2,043**	**3,706**
Operating liabilities	9	4
Other liabilities[a]	2,034	3,702
Due between one and five years	**—**	**—**
Due in more than five years	**—**	**—**
TOTAL	**2,043**	**3,706**

(a) The line item Other liabilities primarily comprises a €1,989 million current account balance between EssilorLuxottica and Essilor International (SAS) at December 31, 2023. At December 31, 2022, the balance of this current account was €3,682 million. The significant decrease in 2023 is due to the financial offset of the amount that Essilor International declared as a dividend distribution to EssilorLuxottica against the amount to by the latter to its subsidiary.

12.3. Accrued expenses

€ millions	At December 31, 2023	At December 31, 2022
Accrued interest on borrowings	30	30
Accrued taxes and personnel expenses	9	10
Other operating liabilities	8	8
TOTAL	**48**	**48**

Note 13 Foreign currency translation adjustments

€ millions	At December 31, 2023	At December 31, 2022
Foreign currency translation adjustment – unrealized currency gain[a]	9	12
TOTAL	**9**	**12**

(a) The partial asset contribution in 2017 generated an €80 million unrealized currency gain, partially reversed since this date.

Note 14 Off balance sheet commitments

14.1. Financial commitments

Confirmed undrawn credit lines at December 31, 2023 amounted to €2,249 million.

14.1.1. Foreign exchange instruments

At December 31, 2023, forward foreign exchange contracts were as follows:

€ millions	Contract amount (initial price)	Market value at December 31, 2023
Cross country swaps (buy USD/sell EUR)	—	—
Forex swaps – forward purchases	616	(3)
TOTAL	**616**	**(3)**

14.1.2. Interest rate instruments

In millions of currency units	Notional *(in USD)*	Notional *(in €)*	Market value at December 31, 2023 *(in €)*
Interest rate swaps – pay variable rate	—	300	(0)
TOTAL	**—**	**300**	**(0)**

These instruments are used to hedge the fixed rate debt held by EssilorLuxottica.

14.2. Finance lease commitments

There are no commitments regarding finance leases.

14.3. Future payment commitments

Contractual obligations 2023

	Payments due by period			
€ millions	Less than 1 year	1 to 5 years	More than 5 years	Total
Operating leases	1	4	—	6
TOTAL	**1**	**4**	**—**	**6**

14.4. Guarantees and endorsements

Guarantees and endorsements mainly consist of the Company guarantees over Group subsidiaries for a total amount of €486 million.

Note 15 Information on employees

15.1. Pension and other post-employment benefit obligations

15.1.1. Supplementary pension plan

The actuarial assumptions used for fiscal year 2023 were the inflation rate (2.00%), staff turnover rate, salary increase rate (4.20%), the discount rate (3.20%) and return rate on financial assets (2.40%).

The total benefit obligation was estimated at €7 million.

€ millions	At December 31, 2023	At December 31, 2022
Present value of the obligation	7	8
Market value of fund assets	(6)	(6)
Deferred items[a]	—	(2)
PROVISION (ASSETS) RECOGNIZED IN THE BALANCE SHEET	**1**	**(0)**

(a) Deferred items include actuarial gains or losses. The asset is classified under Prepaid expenses in the balance sheet.

15.1.2. Lump sum payment on retirement

€ millions	At December 31, 2023	At December 31, 2022
Present value of the obligation	0	0
PROVISION RECOGNIZED IN THE BALANCE SHEET	**0**	**0**

15.1.3. Expense for the fiscal year

€ millions	2023	2022
Current service cost	1	1
Interest on benefice obligation	0	0
Contributions paid	—	—
Curtailment	—	—
Benefits paid	—	—
Actuarial gains (losses)	0	0
EXPENSE (INCOME) FOR THE FISCAL YEAR	**1**	**1**

15.2. Average number of employees

Breakdown of average number of employees	2023	2022
Managerial personnel	53	29
Supervisors and employees	1	1
TOTAL	**54**	**30**

15.3. Compensation of executive officers

€ millions	2023	2022
Executive bodies[(a)]		
Compensation received[(b)]	8	8
Benefit payable on retirement (actuarial value)	0	0
Supplementary retirement benefit (actuarial value)	7	8
Value of performance shares granted during the year[(c)]	7	6
Administrative bodies		
Compensation received	1	1

(a) The amounts shown for fiscal year 2023 correspond to the compensations and benefits for Francesco Milleri for his function of Chairman and Chief Executive Officer and Paul du Saillant for the function of Deputy Chief Executive Officer in 2023. The amounts shown for fiscal year 2022 corresponid to the compensations and benefits for Leonardo del Vecchio for his function of Chairman of the Board until June 27, 2022 (date of his passing), Francesco Milleri for his function of Chief Executive Officer and then Chairman and Chief Executive Officer from June 28, 2022 and Paul du Saillant for the function of Deputy Chief Executive Officer in 2022.
(b) Compensation paid by EssilorLuxottica or by one of its subsidiaries.
(c) The amounts indicated are the fair value carrying amounts of the performance shares in accordance with IFRS. They are not the actual amounts that may be generated upon acquisition of the shares, if fully vested. Shares granted are subject to employment and performance conditions.

Note 16 Related party transactions

During the fiscal year, there were no related party transactions, within the meaning of Article R. 123-198 11 of the French Commercial Code, involving significant amounts or which were not conducted at arm's length.

Note 17 Subsequent events

No significant events occurred between January 1, 2024 and February 14, 2024, the date of approval by EssilorLuxottica Board of Directors of these annual financial statements.

4.4 Other information related to the financial statements of EssilorLuxottica

4.4.1 Sumptuary expenses

Absence of sumptuary expenses.

4.4.2 Accounts payable payment term

As per Article D. 441-6 of the French Commercial Code, the following schedule provides details on invoices received not paid as at the ending date of the fiscal year, and which are overdue:

	Invoices received not paid as at the ending date of the fiscal year, and which are overdue					
€ millions	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) RANGES OF PAYMENT DELAY						
Number of invoices concerned	71	21	5	3	29	58
Total amount of invoices concerned (all taxes excluded)	2.0	0.3	0.2	0.1	0.9	1.4
Percentage of total amount of purchases of FY (all taxes included)	4.1%	0.6%	0.3%	0.1%	1.9%	2.9%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DEBTS AND CLAIMS IN DISPUTE OR NOT RECORDED						
Number of excluded invoices	2					
Total amount of excluded invoices	0.5					
(C) SRD PAYMENT PERIOD USED (CONVENTIONAL OR LEGAL – ARTICLE L.441-10 OR ARTICLE L.441-11 OF THE FRENCH COMMERCIAL CODE)						
Standard payment period used to calculate payment delays	Conventional period and legal period					

4.4.3 Profit (and other characteristic items) of the last five fiscal years

Share capital at year-end *€ millions*	At December 31, 2023	At December 31, 2022	At December 31, 2021	At December 31, 2020	At December 31, 2019
Share capital	82	81	80	79	79
Number of ordinary shares outstanding	453,833,920	447,647,330	441,925,033	439,000,648	437,533,516
of which treasury shares	*1,803,854*	*2,360,650*	*1,382,761*	*1,986,459*	*787,310*

Transactions and results of the year *€ millions*	At December 31, 2023	At December 31, 2022	At December 31, 2021	At December 31, 2020	At December 31, 2019
Net revenue	—	—	—	—	—
Profit before tax and calculated expenses (amortization and provisions)	3,200	(398)	314	671	(60)
Corporate income tax	(38)	(27)	(22)	(39)	(6)
Profit after tax and calculated expenses (depreciation, amortization and provisions)	3,253	(101)	(153)	613	(58)
Dividends	1,793[a]	1,446[b]	1,111[c]	977[d]	—[e]

Earnings per share *in euros*	At December 31, 2023	At December 31, 2022	At December 31, 2021	At December 31, 2020	At December 31, 2019
Earnings per share, after tax and employee profit-sharing, but before calculated expenses (depreciation, amortization and provisions), excluding treasury stock	7.16	(0.83)	0.76	1.62	(0.12)
Earnings per share, after tax and employee profit-sharing, calculated expenses (depreciation, amortization and provisions), excluding treasury stock	7.19	(0.23)	(0.35)	1.40	(0.13)
Net dividend per ordinary share	3.95[a]	3.23[b]	2.51[c]	2.23[d]	—[e]

Personnel *€ millions, except for average number of employees*	At December 31, 2023	At December 31, 2022	At December 31, 2021	At December 31, 2020	At December 31, 2019
Average number of employee in the year	54	30	18	17	12
Total payroll	16	12	9	5	5
Total employee benefits	5	5	11	3	7

(a) Subject to the decision of shareholders at the Annual Shareholders' Meeting of April 30, 2024. The dividend will come from the 2023 distributable net income.
(b) The dividend was deducted from Other reserve for €279 million and from premiums for €1,167 million.
(c) Dividend deducted from Other reserves.
(d) This total amount comes from the 2020 distributable net income, for €555 million, and from other distributable reserves for €422 million. This dividend includes the interim dividend for the 2020 financial year, paid in December 2020 for a global amount of €503 million.
(e) On April 18, 2020, in light of the current Covid-19 outbreak, the Board of Directors decided not to submit a dividend for 2019 to the Annual Shareholders' Meeting of June 25, 2020.

4.5 Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2023

To the Annual Shareholders' Meeting of EssilorLuxottica,

Opinion

In compliance with the engagement entrusted to us by your Annual Shareholders' Meeting, we have audited the accompanying financial statements of EssilorLuxottica for the year ended ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with *French accounting*.

The audit opinion expressed above is consistent with our report to Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors, for the period from January 1, 2023 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments

Risk identified

As of December 31, 2023, net equity investments amount to €35 billion and represent 93,4% of the Company total assets. Equity investments are initially valued at their acquisition cost or contribution value.

The Luxottica Group SpA, Essilor International (SAS) and GrandVision B.V. investments value accounts for 99,5% of the equity investments as of December 31, 2023. At the year-end closing date, equity investments are subject to an impairment test which consists in the comparison of their value in use based on a multi-criteria approach taking into account the proportional value of the investments in the subsidiary's equity or future cash flows projections, with their net book value. If the latter valuation is lower than the carrying amount, an impairment loss would be recorded.

Given the weight of equity investments in the balance sheet and the judgment involved in the valuation methodology and the key assumptions applied by Management, in the complex and evolving context due to the macroeconomic environment, we considered the valuation of equity investments to be a key audit matter.

Our response

Our procedures primarily consisted in:

- assessing the methodology used by Management to determine the 2023 year-end value of equity investments;
- assessing key assumptions and estimates used by Management to determine the value in use, notably the discounted cash-flows used for Luxottica Group S.p.A., Essilor International (SAS) and GrandVision B.V. investment valuations;
- verifying the appropriateness of the information included in note 1.2 "Accounting policies – Financial assets" and note 6. "Financial assets" to the statutory financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies which are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the Statutory Auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of CEO, complies with the single electronic format defined in the European Delegated Regulation no 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Essilor International (Compagnie Générale d'Optique), subsequently renamed EssilorLuxottica, by the Annual General Meeting held on June 14, 1983 for PricewaterhouseCoopers Audit and on May 11, 2007 for Mazars.

As at December 31, 2023, PricewaterhouseCoopers Audit was in its forty-first year of uninterrupted engagement and Mazars in its seventeenth year of uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) no 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, February 23, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

5

Chapter 5

Social, environmental and societal information

(2023 non-financial statement of EssilorLuxottica)

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5.1 EssilorLuxottica's Approach to Sustainable Development

Introduction

To help people around the world 'see more and be more', EssilorLuxottica's Mission drives its strategy and activities. It is at the heart of the Company's values and principles and informs its integrated approach to sustainable development.

Doing good for its employees, customers, consumers, and communities while doing good for the planet is at the core of its Company-wide sustainability program called 'Eyes on the Planet' launched in July 2021. Its commitments towards carbon neutrality, circularity, world sight, inclusion, and ethics reaffirm how its Mission, sustainability, and business strategy are strongly intertwined at EssilorLuxottica. From fighting climate change, managing and reducing water use at manufacturing sites, improving occupational health and safety, and ensuring equal opportunities to engaging local communities in outreach initiatives, its Eyes on the Planet program consistently supports its Mission (See Section 5.2.3).

Through its sustainability strategy and the philanthropic initiatives led by the OneSight EssilorLuxottica Foundation, the Company contributes to 13(1) of the 17 UN Sustainable Development Goals (SDGs) that form the 2030 Agenda. In addition, the UN General Assembly resolution(2) on vision further supports EssilorLuxottica's own ambition to eliminate uncorrected poor vision in a generation.

This Chapter represents the Group's non-financial statement pursuant to article L. 225-102-1 II of the French Commercial Code. Furthermore, the 2023 non-financial performance is described following the five pillars of the Company's sustainability program 'Eyes on the Planet' and in accordance with other major sustainability-related regulations, such as Duty of Care (see Section 5.2.5) and EU Taxonomy for sustainable activities (see Section 5.3). A methodology note including cross-reference tables with GRI Standards, TCFD guidelines and EU Taxonomy is available at the end of this chapter (see Section 5.5).

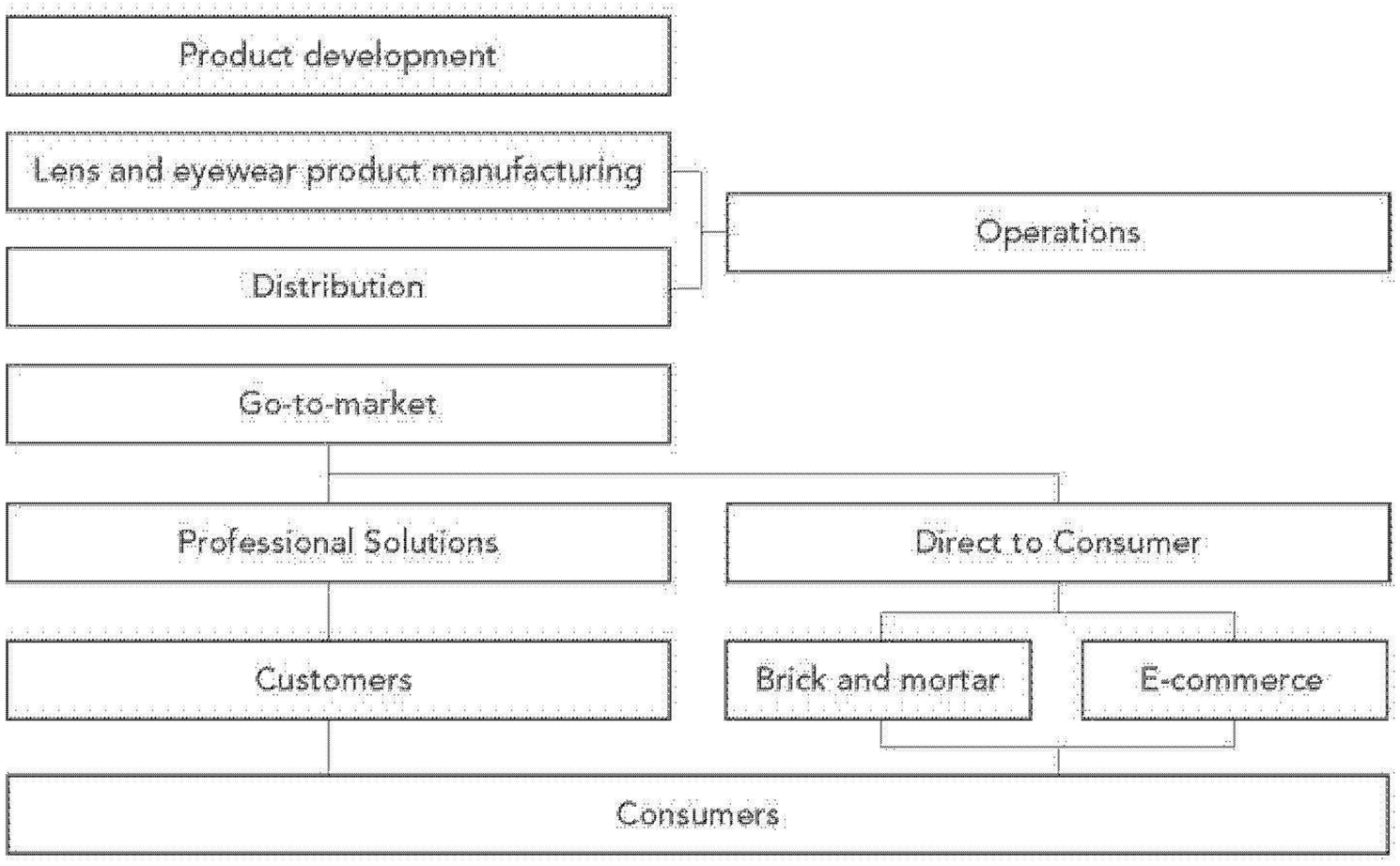
5.1.1 Business Model and Environmental and Social Considerations

Section 1.4 of this Universal Registration Document provides detailed information on the Group's strategy, business model, key figures and geographical presence. Meanwhile this section provides an overview of how EssilorLuxottica's approach to sustainable development extends to every aspect of its business model and is strongly intertwined with its Mission to help people 'see more and be more'.

The Company's vertically integrated business model covers every single step of the value creation process. It draws on the complementary expertise of two industry pioneers, one in advanced lens technologies and the other in the craftsmanship of iconic eyewear to set new industry standards for vision care and the consumer experience around it. The acquisition of GrandVision was also a major step in the Group's strategy and its positioning in the global eyecare and eyewear sector. The Group's retail footprint increased by over 7,200 stores worldwide, reaching approximately 18,000 stores, further consolidating its presence in the European market.

Its vertically integrated business model enables EssilorLuxottica to oversee the entire value chain, with a strong focus on manufacturing excellence, service, and a geographically diversified footprint. This control of all phases - from product development to distribution - also allows it to closely oversee environmental issues, health and safety, and human rights along the value chain and, ultimately, to adopt socially responsible practices. In this context, in 2023 the Company committed to setting near-term emission reduction targets according to the Science-Based Targets initiative (SBTi), as another step forward in its long-term goal to address climate change by reducing the carbon footprint of its operations and value chain (see Section 5.2.1).

(1) SDG 3 'Good health and well-being', SDG 4 'Quality education', SDG 5 'Gender equality', SDG 6 'Clean water and sanitation', SDG 7 'Affordable and clean energy', SDG 8 'Decent work and economic growth', SDG 9 'Industry, innovation and infrastructure', SDG 10 'Reduced inequalities', SDG 11 'Sustainable cities and communities', SDG 12 'Responsible consumption and production', SDG 13 'Climate action', SDG 16 'Peace, justice and strong institutions', SDG 17 'Partnerships for the goals'.
(2) UN General Assembly resolution 'Vision for Everyone: accelerating action to achieve the Sustainable Development Goals' available at un.org.



- *Product development:* Innovation and technological development are core priorities for EssilorLuxottica, to remain at the forefront in providing consumers with appropriate vision solutions to meet their needs. The Company's global R&D network is supported by leading scientific, industrial and academic communities, and is centered on four areas: bringing vision to new heights; powering style; making eyewear a gateway into new worlds; and digitizing the industry from the ground up. Sustainability and innovation go together, with the product naturally at the center of EssilorLuxottica's circular economy approach to minimize impact on the environment, covering also raw material, energy and water consumption, while enhancing product excellence and quality (Section 5.2.2). In this context, the Group focuses on talent management given the crucial role played by the teams involved in the different R&D projects, and on business partner relationships, for better engagement concerning ethical, human, social and environmental standards as well as to help reduce the Group's environmental footprint (e.g., purchase of raw materials with less environmental impact). Its approach to innovation is supported and strengthened by proactive intellectual property management. At the end of 2023, the Company owned approximately 13,000 patents and created over 3,500 new eyewear models. See Section 1.4.2 of this Universal Registration Document.
- *Lens and eyewear product manufacturing:* The Company's manufacturing capabilities, include 35 corrective and plano lens mass production facilities plus 13 eyewear mass production plants and 583 prescription laboratories and edging-mounting facilities. These account for the majority of direct environmental impacts. This is due to products and raw materials used for production, energy and water consumption, waste production, and resulting greenhouse gas emissions. Given the concentration of environmental impact, EssilorLuxottica places emphasis on water, energy and waste, as well as on occupational health and safety measures. Actions to reduce its environmental impact include the continuous diversification of its portfolio of materials from traditional metal, plastic injections and acetate slabs to include bio-based and recycled materials with lower environmental impact assessed via specific Life Cycle Assessments (LCA). See Section 1.4.3 of this Universal Registration Document.
- *Distribution:* EssilorLuxottica has a global network of 128 distribution centers for lenses, eyewear, contact lenses, instruments, equipment, AFA (apparel, footwear and accessories), marketing materials and advertising as well as store-specific furniture. Situated close to manufacturing sites, these centers coordinate the logistics flow between suppliers, production plants, prescription lens laboratories, wholesale clients, retail stores, and e-commerce customers. Most of the environmental impact of these centers comes from greenhouse gas emissions from transportation (air and road freight, etc.). The high number of employees working in the Group's distribution centers and the nature of activities performed make workplace health and safety a key area of focus. This is also in line also with the Company's commitment toward zero work-related accidents pursued through the implementation of dedicated policies and programs. EssilorLuxottica's efficient distribution network makes it possible to maintain close contact with customers and consumers, serving their needs while maximizing the visibility of the brand portfolio.

- *Professional solutions network:* The Company serves third-party eyecare professionals ranging from independent opticians to optical retail banners, as well as specialty sun retailers; sport channels offering Oakley and Costa branded eyewear, apparel, footwear and accessories; department stores and duty-free shops. EssilorLuxottica also counts among its partners third-party e-commerce platforms and independent distributors that provide vision care in remote and rural communities in underserved regions. To this regard, the Group's inclusive business models provide vision care to underserved populations without access to conventional distribution channels (see Section 5.2.3). Pre- and post-sale services, an open learning platform (Leonardo), information security and data protection, digital tools that connect the Group's operations to its customers and consumers, and digital support for eyecare professionals are key to the success of long-lasting, trust-based relationships. In 2023 the Company launched a new division focused on helping ECPs leverage modern technology to improve the eyecare experience for patients and help doctors run their practice more effectively.
- *Direct to Consumer network:* The Group's expertise in the Direct to Consumer business has given it a unique understanding of consumer needs and trends in key countries. With approximately 18,000 stores globally and e-commerce platforms, EssilorLuxottica serves the end consumer with a wide range of prescription frames and sunglasses, lens options and eyecare services. Engaging websites, omnichannel solutions and continuous training for store employees translates into an increase in consumer awareness around vision care as well as digitally enhanced consumer experiences and services. The Group's stores are also paying attention to energy efficiency, building less and better, circularity in the use of materials and waste management. EssilorLuxottica is working to obtain the WELL international certification for innovative energy consumption as well as the use of recycled or regenerated materials, and it is also testing possibilities to generate new materials from eyewear production waste that could be useful for its retail, office and showroom spaces.

EssilorLuxottica's sustainability efforts extend to its subsidiaries in terms of environmental footprint reduction (*e.g.* energy optimization) and social impact on local employees (*e.g.* development opportunities and mobility) and communities (*e.g.* access to quality eyecare). In addition, employees are encouraged to receive training on sustainability topics through a comprehensive online learning path that is being developed and delivered through the Leonardo platform.

As detailed in Section 5.1.4, the Company is committed to addressing critical Environmental, Social and Governance (ESG) risks in its value chain, including climate change, talent management and sustainable offering. At the same time, it responds to the world's growing vision needs with a large portfolio of innovative eyecare and eyewear products accessible to everyone, everywhere in support of its Mission (see Section 5.2.3).

5.1.2 Stakeholder Engagement

EssilorLuxottica's approach to sustainable development relies heavily on the environmental and social impact of its business activities related to various stakeholders along its value chain.

As the significance and handling of social and environmental issues differ between countries, stakeholder relationships are generally managed locally, under the responsibility of senior management of the legal entities. However, as EssilorLuxottica continues to grow, ensuring the Company has a unified presence across markets has become increasingly important. The EssilorLuxottica Code of Ethics sets forth principles that apply to all its employees, contractors, vendors and suppliers everywhere and in every circumstance. In addition, the Corporate Sustainability Communications Policy provides guiding principles for governing and coordinating the Company's external and internal communication flows regarding sustainability.

The Group aims to maintain a regular and proactive dialogue with all its stakeholders so that it can continuously respond to their needs and expectations.

Depending on the situation, interactions between EssilorLuxottica and its stakeholders serve a range of purposes including to:

- support people development via training and engagement between managers and employees thanks to continuous feedback processes and performance review; moreover, employees can express their concerns also via the dedicated internal reporting system EssilorLuxottica SpeakUp;
- provide a consultation process for the purpose of anticipating business developments, the market and regulations, as well as managing risks and identifying opportunities;
- involve stakeholders in strategic decisions through customer satisfaction surveys, forums, training sessions, etc.;
- inform stakeholders by providing reliable, factual data using different communication methods, including brochures, websites, annual reviews and questionnaires;
- contribute to growth via partnership projects, particularly in the fields of health and the environment, such as support for patient associations, humanitarian aid programs and partnerships with universities.

Relations and transparent communication with stakeholders are therefore key for the Company, as their needs and viewpoints fuel its strategy and operations. Stakeholders' main concerns are also documented and addressed. In addition, EssilorLuxottica communicates on its sustainability initiatives and provides regular updates throughout the year on its corporate channels, including its corporate website, social media accounts and Leonardo learning platform.

The table below presents the main topics related to stakeholder engagement.

Stakeholder group	Main topics
Employees and Representative Organizations (*e.g.* trade unions)	Quality of working conditions Work-Life balance Talent recruitment, attraction and retention Development and training Equal opportunities, diversity and inclusion
Business Partners (including licensors) and Suppliers	Sustainable procurement and supplier CSR audit/responsible sourcing Collaboration on innovation and development Integrity and compliance with regulations and laws, including Human Rights
Clients (*e.g.* ECPs) and Consumers	High quality and innovative products High quality customer service and training Responsible marketing Integrity in business relations Sustainable offering Meeting health needs related to societal trends (*e.g.*, digitalization, aging population) Data protection
Shareholders, Investors and Rating Agencies	Management of sustainable development and ESG risks Transparency and evaluation of sustainability disclosure Progress in sustainability strategy and Eyes on the Planet program, including ESG KPIs, commitments and updates
Public Authorities and Governments, NGOs and Consumer Associations	Social and economic impact Transparency (on social initiatives, environmental footprint, product performance, *etc.*) Sponsorships and philanthropy Contribution to visual health and inclusive economy Fair business practices, including responsible marketing Dialogue, partnership and education
Educational Institutions	Cooperation for R&D and innovation (*e.g.* scholarships, partnerships) Talent attraction, recruitment and development
Local Communities	Employment creation, support to inclusive businesses and local economies Raising awareness and providing access to vision correction and protection Sponsorships and philanthropy

5.1.3 Governance of Sustainability

The development and execution of the Eyes on the Planet program is based on a robust and effective governance model.

The EssilorLuxottica Corporate Social Responsibility (CSR) Committee consists of three members, two of which are Independent Directors. It is chaired by an Independent Director. The main duty of the CSR Committee, within the remit of the Board of Directors, is to ensure that the Group effectively addresses the deployment of its Mission, which is fully integrated in its strategy. The CSR Committee also addresses the deployment of the Group's sustainability program (Eyes on the Planet framework).

As detailed in Section 3.1.2.6 of this Universal Registration Document, CSR Committee duties go beyond philanthropy, sustainable programs and compliance to address how the Company manages its economic, social and environmental impacts as well as its relationships with stakeholders.

The EssilorLuxottica Corporate Sustainability function directly reports to the Chief Executive Officer and leads efforts on environmental and social challenges while enhancing the development of its Company-wide sustainability strategy and roadmap.

The role of the Corporate Sustainability function is to involve and coordinate with other departments, functions, business units and brands in the execution and development of the Group's Eyes on the Planet sustainability program at global and local levels in a way that is consistent with EssilorLuxottica's Mission and business strategy (See Section 5.2). This translates into the following main responsibilities:

- ensuring effective management of environmental and social issues along the value chain;
- advancing the organization's awareness and culture on sustainability topics while supporting communication inside and outside the organization;

- ensuring that activities are directed and coordinated across the Group consistently with its sustainability program;
- sharing best practices and promoting cross-functional collaborations and taskforces;
- guaranteeing compliance with non-financial disclosure and other major sustainability related regulations;
- identifying and managing ESG (Environment, Social, Governance) risks in coordination with the Group Risk Management function;
- providing guidance and expertise on delivering the Group sustainability strategy at local or brand level as well as driving bottom-up actions for improving the Company's sustainability efforts on the ground.

The Eyes on the Planet program therefore informs the organizational structure of the Corporate Sustainability function, where each member is accountable for the development and execution of a specific pillar and/or works cross-functionally with many colleagues in different business units and regions to ensure the program, roadmap and tasks are well anchored close to the business.

As described in Section 3.3 of this Universal Registration Document, a CSR objective has been included in the 2023 Executive Corporate Officers' annual variable compensation package and is linked to the efforts pursued through the 'Eyes on the Planet' sustainability program. In addition, since 2022, a CSR objective has been also included in the annual variable compensation of more than 15,000 employees.

5.1.4 ESG Risk Management

Risk management is an integral part of the business and can be defined as any events or situations that could have financial, non-financial, or reputational impact, threatening the achievement of business objectives and strategies or the Company's tangible and intangible assets.

EssilorLuxottica faces an evolving landscape of environmental, social and societal related risks that can impact its profitability, growth and reputation, and could compromise the Company's overall performance. The Company is risk-averse toward events that could negatively affect the safety or well-being of its employees, consumers, and other stakeholders or endanger the natural environment. To reach its strategic and sustainability objectives, the Group strives to anticipate and manage risks to which it is exposed in all different activity areas.

Chapter 5 focuses on sustainability topics highlighted as most important during the annual ESG risk assessment, which is fully integrated into the EssilorLuxottica Group-wide risk assessment process (see Chapter 1 of this Universal Registration Document).

Methodology of EssilorLuxottica ESG Risk Assessment

As part of its commitment to mitigate environmental, social and governance risks, the Group has integrated the analysis of risks related to sustainability topics (ESG risks) into the annual risk assessment process conducted by the Risk Management function in collaboration with the Corporate Sustainability function, involving all regions, legal entities, and business units.

Compared to the risk assessment process carried out in 2022, which introduced the ESG dimension into the Group's risk taxonomy, in 2023, the Group went a step further in identifying and integrating ESG-related risks and introduced the double materiality perspective.

Double Materiality Perspective

Following the preliminary identification of the Group's ESG-related prority risks through an internal survey, interviews, workshops and expert reviews, these were then assessed with a double perspective, involving:

- **Inside-out (or impact perspective):** a sustainability topic is considered material from an impact perspective when it relates to the company's actual or potential material impacts on people or the environment, in the short-, medium- or long term.
- **Outside-in (or financial impact):** a sustainability topic is considered material from a financial perspective if it triggers or may trigger material financial effects on the company's development, including cash flows, financial position and financial performance, in the short-, medium- or long-term.

While the financial materiality is fully evaluated within the Enterprise Risk Assessment, the Group smoothly integrated the impact of materiality considerations into the process. In particular, the interviews were an opportunity to discuss with the involved internal stakeholders about the potential impacts that ESG-related risks may have on the business as well as a preliminary indication of the potential impacts the Group may have on the environment and society.

By so doing, the Group set the basis for the proper assessment, which will be conducted in due course. To this regard, the Group reserves the right to deepen the integration of double perspective during the next financial year, in line with the regulatory requirements defined within the Corporate Sustainability Reporting Directive (CSRD), which will apply to the Group as of January 1, 2024.

ESG Risk Description and Mitigation Measures

Ten ESG risk factors were identified as most relevant for EssilorLuxottica and regrouped into five priority topics: climate change, responsible business practices, non-financial communication, sustainable offering and production, and talent management and well-being.

The tables below detail risk descriptions and related mitigation measures:

Climate Change

Risk Factor	Risk Description	Mitigation Measures
Climate Transition	As the world goes through a low-carbon transition, the Group may encounter risks arising from the instability of supply and demand (e.g. energy), emergence of new stringent climate regulation (e.g. carbon tax), and development of competing low carbon technologies (e.g. 3D printing) or increased concern/expectations from stakeholders (e.g. new customer preference) that may lead to the inability to achieve its climate commitment or adapt its business model. Risk may be exacerbated by the Group's inability to track the effectiveness of existing actions and consequent missed opportunities. Moreover, delays in delivering the EssilorLuxottica climate roadmap may be caused by a lack of proper organization, expertise and resources, further impacting the Group reputation and its external perception.	In line with its 'Eyes on the Planet' program, EssilorLuxottica has developed a Carbon Neutrality roadmap that brings together representatives from various internal functions (Procurement, R&D, Supply Chain, EHS, Corporate Sustainability, etc.), and whose progress is regularly reviewed by the Chief Operating Officers of the Group. Key actions contributing to carbon neutrality transition include: • regular reporting of GHG emissions for Scope 1, Scope 2 and Scope 3 emissions; • completing and regularly updating the carbon footprint assessment to evaluate the Group's overall GHG portfolio; • optimizing its production process and equipment to continuously improve energy efficiency; • investing in renewable energy production (e.g., solar and biomass heating systems) and maximizing the use of renewable energy where possible; • reducing CO_2e emissions of logistics activities to build a low carbon supply chain; • supporting carbon capture or carbon reduction projects beyond the value chain to contribute to the global carbon neutrality agenda. EssilorLuxottica is on track to achieve carbon neutrality for its direct activities (Scope 1 and Scope 2 emissions) by 2025, starting in Europe in 2023. The Group is also committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi). Various indicators have been defined to closely assess the progress of different programs (e.g. energy consumption and associated Scope 1 and Scope 2 emissions, GHG reduction of logistics initiatives). *For further details, see Section 5.2.1.*

Climate Change

Risk Factor	Risk Description	Mitigation Measures
Business Interruption	The Group may be exposed to risks arising from the potential disruption of critical operations as a result of both internal and external events (see Section 1.6 of this Universal Registration Document). As climate change is increasingly becoming a global emergency, the Group may be exposed to either natural disruptive events or long-term changes in climate patterns (*e.g.* rising temperatures), as it operates in countries exposed to adverse natural events such as heat waves, floods, droughts, hurricanes and earthquakes. Similarly, the Group may face water scarcity issues, which may impact its operations and sustainability. The increasing number of disruptive events and the difficulty of adapting to related consequences may lead to an increase in insurance premiums, leading to higher insurance costs, and higher operational costs/lower revenues as well as delays in the supply chain. Moreover, the concentration of manufacturing facilities may lead to potentially severe business interruptions in case of natural disasters affecting these areas. Difficulties in adapting to related consequences may lead to business disruptions or higher operational costs.	EssilorLuxottica pays close attention to climate events and prepares comprehensive adaptation measures to ensure business continuity. As explained in Section 5.2.1, the Group monitors its level of climate risk exposure for various industrial sites and stores to ensure risk mitigation measures are in place and ensure business continuity. In addition, the Group continuously monitors and updates its Business Continuity Plans and Disaster Recovery Plans and conducts climate risk assessment prior to the selection of building sites. The Group also closely monitors indicators such as the number of sites exposed to water risks. Finally, as mentioned in Section 1.6, the decentralization of production sites is another measure to reduce business interruption risks. *For further details, see Section 5.2.1.*

Responsible Business Practices

Risk Factor	Risk Description	Mitigation Measures
Ethical Behavior	EssilorLuxottica, due to its international footprint, is exposed to different local and international laws on business ethics (e.g. anti-corruption, human rights, international economic sanctions, antitrust). Non-compliance with these regulations or third parties and business partners that do not respect the Group's Code of Ethics and pursue unethical behaviors (e.g. bribery, trickery, breach of confidence) may lead to fines, sanctions and reputational impacts for the Group. Additionally, problems with compliance could arise from a lack of clear internal communication regarding best practices and appropriate behaviors. The potential involvement in controversies might negatively impact the Group's operation and the local communities where it operates.	Promoting ethical behaviors within the organization fosters the protection of the local communities in which the Group operates, and includes various aspects, among all: **Antitrust** The Group actively integrates antitrust considerations into its business decisions and processes. To ensure that M&A operations and commercial practices do not violate antitrust regulations, EssilorLuxottica performs preventive antitrust assessments with the support of several specialized international advisors, as well as antitrust agreements with local third parties. For more information, please see Section 1.6 of this Universal Registration Document. **Ethics and Corruption** In 2023, EssilorLuxottica published a new Code of Ethics and released several policies to mitigate unethical behavioral risk (e.g. Anti-bribery and Corruption policy, Conflict of Interest policy, Competition Law Compliance policy, Data Privacy Compliance program). In addition, the Group is planning to launch an Anti-money Laundering Policy, currently under review. Moreover, to further engage stakeholders on the subject, the Company published the new Business Partners' Code of Conduct. Alongside the publication of the updated Code of Ethics, the Group is working on a specific training module for employees. In 2023, the Group also launched a new internal reporting system (EssilorLuxottica SpeakUp) as well as a dedicated procedure and training, for employees and investigators. The Group also launched an Anti-bribery and Corruption training, through its Leonardo platform in several languages. **Human Rights** The Group responds proactively to risks related to potential human rights violations through initiatives designed to improve safeguards and reinforce the existing system. External and internal audits are performed on EssilorLuxottica's own operations. The topic is also covered in both the Group's Code of Ethics and the new Business Partners' Code of Conduct. *For further details, see Section 5.2.5.*

Responsible Business Practices

Risk Factor	Risk Description	Mitigation Measures
Supply Chain	Within supply chain, the Group is aware of reputational, legal and compliance risks that may arise from non-responsible behavior. The presence of own facilities in many countries can make it difficult to harmonize different rules and regulations and threaten the possibility to ensure greater control over respect for human rights, health and safety and welfare standards for workers, but also for suppliers and other business partners involved in the activities of the Group. Given its international footprint, the Group works with third parties based in different regions, each with different sustainability and ethics models. To know more on the Supply Chain risk and mitigation measures at large, please, see Section 1.6 of this Universal Registration Document.	The Group sets responsible sourcing standards and initiatives through the EssilorLuxottica Responsible Sourcing Program. This program brings together representatives from various internal functions, including but not limited to Sourcing, Risk Management, Manufacturing and Corporate Sustainability. EssilorLuxottica is committed to respecting and promoting human rights across its entire value chain. For instance, the Group's Business Partners' Code of Conduct aims to ensure that business partners (e.g., suppliers, distributors, franchisees, consultants and agencies) uphold the Company's commitment in areas such as ethics, human rights and labor standards, environment, health and safety. Furthermore, to ensure compliance, qualified third parties assess supplier environmental and social performance through a self-assessment platform or on-site audits. Suppliers who fail to meet the Company's requirements, and are unwilling to implement necessary corrective actions, or demonstrate persistent problems in multiple audits, may be assessed for terminating or reducing business. Besides, the Group has training and awareness initiatives in place targeting suppliers and the procurement community. EssilorLuxottica tracks specific indicators (e.g. number of audits, number of critical nonconformities) to identify risks, put in place mitigation measures and ensure the overall effectiveness of the program. *For further details, see Section 5.2.5.*

Responsible Business Practices

Risk Factor	Risk Description	Mitigation Measures
Data Privacy	International legal regulations concerning data privacy are different among each other and in constant evolution. Failure in compliance with such regulations and standards exposes EssilorLuxottica to reputational risks. Inadequate data protection measures can lead to breaches that expose sensitive consumer and stakeholder information, such as health or financial data, to harmful parties. Privacy is one of the key issues to be addressed by EssilorLuxottica, which works to expand its smart eyewear capabilities and partnerships with other companies, such as Meta. Broadening its perimeter and serving a growing number of customers and patients will require EssilorLuxottica to process and protect personal as well as sensitive digital data related to health information (e.g. visual impairment). The Group continues to increase digitalization and innovation, as in the case of the HELIX division, which will involve the management of personal and sensitive customer health data. Additional concerns may arise from greater exposure to third party data management introduced as part of the digitalization and innovation path undertaken by EssilorLuxottica, for instance in relation to the launch of HELIX, which will allow ECPs leverage modern technology to improve the eyecare experience for patients and support doctors run their practice more efficiently. This could potentially make data privacy a structural risk to the large amount of data managed in outsourcing. From an investment point of view, effective data collection and robust data privacy practices are closely considered by rating agencies as key indicators of sustainability. Rating agencies assess a company's approach to data privacy when evaluating overall sustainability alignment: a low score can potentially result in adverse impacts on the company's performance and reputation. To know more on the Data Privacy risk and mitigation measures, please, see Section 1.6 of this Universal Registration Document.	EssilorLuxottica invests in protecting its stakeholder's data privacy, whilst ensuring compliance with all the applicable Data Protection and Privacy acts across the world. To ensure data protection is respected by all employees, specific trainings related to data privacy are available on the Leonardo learning platform and awareness programs serve to improve the data protection culture. In addition, particular attention is given to the processing of personal data by business partners when launching new products or services (e.g. teleoptometry, Ray-Ban | Meta, app). Moreover, as part of the GrandVision integration process and the subsequent surge in data volume, EssilorLuxottica has introduced a unified common sales system (Ciao), that aims to streamline the collection, management and storage of sensitive consumer data from various sales channels. The implementation of this system represents a significant step toward more effective control and improved administration of consumer data, enabling the Group to supervise information collected at various points of sale more efficiently. This approach provides a centralized source for sensitive data, greatly simplifying monitoring and ensuring enhanced security in handling information. Finally, EssilorLuxottica raises awareness on data privacy through conferences and collaborates with various authorities and Data Protection Authorities to implement appropriate information programs as well as data protection awareness campaigns.

Non-Financial Reporting

Risk Factor	Risk Description	Mitigation Measures
Brand Integrity & Perception	In today's business landscape, brand integrity and perception represent an increasing risk, particularly in reference to sustainability. Beyond the potential for fines or legal claims, the most critical peril lies in the potential harm to the brand's reputation within the corporate sphere. Responsible marketing practices are crucial for promoting the Group's sustainability goals and targets. This, in turn, can enhance brand credibility and enable customers to make informed decisions. A company's reputation and trust can be damaged by the risk of not providing sufficient information on the sustainable characteristics of a product (e.g., type of material used, whether recycled, certified, bio-based, other) or service (e.g., green shipping). In addition, providing misleading information on the sustainability characteristics of a product or service can lead to the risk of greenwashing. This not only undermines transparency in reporting but can also erode the Group's credibility and the effectiveness of genuine sustainability efforts that may be in place.	The Group uses a variety of sources to assess how the brand is perceived in the marketplace, including ongoing monitoring of newspapers, social media and other information sources to measure public and community response to sustainability campaigns. The Net Promoter Score (NPS) is used as a specific market metric, tracked via a centralized system, to measure customer satisfaction. To guarantee an omnichannel approach to customers, it is applied to retail and e-commerce channels. It is used in different stages of customer interaction with the Company to measure both sales experience and product satisfaction evaluating hard and soft components of the selling process that are part of its vertically integrated business model. For non-positive scores, the case is treated as a customer service case. Those consumers are asked if they want to be contacted by customer service staff to gather more feedback to properly manage and address any issue. In addition, the Group makes a substantial investment to uphold a high standard of consumer service. This proactive approach allows for the rapid identification of deviations in various situations. Lastly, the Company also has a validation process for product marketing statements (including sustainability claims) to ensure that appropriate proof exists and performance of the products in the laboratory can be taken into account within its production environment. To improve its reputation, the Group is considering implementing a system based on NPS, customer service, logistic accuracy and website communication, and, in terms of Corporate Sustainability, promoting specific initiatives and projects. *For further details, see Section 5.2.2.*

Non-Financial Reporting

Risk Factor	Risk Description	Mitigation Measures
Reporting & Communication	EssilorLuxottica operates internationally and has the liability to fulfill different already existing and upcoming country laws and regulations. Upcoming changes in the regulatory landscape include the Corporate Sustainability Reporting Directive, the Corporate Sustainability Due Diligence Directive, and the Green Claims Directive, as well as a growing focus on CSR/sustainability issues, which are raising stakeholder expectations for transparency, accurate data, and consistent information. Moreover, heightened investor appetite for sustainability strategies and performances requires constant improvements in non-financial reporting capabilities and disclosure, which are ultimately used by ESG rating providers to assess company ESG performances and issue public scores. Poor data and disclosures may result in low ESG scores and a wrong perception of the Company's sustainability efforts. EssilorLuxottica's image and reputation may be hindered by insufficient or incomplete communication on the achievements and milestones reached or by non-accurate, not reliable or not clear disclosure of sustainability-related information.	To support its sustainability journey, the Group has developed a Corporate Sustainability Communication Policy, to ensure that its sustainability approach and efforts are communicated accurately and coherently to all stakeholders and audiences in different regions. The policy includes principles to guide and coordinate the Company's internal and external sustainability communication. On sustainability reporting, EssilorLuxottica's Sustainability Reporting Protocol provides comprehensive guidelines and a glossary to ensure uniformity of indicator definitions, reporting rules and data consistency. The Sustainability Reporting Protocol is reviewed and updated annually to ensure alignment with the latest reporting standards. The Corporate Sustainability function closely monitors regulatory developments to ensure compliance with non-financial requirements and other key sustainability regulations. For example, the Group is working to organize specific meetings with different stakeholders, including investors and business partners (e.g. licenses), to communicate the Group's performance in Corporate Sustainability-related areas. In terms of accountability, the Group is working to establish ownership of specific issues, especially in response to strong due diligence requirements that will be required by the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The most relevant KPIs that support the Group's sustainability strategy are presented in the present Chapter 5 of this Universal Registration Document. These are also used to complete ESG rating questionnaires and review ESG reports with the Investor Relations function. *For further details, see the present Chapter 5 and Section 5.1.5.*

Sustainable Offering and Production

Risk Factor	Risk Description	Mitigation Measures
Product Innovation & Circularity	EssilorLuxottica has a wide and unique range of products that requires adapted production resources, specific raw materials and innovative services. In these regards, the Company may not yet fully (i) integrate sustainability criteria (such as recycled materials) into each stage of the development and production process, (ii) reduce waste generation and (iii) manage properly the end of life of its products. As consumer expectations for sustainable products and services are not fully met, this risk may have a negative impact on the Company by causing it to lose competitive advantage and market share, particularly among younger generations.	EssilorLuxottica is making significant efforts 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. By so doing, its sustainable innovation expertise embraces the Group's products and services to meet the Company's environmental commitments without compromising excellence and quality, and always guaranteeing the best vision experience. These principles inspire the Group's circular approach which encompasses the entire product life cycle from sourcing and researching new innovative materials, developing internal recycling processes and reducing input materials, to satisfying customer preferences and demands for more sustainable products, as well as packaging, by favoring eco-conscious designs and investing in new technologies. Being consumer-oriented, the Group is also implementing circular services to extend product life or give products a second life. As an open Company, EssilorLuxottica's internal experts also engage with an entire ecosystem (academics, start-ups, etc.) to build innovative solutions that require collaborative actions such as end-of-life management. *For further details, see Section 5.2.2.*

Talent Management & Well-Being

Risk Factor	Risk Description	Mitigation Measures
Health & Safety	Health and safety issues and working conditions are receiving increased attention from the market and regulators, the latter having introduced stricter regulations on those specific matters in recent years. Violations would result in negative consequences for the Group, also in terms of reputation and brand integrity. The Group could be adversely affected if employees perceive their working conditions to be unsafe and/or their welfare policies to be inadequate and/or unsatisfactory. Such situations may lead to intensified social dialogue and even social conflict (e.g. strikes), exposing the Group to potential business disruption, reputational damage and legal action. In addition, breaches of health and safety standards can lead to accidents and health damage that may jeopardize the physical well-being of employees, while excessive working hours could potentially have a long-term impact on their well-being. Furthermore, given the Group's presence in countries where local health and safety standards are not always aligned with international standards, inadequate working conditions could have a negative impact on the image/brand of EssilorLuxottica, locally and at global level, leading to a deterioration of relationships with local authorities and preventing the establishment of new partnerships/agreements with local third parties.	EssilorLuxottica is committed to protecting the health and safety of its employees, as well as ensuring a safe workplace. The Group has implemented several internal policies and procedures to mitigate the risks associated with these issues and has introduced measures to make the workplace safer and healthier, even in countries where health and safety requires more careful monitoring. Moreover, the H&S team continues its local consolidation in all regions for each business to strengthen existing local teams. An Ergonomics Group Manager has been appointed to develop a long-term strategy on the topic. In countries where it operates, the Group is committed to complying with all applicable laws and regulations. For areas where the Group identified critical situations, lagging behind current Group Standards, the Group has set up a plan focusing specifically on H&S topics. To ensure compliance, internal and external audits are conducted each year. Moreover, to strengthen its commitment in this field, several production facilities, logistics sites and prescription labs have obtained ISO 45001:2018 Occupational Health and Safety Management certification, which provides a framework to identify and improve employee safety while preventing workplace risks. Finally, EssilorLuxottica supports its employees with a comprehensive welfare package. The Group has also defined multiple indicators to monitor the effectiveness of its Health and Safety programs, including indicators of incident frequency and severity rate. *For further details, see Section 5.2.4.*

Talent Management & Well-Being

Risk Factor	Risk Description	Mitigation Measures
People Management	Talent attraction and retention is crucial to allow and foster growth of the Group, particularly due to increasing importance placed on topics such as diversity and inclusion and learning development paths nowadays. As explained in Section 1.6, the Group's ability to attract and retain talent may be jeopardized by: (i) effectively creating a single organization by integrating different backgrounds and cultures; (ii) changing attitudes to work-life balance (e.g. through spread of remote working); (iii) shortage of qualified personnel, such as optometrists, that can lead to delays and inefficiencies in vision impairment treatment; (iv) difficulties in certain countries where the Group operates to ensure that working conditions meet international and internal standards. Given the growing importance that younger generations attribute to sustainability topics (e.g. equal opportunities, and respect for the environment), any perceived gap between the sustainability commitments communicated by the Group and their actual implementation could have an impact on attracting talent, efficiency of recruitment and ability to retain employees.	EssilorLuxottica considers its employees to be one of the most important factors in its success. The Group is committed to ensuring a safe, welcoming, and positive working environment for its employees, and is constantly planning and developing initiatives to foster community. A tangible advancement in this respect is 'weare:' global project to identify and consolidate one company culture, enhance people engagement and elevate the Company's Mission and business strategy. In recent years, the Group has continued to implement its talent development and retention initiatives, like performance review, competitive pay and bonuses. Through the Leonardo platform employees are engaged worldwide in learning initiatives aimed not only at enhancing their skills but fostering a stronger sense of belonging within the Company. Several programs are being developed to improve corporate culture and enhance values of inclusion across all locations. In 2023, the Global DE&I function was strengthened, marking the implementation of the Company's strategy and commitments for Diversity, Equity, and Inclusion to enhance the sense of belonging. The Corporate Sustainability team strictly collaborates with HR on diversity and inclusion issues, while it works with other functions to address issues such as fair compensation. Another mean of internal cohesion is the international Employee Shareholding Plan called 'Boost' which is steadily expanding year by year. In terms of well-being, the Group offers employees flexibility with a smart working model, in addition to providing a comprehensive corporate welfare system. The Company aims to promote relationships between employees, encouraging them to plan days in the office so they can work together and organize live meetings. To adapt to an evolving labor market, the Group is reviewing its recruitment, attraction, and retention policies to meet new expectations, particularly those of younger generations. The Company also works with schools to increase knowledge and awareness of opticians among younger generations. The Group uses indicators to monitor the impact of its various programs (for example: breakdown of employees by gender, age, contract type and category, hours of training provided and number of women in management positions worldwide). *For further details, see Section 5.2.4.*

Combined with the mitigating measures described above, EssilorLuxottica is implementing dedicated CSR policies, procedures and controls at both operating and holding levels.

As required by regulation, the themes of 'fighting against food waste and food poverty', 'means in favor of responsible, fair and sustainable food', 'actions aimed at promoting the link between the nation and the armed forces and supporting commitment in the reserves', 'the respect of animal welfare' and 'actions to promote the practice of physical activities and sports' have been analyzed, and none of them have been rated with high potential ESG risks for EssilorLuxottica. For more details about the Company-wide risk assessment, see Section 1.6.

5.1.5 Protocol and Organization of Non-Financial Reporting

Non-financial reporting provides a tool to help the Company monitor and understand its status and progress on sustainability priorities, risk management, and associated impacts. It is also an opportunity to provide stakeholders with a complete and consistent overview of the Company's environmental and social impact.

As a French-listed company, EssilorLuxottica takes European Directive no. 2014/95 (transposed into French law in August 2017, Decree no. 2017-1265, Article L. 225-102-1, II of the French Commercial Code) as reference for its non-financial statement.

EssilorLuxottica Sustainability Reporting Protocol

The EssilorLuxottica Sustainability Reporting Protocol contains detailed guidelines and a glossary that ensure alignment on indicator definitions, rules of reporting, and data consistency.

The Reporting Protocol follows guidelines in the Global Reporting Initiative (GRI) Standards (version 2016 and version 2021 for Universal Standards); it also takes into consideration the global agenda of the United Nations Sustainable Development Goals (SDGs) and specific frameworks such as recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). For indicators on greenhouse gas (GHG) emissions, the Company follows the GHG Protocol and framework in the Global Logistics Emissions Council (GLEC).

For certain specific sustainability topics (*e.g.* health and safety indicators), the information reported is analyzed and monitored by the Company in the normal course of its business, using company-specific KPIs and definitions.

The document is reviewed and updated annually to ensure the most current reporting standards are followed and support sustainability performance monitoring and management.

(i) Reporting scope

The reporting scope of non-financial information covers all entities and subsidiaries that are fully-consolidated. The list of entities requested for sustainability reporting is updated annually according to the financial consolidation scope.

For each specific indicator, reporting coverage can vary, and is specified in the disclosure of each indicator based on the headcount of entities reporting information and the Company's total headcount.

(ii) Key indicators

The selection of EssilorLuxottica indicators covers key sustainability topics that were identified following the Group ESG risk assessment, major topics related to 'Eyes on the Planet' and mandatory requirements set by the EU Directive no. 2014/95 (transposed into French law in August 2017, Decree no. 2017-1265). Other criteria, such as expectations from key accounts, rating agencies and indices and institutional investors were also considered when selecting the indicators.

See Section 5.5 for more information on reporting scope, period, rules of reporting and consolidation, and other guidelines related to the information disclosed in this chapter.

Reporting organization

In 2023, the reporting campaign was organized through a collaborative and integrated process that was centrally managed by the Corporate Sustainability function. It followed guidelines defined in EssilorLuxottica's Reporting Protocol.

Specifically, workforce information is consolidated by the HR controlling team through the operational employee monitoring system that relies on the SAP, E-Talent and KPEYE platforms; educational information is centrally collected via the Leonardo platform and Sustainability Portal; environment, health and safety indicators for manufacturing sites and prescription laboratories are collected by the Benchmark ESG™|Gensuite® software and environmental information for retail activities is collected through Oracle Cloud EPM Planning. Health and safety indicators for retail activities are collected through Excel.

At the beginning of the reporting campaign, the Corporate Sustainability team held specific training webinars to explain the reporting process and information requested to relevant teams globally, as well as engage them on the importance of timely and consistent sustainability reporting.

All the information presented in this chapter has been reviewed by PricewaterhouseCoopers Audit, an independent third-party organization, in accordance with regulations resulting from European Directive no. 2014/95. See Section 5.6 'Report of the Independent Third-Party Organization' for further details.

5.2 Eyes on the Planet, EssilorLuxottica's Sustainability Program

Program Description

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'. Doing good for its employees, customers, consumers and communities while doing good for the planet is at the heart of its Company-wide Sustainability program Eyes on the Planet. First presented in 2021, the program is based on five key pillars described below: Eyes on Carbon, Eyes on Circularity, Eyes on World Sight, Eyes on Inclusion, and Eyes on Ethics. Each pillar has a clear commitment and is broken down into a set of core activities that are easy to recognize in the Company's business model, offering presence and connection with local communities and territories.

- **Eyes on Carbon:** EssilorLuxottica is committed to addressing climate change and preserving the environment by reducing energy consumption and water use within its operations, limiting its carbon footprint across the value chain and being resilient to climate-related risks. In 2021 the Company announced its journey to become carbon neutral in its direct operations in Europe by 2023 and worldwide by 2025. In 2023, the Company also committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi). This represents another step toward its long-term goal of addressing climate change by reducing carbon footprint across its operations and along its value chain. See Section 5.2.1.
- **Eyes on Circularity:** EssilorLuxottica's climate commitment is deeply intertwined with its circularity goals along the value chain, leveraging its sustainable innovation expertise across its materials, processes, products and services. The Company's efforts focus on optimizing the use of resources, including a shift from fossil-based materials to bio-based materials and embedding eco-design in all its product developments by 2025, while ensuring high product standards. The Group is also taking steps to put an end to waste following the 4Rs 'Research-Reduce-Reuse-Recycle'. See Section 5.2.2.
- **Eyes on World Sight:** Based on its belief that good vision is a basic human right, the Group has an ambition to eliminate uncorrected poor vision in a generation and make vision care accessible to everyone, everywhere. This responsibility toward vision and society also includes other corporate citizenship initiatives, such as advocacy for good vision on the road and art accessibility. See Section 5.2.3.
- **Eyes on Inclusion:** The Company's employees are the leading players and contributors to EssilorLuxottica's sustainable development and value creation efforts. The Company seeks to develop a culture of learning, diversity and safety along with the creation of a working environment that offers everybody the same opportunities on the basis of merit and without discrimination. See Section 5.2.4.
- **Eyes on Ethics:** EssilorLuxottica's vertically-integrated business model is the key to delivering and ensuring a fair and ethical business approach wherever it has a presence. Reinforcing its ethics efforts, in 2023 EssilorLuxottica updated its Code of Ethics and developed a Business Partners' Code of Conduct to establish harmonized practices and protect human and labor rights across its entire value chain, as per the International Bill of Human Rights and ILO Conventions. See Section 5.2.5.

Ever since its launch, the Company and its subsidiaries have been consistently executing projects and initiatives under each 'Eyes on' strategic pillar of the program, aiming to further embed sustainability into its business model. By advancing its Eyes on the Planet program, EssilorLuxottica contributes to its Mission and involves the entire organization in addressing environmental protection, employee well-being, and the economic and social progress of the local communities it serves.

EssilorLuxottica 2023 sustainability highlights are reported throughout this chapter according to the corresponding pillar.

5.2.1 Eyes on Carbon

Adapting to climate change and moving toward a low-carbon economy are topics among the global agenda today. EssilorLuxottica's climate commitment addresses these global challenges along its vertically integrated business model.

In 2023, EssilorLuxottica reached carbon neutrality for Scope 1 and Scope 2 emissions (direct operations) in Europe, as part of a broader Scope 1 and Scope 2 carbon neutrality objective to be reached worldwide by 2025. In addition, the commitment to the Science-Based Targets initiative (SBTi) represents a key milestone in its long-term goal to address climate change. In this respect, following the update of its full carbon footprint assessment, the Company prioritizes climate actions within its sphere of influence and engages all its stakeholders. This commitment stems from a sense of global responsibility and the understanding that operational efficiency, innovation, and competitiveness are vital in addressing climate change.

As part of a broader awareness of the climate-related risks and opportunities while executing and evolving its climate roadmap, the Company supports recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). EssilorLuxottica's approach to addressing climate change is consolidated under the Eyes on Carbon pillar and is recalled below according to the four key building blocks of the TCFD guidelines. Additional references are provided in the reconciliation table in Section 5.5.

Governance

Climate change topics are reviewed by the Company's CSR Committee annually. The role of the CSR Committee is stated in Chapter 3 of this Universal Registration Document and in Section 5.1.3.

At an operational level, EssilorLuxottica has specific governance structures and working groups to ensure the advancement of actions:

- a cross-functional task force including the EHS, Procurement, Logistics, Supply Chain, Product Sustainability and Corporate Sustainability functions was formalized to ease collaborative projects, support key decision-making, deploy carbon reduction actions and ensure the achievement of associated targets. The work of the task force is reviewed by the Group's co-Chief Operating Officers on a regular basis;
- a task force on climate resilience, including the Internal Audit, Risk Management, EHS and Corporate Sustainability functions, was also set up to assess the maturity level of climate risk management at strategic sites through a specific climate resilience review framework designed internally.

Strategy and Commitments

EssilorLuxottica's approach to climate change has two main dimensions.

First, the Company continuously makes efforts across its value chain to limit and reduce its impact on the climate. These include investing in energy efficiency programs and renewable energy production, maximizing the use of renewable energy where possible, optimizing production organization and logistics flows, and innovating in the field of sustainable raw materials and low-carbon products and services.

Specifically, EssilorLuxottica announced its first climate commitment in 2021, aiming to achieve carbon neutrality for its direct operations (Scope 1 and Scope 2) by 2025, starting with Europe in 2023 which has been achieved.

In addition, the Company's commitment to set near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi) in the first quarter of 2023 represents another step forward in its long-term goal to address climate change by reducing the carbon footprint in its operations and value chain. As part of this commitment, during the year the Company updated its carbon footprint assessment to have a more accurate understanding of its direct and indirect CO_2e impacts. In 2024, different functions are going to be involved in the identification of key decarbonization levers and in the design of a science-based roadmap to reduce direct and indirect emissions. The Group will also engage its main suppliers on this journey.

Second, concerns about climate change require EssilorLuxottica to understand its climate risk exposures and develop solutions to adapt and quickly respond to the challenges posed by this issue. The Company aims to maintain good knowledge of global climate projections and assess its vulnerability to climate change risks to improve its resilience and prepare the business for potential consequences.

Climate-Related Risk Management

Following the recommendations of the TCFD framework, two categories of climate-related risks – risks related to the physical impacts of climate change and risks related to the transition to a lower-carbon economy – are considered to prepare the Company for potential operational, financial and reputational impacts, and to build the climate resilience of its activities.

Identification and Management of Physical Climate Risks

Since 2021, EssilorLuxottica has been performing physical climate risk assessments to gain a better understanding of the Group's climate-related risks. The Group updated and expanded the scope of its physical climate risk assessment in 2022, covering the Group's full activities, including manufacturing and logistics facilities, offices and directly managed stores. This climate risk model was built based on four chronic climate hazards (heat stress, sea level rise, precipitation and drought) and three acute climate hazards (tropical cyclones, extreme flooding and fire weather) over the mid-term (2030) and long-term (2050 and 2100). The model takes into consideration three 'Representative Concentration Pathways' (RCP) scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

- RCP 2.6 (>+1.5°C by 2100) - consistent with the Paris Agreement, in which energy transition is considered in accordance with the ambitious mitigation goals;
- RCP 4.5 (+2-3°C by 2100) - a specific scenario with limited action in which temperature increase estimates are considered with current global policies announced;
- RCP 8.5 (>+4°C by 2100) - considers the worst-case climate scenario, in which no specific climate-change mitigation measures are implemented.

A dedicated risk scale has been clearly defined for each climate-related risk (e.g. number of days in heatwave, or drought duration per year) to clearly identify the potential gross risks (i.e. the inherent risk before any mitigation measure is implemented) for the Group's analysed assets. This updated climate risk model helps the Group screen the physical climate risk exposure of a specific site based on its location, anticipate and prepare for potential climate hazards, raise awareness and protect employees in urgent situations and improve the resilience of its assets and supply chain. According to this model, the main climate-related risks for the Group are precipitation, heat stress and extreme flooding. Finally, the model can support management decisions when evaluating a new building project or when acquiring a new company.

In addition, the resilience against major threats is verified and strengthened following a site visit by the Property and Asset insurer, as part of the loss prevention and business continuity approach of the Group. For example, for flooding risk, mitigation measures usually involve the implementation of a flood emergency response plan that may also include the installation of barriers to avoid penetration of the water inside the buildings.

Moreover, the Company pays particular attention to natural resources and the protection of natural ecosystems close to its manufacturing and distribution sites. To this regard, the physical climate risk model is complemented by the water risks assessment as explained in Section 5.2.2.

In 2023, the Group used the WWF Biodiversity Risk Filter to perform a preliminary analysis of its main assets to identify those located in protected, conserved or key biodiversity areas.

Identification and Management of Transition Climate Risks

The Company may be exposed to extensive policy and regulation changes, technology limits, market shifts or reputational risks throughout the global transition towards a lower-carbon economy.

The table below provides an in-depth analysis of the 'Climate Transition' risk presented in section 5.1.4 ESG Risk Management. Indeed, EssilorLuxottica closely monitors regulatory, technological and market changes, anticipates possible challenges in the future, and implements actions to reduce carbon footprint across its value chain, continuously studying standards and benchmarks to improve its climate change roadmap.

Topic	Risk Description	Mitigation Measures
Current and Emerging Regulation	With its international footprint, the Group can be exposed to regulatory or market changes related to climate transitions (*e.g.* carbon taxes, new reporting obligation like CSRD).	The Group has developed an internal Carbon Neutrality roadmap to achieve carbon neutrality for its direct operations by 2025 and committed to the Science Based Targets initiative (SBTi) to further reduce its carbon emissions. The Corporate Sustainability function maintains a constant regulatory watch to guarantee compliance with non-financial disclosure and other major sustainability-related regulations.
Technology	As the world goes through a low-carbon transition, the Group may encounter risks from the development of competing low-carbon technologies (*e.g.* 3D printing).	EssilorLuxottica closely monitors technological changes, anticipates possible challenges in the future, and has implemented actions to reduce carbon footprint across its value chain, continuously studying standards and benchmarks.
Market	It is crucial for EssilorLuxottica, as leader in the eyewear sector, to anticipate customer needs. As consumer expectations for sustainable products might not be fully met, this risk may have a negative impact on the Company.	EssilorLuxottica is making significant efforts across its entire production cycle, including a shift from fossil-based materials to bio-based materials, biodegradable materials, and products easier to recycle. To do so, it nurtures key fundamental work streams such as: • investing in breakthrough technologies; • increasing renewable content in its products; • developing eco-design with LCAs or in-house tools like the Sustainability Assessment Methodology (SAM).
Reputation	Sustainability topics such as climate change are gaining importance due to the expectations of employees, consumers (especially the younger generation), customers and third parties. The Company's credibility and reputation may be hindered by insufficient communication of the achievements and milestones reached or by non-accurate, unreliable or unclear disclosure of sustainability-related information.	The Group is promoting integrity principles to support its interest in the theme. For employees, different training modules and awareness sessions are organized throughout the year. For 15,000 eligible employees, part of their variable remuneration was based in 2023 on climate efforts done by the Group to reduce its GHG emissions. Regarding external stakeholders, regular calls and meetings are organized with different stakeholders, including investors and business partners (e.g. licenses) to present the Group's sustainability program and progress. As for customers, the Group is able to identify all market trends and weak signals to adjust its offer to customer expectations thanks to a fully integrated business model.

EssilorLuxottica has also implemented environmental management systems that conform to the ISO 14001 standard. As a result, 38 of its manufacturing facilities, 22 lens laboratories, two distribution centers and one corporate office are ISO 14001 certified, which covers around 30% of total Group headcount.

Going forward, the Company will move from the current site-by-site ISO 14001 certification approach to a company ISO 14001 certification scheme, in line with its strategy to expand the application of this certification within the Group. In addition, it is worth remembering that the global Environment, Health and Safety (EHS) function of EssilorLuxottica is responsible for the deployment of the environmental management systems aimed at reducing the Group environmental impact and ensuring the health and safety of all employees. This function relies on a network of correspondents present locally on production and distribution sites to oversee the operation of environmental and health and safety management (see Section 5.2.4).

Key Actions, Metrics and Targets

In line with its Eyes on Carbon commitment, the Company continuously initiates, advances and monitors different climate actions within its operations and along its value chain.

Carbon Reduction Efforts in Direct Operations

By actively working with internal teams and key suppliers, EssilorLuxottica is progressively increasing the scope of its actions and is identifying new initiatives to reduce its carbon emissions. As a result of this strategy, in 2023 the Company achieved a key milestone of its first climate commitment published in 2021: carbon neutral Scope 1 and Scope 2 emissions in Europe, on track to achieve the carbon neutrality for its direct operations worldwide by 2025. This also marks a significant step in the Group ambition to reduce carbon emissions along its value chain.

To deploy its strategy and achieve its commitments of Eyes on Carbon, the Company is focusing its efforts on minimizing its emissions before offsetting any residual ones as described below.

1. Improving Energy Efficiency

EssilorLuxottica's energy initiatives are led by the EHS function, with actions such as:

- a review of the energy efficiency for manufacturing processes and peripheral units;
- improvement of equipment efficiency ratios (EER) by upgrading large electrical motors with higher energy efficiency class, and redefinition of the stoppage or standby conditions for equipment with the highest consumption. The mapping of more than 5,000 motors was done in 2022 and 2023, the first phase of motor replacement in major mass production sites for lenses was deployed. The first pilot phase demonstrated energy savings up to 30%, compared to the previous ones. In 2023, 85 motors were replaced. A second wave of replacement is planned in 2024 for mass production, whereas mapping and assessment of existing motors in Rx labs will allow the identification of those to be replaced in the next three years;
- the installation of meters to monitor energy consumption for main prescription laboratories and mass productions units in real time and the use of specific indicators to identify priority action areas and define new projects and improvement plan;
- raising awareness and training technicians and maintenance teams;
- continuous improvement of energy efficiency for existing buildings and stores in terms of lighting, air conditioning and heating systems.

Associated with the Company's efforts to improve energy efficiency and structure its energy management systems, 13 of its manufacturing facilities, four lens laboratories, two distribution centers and one corporate office have obtained ISO 50001 certification over the years which covers around 15% of the Group total headcount. ISO 50001 certification is complementary to ISO 14001 certification and enables the Company to assess the energy footprint of its sites and strengthen energy management.

Following its Leadership in Energy and Environmental Design (LEED) certification for logistic hubs built in recent years, in 2021, the Company started to draft its 'New Building Guidelines', which include criteria to obtain Gold level LEED certification for all of its new manufacturing and distribution buildings. These criteria attest that the design and construction respect the surrounding ecosystem, and have already been applied to three new or currently under construction buildings in France, Thailand and Mexico.

In addition to LEED certification, the guidelines also contain climate-related criteria such as renewable energy consideration, air emissions, water risk management, waste management and site location selection including climate risk analysis.

Sustainability considerations are also applied to the Group store network, as described in Section 5.2.2.

The table below shows the Company's energy consumption in 2023, and the evolution compared with 2022:

	2023	2022 (restated)	2022 (disclosed)
TOTAL ENERGY CONSUMPTION *(GWh)*	**2,148.8**	**2,127.5**	**1,930.6**
Renewable energy produced on site - Solar	12.7	7.4	7.4
Renewable energy produced on site - Biomass	1.2	1.2	1.2
Electricity purchased from renewable sources	702.9	638.0	543.3
Electricity purchased from non-renewable sources	1,176.7	1,199.8	1,122.2
Steam	2.5	2.6	2.4
Gas	244.3	267.7	244.8
Liquid Fuel	8.5	10.7	9.3

Note: The comparisons are performed referring to the 2022 'restated' column, which reports the figures resulting from the Carbon Footprint Assessment completed in 2023 on 2022 data. As explained in the methodology note (Section 5.5), 2023 and 2022 restated data cover 100% of the Group headcount.
2023 energy data remained at a similar level as 2022 'restated'. In line with EssilorLuxottica climate roadmap, the Group has continuously extended the use of renewable energy. Specifically, thanks to the constant investments and gradual roll-out of photovoltaic panels, the production of renewable energy on site increased by 62%. Meanwhile, the amount of purchased renewable energy with Energy Attribute Certificates (EACs) has registered an increase of 10% compared to previous year.
2023 energy consumption actual data consolidated covers around 92% of the Company's headcount including the retail network. These actual data have been used to extrapolate the consumption of the remaining Company's headcount, leading to a coverage of the entire Group. For more information on the reporting rules for energy and on the estimation methodology, please refer to Section 5.5.

In 2023, the distribution of energy consumption per geographical area was as follows: Asia-Pacific (41%), EMEA (27%), North America (23%) and Latin America (9%).

2. Increasing the Use of Renewable Energy

As part of the Group's efforts to minimize its own emissions (Scope 1 and Scope 2), actions on renewable energy have been largely accelerated with more investment in self-produced renewable energy and a formalized renewable energy purchasing roadmap.

Since 2013 manufacturing and distribution sites have started to reduce GHG emissions thanks to the installment of photovoltaic panels systems and biomass heating and cooling systems.

Their gradual rollout has enabled the Company to increase the amount of self-generated renewable energy from photovoltaic plants, producing, in 2023, approximatively 9.3 GWh in Italy and 3.4 GWh in other countries (overall +5.3 GWh in 2023 compared to 2022). The installed plants are expected to generate in total, at full regime, 16 GWh per year from 2024, enabling an avoidance of more than 7,400 tCO_2e globally (increase of circa 50% compared to 2022). This achievement is boosted by new photovoltaic systems introduced in Australia, Italy and Portugal in 2023 adding capacity of 4.2 MWp that, summed up to capacity installed in past years in Tunisia, Honduras, France, Australia Italy, Portugal, UK, Switzerland and China, brings the total installed capacity to 13.3 MWp.

Moving forward, new renewable energy installations and projects are ongoing worldwide and some already started the execution phase in 2023 in Italy, US, Mexico, the Netherlands, Poland, Spain and France. Additional CO_2e savings for these new projects are estimated to be around 16,600 tCO_2e. In addition to photovoltaic plants, a new biomass plant is under development in Agordo, with a capacity of 4.5 MW to produce hot water and 1.5 MW to produce cold water, saving 3,000 tCO_2e per year. This biomass plant joins the existing small biomass plant in Cencenighe (Italy).

Meanwhile, the Group has continued to switch to renewable energy sources worldwide also in 2023. Specifically, the supply of renewable energy covers a significant percentage of electricity consumption for its sites, offices and stores in Europe. The Group has also started purchasing renewable energies for its major operation sites in Asia-Pacific, such as China, Thailand and the Philippines. Thanks to its renewable energy supply program, the Group avoided more than 347,000 tons of CO_2e emissions in these countries, which is also reflected in the market-based Scope 2 emissions disclosed in the below table.

In 2023, EssilorLuxottica sites in Italy started using renewable energy following the 12-year Power Purchase Agreement (PPA) signed with ERG Power Generation for the supply of approximately 900 GWh of green energy between 2023 and 2034. The agreement is based on the sale by ERG for approximately 75% of the energy produced by its Partinico-Monreale wind farm near Palermo, Italy, the first in the Group's portfolio to complete repowering activities. Following the replacement of the entire facility with latest generation equipment, the wind farm consists of 10 turbines of 4.2 MW with total installed power of 42 MW and an estimated annual production of 94 GWh.

The table below shows EssilorLuxottica's overall Scope 1 and Scope 2 GHG emissions, with both location-based and market-based accounting methodology.

	2023	2022 (restated)	2022 (disclosed)
TOTAL SCOPE 1 + SCOPE 2 EMISSIONS - LOCATION-BASED *(tCO_2e)*	**953,435**	**960,611**	**813,257**
TOTAL SCOPE 1 + SCOPE 2 EMISSIONS - MARKET-BASED *(tCO_2e)*	**663,110**	**734,961**	**745,308**
Scope 1 emissions	133,486	172,587	108,453
Gas	50,074	54,880	50,082
Liquid fuel	2,320	2,917	2,500
Refrigerants	62,141	83,674	45,213
Company cars	18,938	31,103	10,658
Biomass	13	12	
Scope 2 emissions - location-based	**819,948**	**788,024**	**704,804**
Electricity	819,522	787,575	704,373
Steam	426	449	431
Scope 2 emissions - market-based	**529,624**	**562,374**	**636,855**
Electricity	529,198	561,924	636,311
Steam	426	449	544

Note: The comparisons are performed referring to the 2022 'restated' column, which reports the figures resulting from the Carbon Footprint Assessment completed in 2023 on 2022 data. As explained in the methodology note (Section 5.5), 2023 and 2022 restated data cover 100% of the Group headcount. Reflecting the Group's effort on the production and purchase of renewable energy, the Scope 2 emissions calculated with the market-based approach decreased by -6% compared to last year. The Scope 1 emissions decreased significantly thanks to the reduced usage of gas and fuel, limited number of refrigerant leakages occured during the year and to the refinement in the GHG emissions calculation from company cars.
For more information on the reporting rules and estimation methodology, please refer to Section 5.5.

In 2023, the distribution of Scope 1 emissions per geographical area was as follows: Asia-Pacific (32%), EMEA (41%), North America (20%) and Latin America (7%). The distribution of Scope 2 location-based emissions per geographical area was as follows: Asia-Pacific (63%), EMEA (15%), North America (16%) and Latin America (6%); as for Scope 2 market-based emissions, the geographical distribution was as follows: Asia-Pacific (57%), EMEA (8%), North America (25%) and Latin America (10%).

Through the above-mentioned efforts on energy and the initiatives to reduce the waste generated, increasing its valorization, EssilorLuxottica also monitors and works to lower the indirect effects of its direct operations in terms of GHG emissions.

The table below shows EssilorLuxottica's Scope 3 GHG emissions associated with the energy consumed and the waste generated in its operations, with both location-based and market-based accounting methodology. These emissions represent the categories 3.3 and 3.5 of the GHG Protocol.

	2023	2022
SCOPE 3 EMISSIONS - LOCATION-BASED *(tCO_2e)*	**289,709**	**268,586**
Scope 3 emissions associated with fuel- and energy-related activities	253,231	225,005
Scope 3 emissions associated with waste generated in operations	36,477	43,583
SCOPE 3 EMISSIONS - MARKET-BASED *(tCO_2e)*	**210,055**	**210,532**
Scope 3 emissions associated with fuel- and energy-related activities	173,578	166,951
Scope 3 emissions associated with waste generated in operations	36,477	43,581

Note: Starting from 2023 EssilorLuxottica reports the indirect emissions deriving from the Group's fuel-and-energy activities and the waste generated in its operations. The 2022 figures reported result from the Carbon Footprint Assessment completed in 2023 on 2022 data. Scope 3 emissions associated with fuel-and-energy related activities, considering a market-based approach able to reflect the Group's effort on renewable energy, resulted in line with last year. Meanwhile, Scope 3 emissions associated with waste generated in operations decreased compared to last year as a result of the Group's increasing waste valorization rate. For more information on the calculation methodology, please refer to Section 5.5.

To respond to the increasing demand for environmental transparency, EssilorLuxottica has disclosed through the Carbon Disclosure Project (CDP) Climate Change questionnaire since 2022, and in 2023 received a 'B' score, in recognition of the improved environmental disclosure and performance.

3. Supporting Carbon Reduction Projects Beyond the Value Chain

In line with its climate commitment, EssilorLuxottica recognizes the need to have a positive impact beyond its value chain.

Following the launch of a first major forest restoration project in the foothills of the Dolomites in 2020, the Group started an offset program that covers the residual Scope 1 and Scope 2 emissions for Italy and France since 2021 and for Europe in 2023.

In particular, the Company invests in natural ecosystem projects and buys carbon credits generated by nature-based projects or energy projects. EssilorLuxottica set selection criteria that consider projects located in countries where it operates and that have a positive impact on biodiversity and socio-economic development of local communities (e.g. creation of job opportunities). The Company's criteria consider only carbon credits that have a vintage within five years from the date of retirement and are verified by well-recognized international standards. Moreover, EssilorLuxottica requires evidence from its carbon-credit suppliers of their own specific due diligence for the projects selected.

In 2023, the Company selected two projects in China and India to support, respectively for afforestation and solar panel installation, in line with Group's effort on its own value chain. These projects generated carbon credits that supported, for approximately 83,000 tCO_2e, the achievement of target set in 2021 to balance Scope 1 and Scope 2 residual emissions of Europe by 2023 (carbon neutrality).

Decarbonizing the value chain

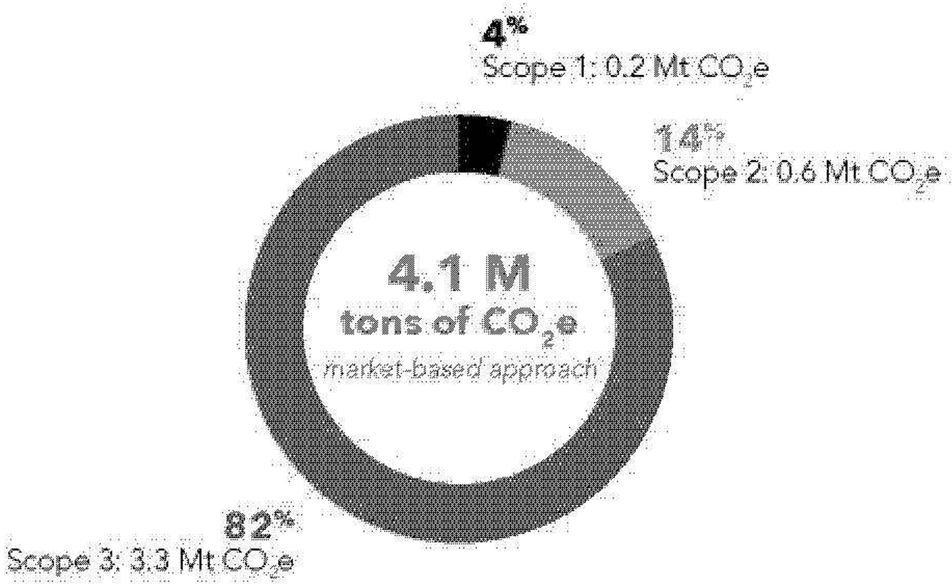
1. Assessing EssilorLuxottica's Complete Carbon Footprint

In 2023, EssilorLuxottica updated its carbon footprint assessment globally, with the involvement of different functions across the Company, including Procurement, Logistics, EHS, Product Sustainability, 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_2e impacts at each stage of the value chain, including a clear overview of all Scope 3 emissions relevant to the Group activities. See Section 5.5 for all emission categories included in the complete carbon footprint assessment.

Based on this assessment, EssilorLuxottica complete GHG emissions arrive at around 4.1 million tons CO_2e per year, based on 2022 data (including GrandVision). Scope 1 and Scope 2 emissions represent 18% of the total and Scope 3 emissions account for the remaining 82%, reflecting EssilorLuxottica's vertically integrated business model. Out of the 12 relevant Scope 3 emission categories, the top five emission categories are: 1) purchased goods and services (52% of Scope 3 emissions), 2) upstream transportation and distribution, which include transportation both managed by suppliers and by the Company (13%), 3) capital goods (13%), 4) fuel- and energy-related activities (5%) and 5) processing of sold products (5%). The rest less contributing emission categories account for a total of 12% of the Scope 3 emissions. Based on this result, the carbon intensity of EssilorLuxottica related to its revenues, for the year 2022 amounts to 0.167 $kgCO_2e$/euro.

The Company is constantly working to improve and refine the process to assess its carbon footprint. This work is instrumental in building carbon reporting capacity across different teams and will be the base to further improve carbon accounting, initiate decarbonization actions across the Group, and prepare a more comprehensive climate roadmap, with particular reference to the SBTi commitment.

Carbon Footprint Assessment results - 2022 Total GHG emissions



2. Reducing Carbon Footprint of Logistics Activities to Build a Low-Carbon Supply Chain

EssilorLuxottica has focused particularly on the transportation and distribution of products, which accounts for some of the most important indirect carbon emissions sources. The Company has a team dedicated to low-carbon supply chain initiatives, including carbon reporting guidelines, engagement with suppliers and action plans to reduce GHG emissions.

In recent years, sustainability has become part of the selection criteria for carriers with the inclusion of a specific chapter for requests for quotations and contracts with the Company's global forwarders and carriers. This chapter includes a questionnaire and a scorecard dedicated to the carrier's low-carbon supply chain strategy, program and KPIs enabling measurement of different actions to decrease carbon footprint, such as increasing carbon-free solutions for last-mile and inner-city transportation and introducing carbon-neutral services.

EssilorLuxottica's low-carbon logistics projects fall under the following areas:

- Modal Shift: This project aims to reduce logistics emissions through shifts in transportation mode, notably from air freight which is the Group's main source of logistics carbon emissions and especially concerning the replenishment flows from the mass production plants to the main region/country destination. In 2023, the alternative-to-air performances measurements (switch from air to alternative mode of transportation) has been improved with weekly monitoring enabling agreed targets to be reached. Thanks to all modal shift efforts done by all regional Supply Chain & Logistics teams, the KPI representing the alternative-to-air ratio has increased globally by +13% compared to 2022 for international lens flows (in volume), mainly from APAC mass production plants to EMEA/North American entities. The same initiative has also been deployed for finished frames product category enabling the switch from air to ocean/rail transportation mode for 2% of the total replenishment volume (two containers per week on two lanes, China-US and China-Italy).
- Nearshoring/Reshoring: The redesign of the Group supply chain and certain transportation flows not only reduces transportation distances but also allows switching from air to ground transportation when possible. For example, in the US market, lens production originally managed by manufacturing sites in Ireland and Thailand has been transferred to Mexico to reduce the logistics carbon impact. For European and Asian markets, part of lens production between manufacturing sites in Thailand, the Philippines, France, and Ireland has been relocated to reduce the logistics climate impact.
- Alternative Fuel Projects: The Company is continuing the partnerships with local providers for alternative fuel solutions and green vehicles where available, including using LNG (Liquefied Natural Gas) trucks for middle mile (from distribution center to carrier warehouse or to airport) and electric vehicles for last mile deliveries in city centers.
- Carbon Neutral Shipment: In 2021, EssilorLuxottica has joined its top logistic providers' carbon-neutral shipment programs in North America and Europe for certain activities, including its e-commerce platforms. These services tend to maximize ground transportation to reduce environmental impact, and moreover the domestic residual emissions are compensated with select carbon reduction projects.

Meanwhile, the Group implemented an internal tool for active monitoring and follow-up of main projects to reduce carbon emissions. The supply chain team has continued to improve the mapping of all logistics flows, and further aligned its GHG reporting methodology for transportation, especially to include GrandVision and contact lenses flows in 2023. The Group is also closely surveying the SAF (Sustainable Aviation Fuel) deployment of airlines companies and global forwarders to assess the consistency of this strategy in the airlines industry.

The table below shows EssilorLuxottica's Scope 3 GHG emissions associated with the transportation of products and materials managed by the Company. These emissions are the Group's main contributor for the GHG Protocol category 3.4 Upstream transportation and distribution. To better reflect internal actions, GHG emissions associated with transportation are disclosed under three product categories: 1) Eyewear, 2) Lenses and 3) Other products/materials (*e.g.* spare parts, components, instruments, *etc.*). Meanwhile, to reflect Company's effort on reducing GHG emission associated with transportation, the breakdown between air shipping and other shipping modals (road, ocean and rail) is reported below.

	2023	2022 (restated)	2022 (disclosed)
SCOPE 3 EMISSIONS ASSOCIATED WITH TRANSPORTATION *(tCO_2e)*	**317,384**	**302,789**	**299,478**
Eyewear	**157,149**	**135,995**	**135,995**
Air shipping	151,716	131,196	131,196
Other shipping modes *(ocean, road, rail)*	5,433	4,799	4,799
Lenses	**90,899**	**105,962**	**105,962**
Air shipping	82,595	97,828	97,828
Other shipping modes *(ocean, road, rail)*	8,304	8,134	8,134
Other products	**69,366**	**60,832**	**57,521**
Air shipping	51,306	48,001	45,488
Other shipping modes *(ocean, road, rail)*	18,030	12,831	12,033

Note: With respect to 2022 data, 2023 figures also included the emissions of the full perimeter of the Contact lenses (included into 'Others' category), counting for 9.4 tons of CO_2e. 2023 emissions globally increased by 4.8% due to increase of the business volumes. Meanwhile EssilorLuxottica keeps all efforts towards lower carbon emission solutions for all product categories.
The most significant results has been achieved for the transportation of lenses, whose emissions decreased for the second year in a row by 14.2% thanks to initiatives such as reshoring and modal shift led by all regions mainly from APAC mass production plants to EMEA and North America entities and within APAC entities. Emissions from eyewear and other products/materials have increased mainly due to increase of volumes, the change of origin/destination mix and the perimeter extension. However, the increase has been partially balanced by the introduction of modal shift from air to ocean/rail. In particular, for finished frames product category 2% of the total volume has been switched from air to ocean/rail (China-US and China-Italy).
As a consequence of all the above actions, from a global point of view, the Emission Intensity ($KgCO_2e/Kg$ shipped) has decreased by 3.6% in 2023 vs 2022. The emission factors for transportation are based on the GLEC database. For more information on reporting scope and reporting methodology please refer to Section 5.5.

Beyond actions to reduce logistics emissions, the Group continuously conducts a comprehensive mapping of logistics packaging, with the main goal to eliminate plastics from shipping packaging worldwide. To advance on this front, the Company keeps investing in machines and technologies that help to eliminate plastic tape and void fill, and switch to paper solutions. The Company also works on eliminating plastic from other packaging parts.

3. Engaging All Stakeholders on the Climate Journey

The compliance with environmental laws and goals towards carbon neutrality, circularity and environment reaffirms how the Mission, sustainability and business strategy are strongly intertwined within the Group. All EssilorLuxottica's businesses and functions contribute to the Group's sustainability journey, whether in R&D, Operations, offices, subsidiaries, or in the retail network. Examples include the design of new lens technologies or frames (e.g., use of bio-based materials), water and waste reduction and recycling initiatives in its factories, distribution centers, offices, and stores. In addition, employees are encouraged to take part in sustainability training and awareness initiatives available via a comprehensive online learning path on Leonardo.

Specifically, the first module of the Eyes on Carbon training path has been available on Leonardo since 2022. During the year, the Eyes on The Planet Newsletter was released twice, reaching 58,000 employees in June and approximately 98,000 employees in December via mail and showcasing capabilities through articles on climate actions and key projects within the Group.

All issues of the newsletter are also available on the EssilorLuxottica intranet. A specific dashboard with key environmental performance information for the Group's main Operation sites is also regularly updated in production sites to raise awareness on environmental topics.

In addition, climate change awareness workshops, designed to increase awareness on climate change consequences and engage employee action, reached more than 4,000 employees across 50 countries during the year, counting a total of 900 workshops delivered since their initiation in 2020. Virtual classrooms on climate change are also regularly hosted on the Leonardo learning platform.

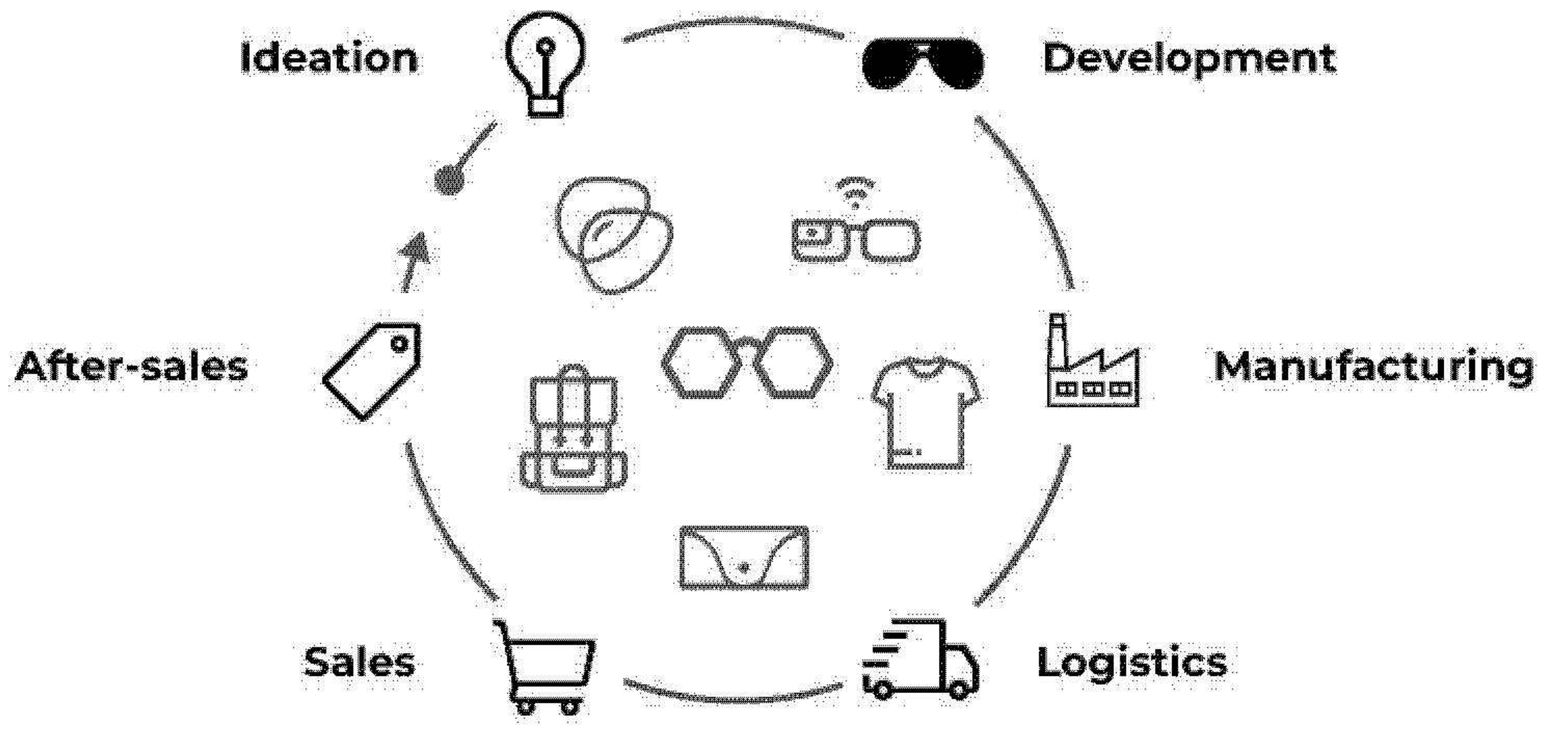
EssilorLuxottica works to engage customers and consumers on its climate and sustainability journey. In 2023, the second edition of its 'Sustainability Week' took place on Earth Day to support the official Earth Day 2023 theme – 'Invest in Our Planet' – and raise awareness on sustainable practices. Throughout the week, live virtual classrooms were hosted on EssilorLuxottica's Leonardo learning platform to present 'Eyes on the Planet: 2022 Highlights' plus a deep dive into the program's five key pillars and how sustainability is connected to the Group's Mission. A second livestream virtual class on 'How We Are Progressing Toward a Sustainable Future' featured guest host Matteo Ward, with examples of how the Group is bringing sustainable innovation and environmental awareness to the market.

5.2.2 Eyes on Circularity

From product and design innovation to reimagining the consumer experience and establishing new business models, EssilorLuxottica teams constantly push the boundaries of what is possible and question how the Company can better serve both its customers and consumers. One of the most important drivers of EssilorLuxottica's sustainability efforts is the idea that sustainability, products and services goes hand-in-hand, right from the development phase. To this regard, the Company embarked 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. By so doing, its sustainable innovation expertise embraces the Group's products and services to meet the Company's environmental commitments without compromising excellence or quality, and always guaranteeing the best vision experience.

These principles inspire the Group's circular approach which encompasses the entire product life cycle. The activities span from sourcing and researching new innovative materials, developing internal recycling processes, reducing input materials, to favoring eco-conscious designs and investing in new technologies. This is also to satisfy customer preferences and demand for more sustainable products and packaging. The Group is also implementing circular services to extend product life or give products a second life.

The circular approach of the Group will be further expanded and aligned with its SBTi commitment as circularity actions are key levers in EssilorLuxottica's climate change mitigation strategy (see Section 5.2.1 Eyes on Carbon).



Operationally, a cross-functional task force, including its R&D, Procurement, Risk Management, EHS, Logistics, Supply Chain and Corporate Sustainability functions was formalized to coordinate the deployment of fundamental work streams outlined below, ease collaborative projects, support key decision-making, ensure program progress and facilitate alignment between functions. The task force's work is regularly reviewed by the co-Chief Operating Officers.

As an open Company, EssilorLuxottica's internal experts also engage with an entire ecosystem (academics, start-ups, etc.) to build innovative solutions that require collaborative actions such as end-of-life management. For example, along with other multinationals, EssilorLuxottica jointly launched the first international research chair devoted to circular economy at ESSEC Business School, called the 'Global Circular Economy Chair'.

Circular Sources

As part of its transition to a more circular business model, EssilorLuxottica wants to be resource efficient wherever possible by working with suppliers to scout alternative materials with renewable and/or recycled content. Moreover the Group is willing to increase the use of renewable energy in its plants (see Section 5.2.1 Eyes on Carbon) and strengthen programs when it comes to water, chemicals (see Section 5.2.4 on Health and Safety) and waste management while developing internal opportunities to recycle scraps and investing in new technologies.

Increasing Renewable and Recycled Content

EssilorLuxottica is committed to produce the best products in the market, always raising the bar to face the challenge of shifting from fossil to bio-based materials. As this paradigm shift entails time and investment, the R&D teams have partnered with different players of the industry to find a proper sustainable alternative while maintaining the exact same performance of traditional materials. Over the last few years, 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 eyewear collections. In 2023, the Group further increased permeation of alternative materials compared to traditional ones, especially in the plastics family with bio-acetate and bio-nylon and introduced bio-circular polycarbonate.

Bio-acetate, introduced extensively in 2018, is now becoming the baseline for acetate technology. Bio-acetate is obtained from the mix of cellulose acetate, a synthetic fiber from cotton or wood pulp, and a bio-based plasticizer from renewable sources (cereals, beets or sugar cane). Bio-plasticizer is used in substitution to the traditional fossil-based version. The final material, for example the M49 produced by Mazzucchelli, has a bio-based carbon content of around 67%, calculated using the ASTM D6866 international standard.

The Company also expanded the use of bio-based nylon, firstly introduced in 2022, for Plano lenses and frames applications, with the bio-based content coming from castor oil in both cases. Frames bio-based nylon applications reach a bio-based content of a minimum 45%, and bio-based nylon used for lenses has around 40% of bio-content, both guaranteeing the same product performances as fossil-based nylon.

In 2023, EssilorLuxottica enlarged the sourced quantity of bio-based nylon up to around 31% of sourced nylon (for frames and Plano lenses), with a growth of more than 90% compared to the previous year.

R&D and Engineering teams are always looking to extend their supply sources of secondary or innovative raw materials by working with multiple industries, thus reducing the use of virgin or fossil-based materials. Multiple projects are currently developed with suppliers. For example, EssilorLuxottica also in 2023 partnered with Bureo to develop the Costa Del Mar Untangled collection 2.0 with sustainable frames made of 97% to 100% recycled fishing nets. Discarded fishing nets are collected from commercial fishing ports in South America and Bureo recycles the nets into raw material pellet form. The recycled raw material is then used to produce recycled frames by EssilorLuxottica, combining them with mineral glass lenses, avoiding the use of new plastic materials and providing superior lens clarity and durability.

In 2023, EssilorLuxottica introduced the bio-circular polycarbonate for Plano lenses. Polycarbonate, with its unique characteristics of resilience and performance, was not always easily replaceable with existing sustainable materials (e.g. bio-based content nylon). This material leverages the replacement of some fossil feedstock with renewable and circular feedstock (recovered waste or residues like cooking oil, tall oil...). The renewable and circular content is tracked throughout the process by means of mass balance accounting principles and is certified by International Sustainability and Carbon Certification PLUS (ISCC+)[1].

Additional alternative materials are being studied and/or applied to specific categories such as recycled Polymethylmethacrylate (PMMA) and chemically recycled polyester for readers category along with packaging alternative solutions.

To know more on the application of sustainable materials in eyewear collections and quality tests, see the Circular Products paragraph.

Increasing Recycling Opportunities

EssilorLuxottica's circularity goal is to create a circular process that makes it possible to reintroduce waste materials in the production cycle, thereby limiting disposal and reducing plastic waste. The Company is developing projects to initiate new recycling loops for its material waste, such as from frame/lens to frame/lens or packaging. For example, in 2023 the Company expanded to its Tristar plant in China an in-house process already launched in the Agordo plant in Italy to recycle and compound nylon plastic scraps derived from the injection manufacturing of frames into black raw nylon. Both plants, where the internal recycling process takes place, received the International Sustainability & Carbon Certification (ISCC) Plus for the Circular Economy covering 2022-2023. At the same time, the Campinas plant in Brazil, through an external partner, is able to continue recycling nylon, and both sites are ISSC Plus certified. The third-party certification ensures, through the mass balance approach, the traceability of the material throughout all production phases: from waste collection to injection molding. The recycled granule maintains the high standards of quality and performance of the original. The plants together have recycled more than 90 tons of nylon this year.

The Company is also investing in new R&D activities to identify additional recycling opportunities and initiatives to lower input materials. In 2023, EssilorLuxottica was able to reduce waste generated in its Barberini glass production plant, recycling approximately 15 tons of precious glass containing rare-earth elements, thanks to a dedicated line to collect and sort specific waste containing those elements.

EssilorLuxottica shares its circular economy journey with ecosystem actors to join forces in limiting plastic waste. The Group signed a partnership agreement with Mazzucchelli to increase process efficiency and limit environmental footprint. The partnership focuses on opportunities to limit plastic waste, and Mazzucchelli started providing EssilorLuxottica with low-impact recycled acetate resulting from a recycling technology known as Carbon Renewal Technology (CRT).

(1) The ISCC Plus is a sustainability certification program for bio-based and circular (recycled) raw materials.

Recycled content is not the only sustainable feature that acetate can offer as the Group worked with its supply chain to combine recycled content and renewable sources, obtaining bio and recycled acetate. EssilorLuxottica and Mazzucchelli have confirmed ISCC Plus certification for sustainable acetate. The certification was awarded thanks to the development of specific internal processes to track recycled materials with end-to-end production processes. The Company is working to extend certification to other Italian plants and other regions. The end goal is to scale up opportunities to recover generated waste, creating a closed loop toward a circular economy.

Many other projects are under development to find new possibilities to recover and regenerate obsolete polymeric materials, derived of scraps from manufacturing processes and warehouse stocks.

Improving Process Efficiencies to Reduce Waste Generation

Waste management is a crucial pillar of EssilorLuxottica's commitment to reducing its environmental footprint. It encompasses several initiatives to effectively reduce waste generation from industrial operations and contribute to a more circular economy. These include: the reduction of raw material loss; policies to recover residual parts and scraps during production activities and processes; discarded consumables; and wasted chemicals throughout production processes and packaging. Moreover, the Company completed a waste generation analysis of its main manufacturing plants, distribution centers, and laboratories to determine the type and weight of waste generated and improve the identification of waste management solutions with a focus on the potential for material recycling and energy recovery. It was extended to new plants in 2023, and now represents 40 sites covering almost one third of Rx lenses and more than half of mass production lens volumes.

The table below shows the Company's waste generation in 2023 and the evolution compared with 2022:

	2023	2022 (restated)	2022 (disclosed)
TOTAL WASTE GENERATION *(Tons)*	**139,121**	**135,049**	**116,071**
Total non-hazardous waste	**85,509**	**85,844**	**73,459**
Sent to material recycling	43,805	39,857	34,844
Sent to incineration with energy recovery	22,499	22,799	18,501
Sent to incineration without energy recovery	3,592	4,349	3,641
Sent to landfill	15,613	18,839	16,473
Total hazardous waste	**53,612**	**49,205**	**42,612**
Sent to material recycling	15,003	10,172	8,893
Sent to incineration with energy recovery	7,014	4,938	4,007
Sent to incineration without energy recovery	3,020	2,720	2,277
Sent to landfill	28,574	31,375	27,435
WASTE VALORIZATION RATE	**63%**	**58%**	**57%**

Note: The comparisons are performed referring to the 2022 'restated' column, which reports the figures resulting from the Carbon Footprint Assessment completed in 2023 on 2022 data.
2023 reported waste generation increased by 3%, mainly due to the higher production volumes compared to 2022. In 2023, 63% of the Company's total waste has been recycled or recovered, in line with initiatives to continuously increase waste valorization. The waste valorization rate is calculated as the ratio between the amount of non-hazardous and hazardous waste sent to recycling and sent to incineration with energy recovery, on the total amount of non-hazardous and hazardous waste generated.
2023 Waste actual data consolidated cover 83% of the Company's headcount excluding the retail network. These actual data have been used to extrapolate the waste generation of the remaining Company's headcount for Operations (retail excluded). For more information on the reporting rules and on the estimation methodology, please refer to Section 5.5.

EssilorLuxottica focuses on new industrial solutions to reduce in-house scraps to limit waste and the use of plastic as much as possible. Waste reduction is mainly achieved through the improvement of manufacturing yields (quality management, continuous improvement, eco-design, production processes optimization and reusing opportunities). Examples are listed below:

- The Slim Fit project for lenses production aims to decrease input material that, consequently, reduces waste generation during the lens production process. To achieve this goal, the design for standard raw blank lenses has been optimized to obtain the same final high-quality lens. The roll out of the Slim Fit project in the Group's biggest Rx labs around the world has accelerated in 2023, allowing to avoid more than 1,250 tons of waste in 2023.
- Continuous process optimization has led the Company to scale compacting for surfacing residues of all substrates. This reduces the weight and volume of waste (less picking rotation, with an impact on CO_2e), and recycles water. Water is then filtered and reinjected into the prescription laboratory's in-house system, following a circular approach. Five new equipment pieces were added in 2023.

- Additional waste management initiatives are also ongoing with partners like Mazzucchelli and several recycling initiatives are taking place locally, including one in Mexico, contributing to help local communities. In 2023, SOFI plant sent 60 tons of waste, mostly made of plastics (production consumables) to a small recycling company, employing local communities. They turn those waste into ready to use raw materials, sold to other companies in the country, producing final objects like sandals, crates or insulating materials. Part of the revenues supports the activity of the Index association, which helps local workers and their families, in educational and health programs (access to medicine, kindergarten, dental care, etc..)
- In 2022, EssilorLuxottica launched its first waste expertise training session, for employees who contribute to reducing the Group's waste footprint. Following this successful pilot, waste training was deployed in 2023 in North America for all relevant activities, and included a 2-day workshop held in Dudley, bringing together Mass Production & Rx lenses and Frames & Retail teams in North America.

EssilorLuxottica's manufacturing flexibility and improved demand forecasting capabilities are also key to the reduction of waste in its plants. Over the years, it introduced a retro-planning approach for the creation and launch of each eyewear collection, allowing it to better plan production volumes and avoid manufacturing more units than needed. In more recent years, the Company has also invested in the continuous improvement of manufacturing processes to further reduce its environmental impact, such as the installation of evaporator systems and wastewater treatment systems.

Reduction of Water Use

Water is a key natural resource for the Company's activities, and it is a primary element for lens and frame manufacturing processes. Robust water management is not only important to ensure the quality, continuity and efficiency of production operations, but it is also essential for the well-being of the Company's employees and local communities where it is present.

Water risks are periodically assessed in key areas where EssilorLuxottica sites are located. By doing so, the Company is able to identify water risks, seize potential impact, and monitor the implementation of water stewardship projects. In 2023, based on a renewed assessment for an expanded scope of assets and performed through the WWF Water Risk Filter, around 5% of the analyzed assets accounting for less than 1% of Company's current total water use, were exposed to very high or extreme water scarcity risks.

EssilorLuxottica mitigates related water risks by defining a more stringent water roadmap for these 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 with different levels of granularity, which help structural improvements of traditional resource-heavy processes, such as galvanization;
- comparison of site water performance with the benchmark process or 'water model';
- closed-circuit water systems in galvanizing plants, and in painting and hard-coating processes;
- defining a medium-term plan to reduce water use at site level.

The table below shows the Group's water footprint in 2023 and the evolution compared with 2022:

	2023	2022 (restated)	2022 (disclosed)
TOTAL WATER USE *(M³)*	**10,780,279**	**11,523,190**	**8,344,903**
Third-party water	9,542,984	10,329,982	7,192,018
Natural water	1,237,295	1,193,208	1,152,885
Surface water	3,248	53,157	13,644
Ground water	1,234,047	1,140,050	1,139,241

Note: The comparisons are performed referring to the 2022 'restated' column, which reports the figures resulting from the Carbon Footprint Assessment completed in 2023 on 2022 data. As explained in the methodology note (Section 5.5), 2023 and 2022 restated data cover 100% of the Group headcount. Starting from 2023, the Retail water consumption is included in the reporting scope. The methodology applied for the 2023 Retail water consumption estimates has been refined compared to the one applied for the 2022 'restated', resulting in lower third-party water use. Excluding the Retail impact, the comparison versus last year would show a slight increase due to production volumes trend. Surface water decreased significantly during 2023 due to the closing of a site that used largely surface water.
2023 Water use actual data consolidated cover 85% of the Company's headcount excluding the retail network. These actual data have been used to extrapolate the usage of the remaining Company's headcount for operations (excluding the retail network). Water consumption for retail has been fully estimated leading to a coverage of the entire Group. For more information on the reporting rules and on the estimation methodology, please refer to Section 5.5.

Wastewater Management

Quantity and quality of water discharge are monitored and managed, whenever relevant. EssilorLuxottica has invested in onsite wastewater treatment systems at its facilities that integrate treatment and recycling of wastewater into a single flow or complete process.

For frames production in Italy, many initiatives have been implemented over the last three years such as a wastewater treatment system in its Rovereto plant, which has reduced liquid waste generated by barreling and galvanic processes of an estimated 2,700 m^3 of waste per year. Other important initiatives have been implemented in its Agordo plant, including: the installation of an evaporator system with an estimated yearly reduction of 80 tons of waste; a metal tank regeneration project that decreased waste of around 1,000 tanks per year; optimization of the wastewater treatment system adding an intermediate tank to improve the saturation of the treatment and consequently decreased the final waste produced.

In addition, suspended material parameters are monitored within the 'Wastewater Model' program, which helps to identify required actions to prevent water discharge incidents outside permitted limits, especially due to the reduction of water withdrawal that will consequently increase the concentration of pollutants. It also helps create opportunities for water close-loop solutions.

To reduce water, use and recover wastewater, onsite closed-circuit water recycling systems have been installed for prescription lenses generation processes. In addition, a project for cascading water in the hard-coat process has been completed in European Rx labs. In the last lab deployed, this project helped to save up to 0.5 liter per lens (representing around a 15% decrease in total water consumption).

Circular Products

EssilorLuxottica defines its innovation priorities by listening to customers and consumers and anticipating their needs and lifestyle choices. At the same time, innovation is also enabled by the progressive scouting and introduction of alternative materials, as explained above in Circular Sources. Thanks to its comprehensive multi-channel go-to-market strategy, including Professional Solutions, physical Direct to Consumer network and e-commerce platforms as well as inclusive last-mile models, the Company is able to identify market signals and trends, and anticipate consumer demands, including product sustainability. In addition, following the acquisition of GrandVision, EssilorLuxottica expanded its Direct to Consumer footprint in Europe and consolidated its presence in Direct to Consumer eyecare and eyewear on a global scale, presenting an opportunity for the Group to engage more effectively with consumers, and thus raising the visibility and quality of the entire eyecare and eyewear industry for the benefit of all its stakeholders. The recent acquisition of Fedon builds on the Group's sustainability strategy, adding a fundamental lever to the overall sustainability journey that accompanies core eyewear products throughout their life cycle. The Company's sustainability commitments to environmental and social dimensions have been inspiring strong innovation, as shown by the fundamental work streams outlined below.

Adopting an Eco-Socio Design Approach

EssilorLuxottica aims to create circular products from the very start of the innovation process using eco-design principles. This approach and Life Cycle Assessments (LCAs) are part of the Company's wider vision of how to integrate sustainability into business and operational practices. The Group has developed a proprietary eco-design tool, Sustainability Assessment Methodology (SAM), for its lens division, whose main pillars are circularity capability, resources, and process efficiency along with low-impact raw materials and societal benefits. In 2023, within the SAM scope, 100% of researchers were trained, and 60% of lens research and development programs were assessed. Thanks to the SAM, the new Varilux XR series lens has reduced plastic consumption by 19% compared to previous Varilux X series lens, leading to an estimated decrease of 6% in CO_2e emissions.

With the ambition of continuously learning and improving, EssilorLuxottica is evolving SAM developing the eco-design tool to strengthen the R&D measuring of environmental and social impact as well as expanding the perimeter of analysis to frames with the aim to develop products with an ever-lower environmental impact according to the Product Environmental Footprint (PEF) methodology.

To strengthen sustainability and eco-design assessment of new products and R&D activities, EssilorLuxottica is also focusing on bringing transparency and clarity across its entire supply chain. Quantitative impact assessment is the backbone of Group sustainability and eco-design assessment, and for this reason, the Company invested in LCAs with its partners, pursuant to ISO 14040 and ISO 14044 international standards, to quantify environmental impact of the most used upstream materials for both frames and lenses:

- The Company has supported suppliers to perform some cradle-to-gate LCA analysis for different grades of bio-nylon, both for frames and lenses application. These studies aim to collect specific data along the supply chain to gain more transparency on the environmental impact of raw materials sourcing and production. Considering the whole life cycle of raw materials is an important evaluation driver, especially when it comes to bio-based materials, this is why EssilorLuxottica is increasingly asking its suppliers for access to specific data.

- For lens production, the Company expanded LCA analysis to assess its most important materials (including ultra-high indexes in addition to low index), such as polycarbonate, ORMA, MR7 and MR8 lenses, and included calculation modules to assess key production processes, packaging and distribution modes.

The Company is working to integrate LCA analysis to merge frames and lenses components, starting with already available results, as well as packaging solutions, to reach the final goal of a comprehensive LCA for the complete pair.

Guaranteeing Product Safety & Quality

For EssilorLuxottica, product safety is an absolute priority and the foundation of any sustainable offering. Its products are the result of continuous investment in research, design, and innovation, and are developed according to high-quality standards with stringent controls on mechanical, chemical and optical characteristics that are equal or superior to industry standards and regulatory requirements in terms of safety, performance and durability. Indeed, the Group sustainable innovation expertise embraces products and services without compromising excellence or quality, and always guarantees the best vision experience. New control plans and test protocols have been developed to guarantee increasingly greater product safety (i.e., optical powers, lens transmittance and filter category, the correct fixing of ophthalmic lenses even on frames received by the customer, new sustainable collection). To reduce the waste of materials, samples of products that would have otherwise been destined for destruction are used for testing New Products Introductions.

To guarantee its customers, patients, and consumers maximum product safety and efficiency, EssilorLuxottica performs, with ever-increasing effort, all tests required to ensure compliance with international regulations concerning chemical substances, and medical and consumer products, using both in-house laboratories and third-party certified facilities. Particular attention is given to compliance with restrictions for PFAS products and possible developments of related regulations at international level in the coming years.

Considering general growing sensibility around animal welfare practices, expressed also in the EssilorLuxottica Company Policy, and, at the same time, the need to test products to ensure skin biocompatibility as required by international medical device regulations, a roadmap has been traced to merge these two needs. While waiting for a completely in vitro test protocol to be included in the ISO regulations to evaluate skin biocompatibility of materials, it was decided at Group quality level to always use in vitro tests only for these purposes and the complete elimination of animal testing. In 2023, no tests to evaluate skin biocompatibility were carried out on animals.

In 2023, the central laboratory in Dallas was certified ISO/IEC 17025. The Company's certified central laboratories have confirmed accreditation according to the ISO/IEC 17025 standard for the competence of testing laboratories.

The Agordo Central Quality laboratory has been completely rebuilt to increase testing capabilities and capacities: a part of the lab is dedicated to mass production monitoring in terms of REACH regulation compliance testing on finished products, while new sections host new parts of the business. Among these, new products from Essilor Instruments are now presented in an Ophthalmic laboratory where Telemedicine certification is also in scope. The laboratory has been upgraded to perform Rx lens testing and new wearable products can now be tested in terms of water resistance thanks to IPX custom equipment. The Oakley AFA division has new equipment that measures trekking shoes, zipper, bike clothing and snow jacket performances to help determine improvements for this business. Regarding the eyewear industry, a new automatic environment simulation was developed to accelerate high humidity, and temperature conditions usually found in APAC regions, in order to test sun lenses coatings.

During the year, EssilorLuxottica developed and reinforced its internal competence for smart eyewear regulatory framework and compliance aspects, applying shared and common guidelines for the qualification of new products in every region. Given the riskier nature of this new type of eyewear which integrates frame batteries and electronic components, EssilorLuxottica is enforcing mandatory control plans with more restrictive policies to control product safety, sampling in mass production units for testing, even if already certified. In the context of a constantly evolving regulatory world, EssilorLuxottica continues to develop a proactive and synchronized organization that helps anticipate requirements linked to International and European Regulation evolution. EssilorLuxottica is anticipating worldwide needs in terms of sustainability for smart eyewear, considering strategies for future product development focused on battery replacement and waste management. The same direction was taken by the European Union, which developed a new Battery Regulation this year focused on sustainability and safety. As part of the ever-increasing importance of environmental responsibility and sustainability of waste recycling issues, new European and international guidelines for marking and identifying materials used for packaging are continuously monitored and implemented to inform consumers how to correctly dispose of packaging waste. Quality systems are in place to meet regulations across the product life cycle and create ever-greater standardization at group level.

In the medical environment for prescription lenses, the Company is moving toward an adapted quality system. In 2023, EssilorLuxottica extended ISO 13485 certifications to most lens factories and its most important prescription laboratories as well as renewed accreditation of Luxottica as a legal manufacturer of prescription lenses. It is also developing programs to receive structured feedback from customers and end-consumers to continuously improve satisfaction.

With 22,816 trademarks and, approximately 13,000 patents and designs owned, intellectual property is one of EssilorLuxottica's most important assets, and ensures the excellence, uniqueness and superiority of its products. It is based on the registration and maintenance of the Company's trademarks and patents across the world. As described in Chapter 1, the protection of intellectual property rights also involves combating counterfeiting. The worldwide proliferation of counterfeiting not only threatens official sales channels and company reputation, but it also poses risks to the health and safety of consumers. Counterfeit products do not ensure the same elevated quality standards as the originals, which are certified for excellence by the most stringent quality tests and use of highly innovative materials. The Company's authentic products are impossible to process or replicate without the necessary know-how as well as the ongoing innovation used in the production processes. To ensure consumers are not exposed to counterfeit products, the Company collaborates with local institutions and authorities around the world to intercept counterfeit products and combat the entire illegal production chain as best permitted by law. For greater effectiveness in the battle against counterfeiting and the expansion of parallel markets that divert goods into unauthorized sales channels, EssilorLuxottica has developed GLOW (Guaranteed Luxottica Origin Worldwide). GLOW is a traceability system based on RFID technology that can verify the authenticity of products as well as the suitability of resellers. It is passive and emits no radio waves, making it safe health-wise. It also does not record personal data and only delivers product information.

Investing in Breakthrough Technologies

EssilorLuxottica is investing in new technologies and materials to drastically reduce its impact while responding to new business opportunities. The Company has structured a distinct strategic initiative called the 'Lab of the Future' to imagine what future product performances, technology platforms and material production systems will look like for prescription lenses. This initiative has already stirred up important new technology research programs in R&D. For example, it helped in moving from current subtractive and batch technologies to additive manufacturing and one-piece flow technologies for its lenses (like Inkjetting, films transfer). Furthermore, the R&D team has been expanding its skills with the integration of experts in digital technologies to reinvent the vision care chain through digitalization.

EssilorLuxottica is also researching and investing in breakthrough technologies at each step of its industrial processes. For example, the Company developed and launched an innovative Rx process for lens blocking called ART (Alloy Replacement Technology), completely eliminating the use of alloy in its lens manufacturing and replacing it with a UV curable adhesive, an alternative to traditional alloy blocking. There are close to 200 ART lines worldwide, and this new technology has been set as the new standard for all new Rx Labs.

Rethinking Packaging

EssilorLuxottica extends its circularity approach to packaging at every stage of the product life cycle to avoid the use of single-use plastics wherever possible.

The acquisition of Fedon in 2022, a leading company in the production and distribution of eyeglass cases and accessories for eyewear, represented 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. Fedon represents the Company's excellence center for packaging solutions and development, driven by innovation and sustainability together. Furthermore, Fedon acquisition also led to the creation of a task force on sustainability certifications to strengthen transparency on sustainable materials adoption.

Priority collaborative workstreams include:

- Design for sustainability: it mainly consists in the elimination of unnecessary layers and creation of new concepts, such as 'easy to disassemble' and 'foldable design' to optimize space needed for shipments, for packaging solutions to create less impactful production and distribution, and end-of-life management for packaging components. In 2023, the Group worked on the first version of sustainable packaging guidelines to help relevant teams assess new developments.
- Primary packaging: the Company removed or reduced some packaging components, for example replacing the case with a pouch and the marketing leaflet with a QR code, or reducing the types of labels on boxes. For alternative materials, huge focus is placed on alternative recycled and bio-based materials to substitute traditional ones, and on identifying opportunities to avoid or substitute single-use plastics. As an example, the plastic sleeve that protects temples and the plastic bags containing cases or pouches are gradually being replaced by paper solutions.
- Contact lenses: a key pillar for the contact lenses category in terms of improving carbon footprint is to reduce packaging material by optimizing box sizes in collaboration with contact lenses suppliers. This goes hand-in-hand with initiatives that aim to reduce the weight of the products the Group sells under its private-label brands.
- Logistic packaging: many initiatives, mainly targeting plastic avoidance are currently being implemented. For example, plastic pluriball and plastic tape have been substituted with a paper alternative. For e-commerce, new recyclable and certified paper packaging has been introduced. An example in its Germany retail chain (Apollo), traditional cardboard boxes used for transporting products from logistic centers to stores have been replaced by innovative reusable shipping containers for daily dispatching to over 900 locations.

Permeating Sustainability Into the Brands

Every new collection is the result of an ongoing R&D process that anticipates and interprets needs, including the increasing demand for responsible eyewear. Enabled by the availability of alternative materials, in 2023, the Group strengthened its permeation of responsible materials in its eyewear collections, both for house brands as well as licensed ones. The switch toward bio-based and recycled materials is thus becoming the new standard and new brands joining the EssilorLuxottica portfolio adopt them by default in their collections.

For example, Ray-Ban extended its offering with bio-acetate for frames and bio-nylon for lenses. Also, with the new Ray-Ban | Meta packaging the external box containing the case is made with certified paper and the case uses a minimal amount of plastic. The charging cable is not included with the glasses, reducing input materials and waste disposal.

Similarly, Burberry, Giorgio Armani, Emporio Armani and Tory Burch introduced new models with the same material combinations. Prada and Versace first introduced recycled acetate in their 2023 collections while Chanel continued to extend its product offering with bio and recycled acetate.

Arnette instead leveraged internal recycling processes for waste from the production of injected nylon to create frames featuring 95% recycled plastic. This circular process can be carried out several times without affecting the quality and performance of the material and the recycled content has been certified under the ISCC Plus scheme. Standard internally recycled nylon, with 50% recycled content, has been progressively introduced in many carry over models.

For kids collections, in 2023 Emporio Armani used bio-nylon in combination with bio-based rubber.

Circular Services

EssilorLuxottica feels the responsibility to set the new standard and apply a sustainable development model that involves the entire value chain. Circular services are increasingly taking on a leading role in this holistic vision in order to enable the consumer to use the product more, to use it for longer, to reuse it and to recycle it. These projects aim to strengthen consumers awareness on sustainability issues and increasingly involve them in these initiatives, as they are the driving force for change. Communication about sustainability also plays an important role in its relationship with customers and the Company puts increasing efforts into this matter.

In this context, stores become enablers of circularity and this is also possible thanks to EssilorLuxottica's vertically integrated business model, from R&D to logistics to in-store sustainability. As described in the paragraphs that follow, examples include encouraging consumers to bring back used eyewear so it can start a new journey; and activating repair and maintenance services to increase the product lifetime. With reference to in-store sustainability, EssilorLuxottica has embarked on an ambitious roadmap that includes major investments in its brick-and-mortar activities related to energy efficiency, building less and better, circularity in the use of materials, waste management and the implementation of a three-year plan aimed at obtaining WELL certification for 400 Salmoiraghi & Viganò, LensCrafters and Sunglass Hut stores in Europe and the US, starting from Salmoiraghi & Viganò in Italy. The WELL certification would in fact be the natural prosecution of a broader framework of initiatives being implemented by the retail chain to achieve greater sustainability, including service circularity, responsible shipping, last-mile deliveries, use of bio-based materials and the obtainment of the LEED certification.

Applying Responsible Marketing Practices

EssilorLuxottica is committed to communicating with its customers and consumers in a clear, authentic way about the performance of its products and services in accordance with regulations. This transparency, which reinforces the trust that the Company has built over many years with its customers and consumers, is one of the its major intangible assets today.

EssilorLuxottica ensures, from manufacturing to marketing, that its product communication is accurate and complies with applicable regulations in effect, and specifically with regards to advertising. This may involve a link with local authorities and/or consumer associations that inquire about specific features and characteristics of the Company's products to confirm that the performance and benefits outlined are both genuine and proven.

To maintain the accuracy and consistency of messages, the Company offers training (face-to-face or e-learning) for its salesforce, retailers, licensees, and eyecare professionals that focus on product features, lens and frames design, quality standards, and other aspects. It should be noted that due to the diversity of regulations in effect around the world, each of the subsidiaries involved in marketing the Company's products and services may undertake their own monitoring to comply with local laws, standards and voluntary codes in force.

The Company has also implemented a validation process for product marketing statements to ensure that appropriate proof exists for each of them and performance of the products in the laboratory can be taken into account within its production environment. For example, most prescription products and services are based on wearer tests carried out with representative panels that take real-life and experimental conditions into account. In 2023, the Group reinforced its marketing claim process to encompass sustainable claims with a reviewed process and dedicated training.

A specific online training for 'Responsible Communication' was offered for the Company's Central Marketing Teams in 2022, to raise awareness of communication challenges related to sustainability, diversity and inclusion as well as provide tools to empower its marketing community to develop and implement more responsible communication campaigns.

Expanding Products Life Cycle

With increasing pressure on raw materials, tightening of industry regulations, and changing consumer behaviors, EssilorLuxottica is looking to adapt its business models radically. To make circular economy a priority in its value chain and tackle the most present stakes in the optical industry, EssilorLuxottica is always looking for new and better ways to efficiently use resources and reach its environmental goals. The Company believes collaboration with its stakeholders is key to redesigning its products and processes and develop new business models with more bio-based and recycled content, making it easier to disassemble and reuse materials.

EssilorLuxottica aims to work on circular services in partnership with its consumers through different phases: first, by offering a product of excellent quality, then ensuring proper maintenance to prolong its life, considering every possible use and, as a final option, managing its end-of-life cycle.

In 2023, all existing product care guidelines and internal quality procedures were collected and analyzed to proceed with rationalization and harmonization, adopting a unified EssilorLuxottica approach for sharing best practices on how to wear, protect and clean glasses properly, and these guidelines are available via its Salmoiraghi & Viganò and Ray-Ban brands as well as on some GrandVision brand websites. EssilorLuxottica is committed to sharing this content to educate final consumers and internal staff.

Repair to enlarge product life is one of the key focuses for the Company: wholesale, retail and final consumers can order original spare parts to replace damaged ones; toolkits are distributed and training sessions are available on Leonardo. In 2023, the Group's repair service was expanded widely to different retail brands, including Sunglass Hut and LensCrafters in the US and Ray-Ban Stores in Europe.

On top of official product care guidelines and extended repair service, Ray-Ban launched a brand specific activity, the Renewal Station. An itinerant repair corner that visited four Italian cities – Florence, Bologna, Milan, Turin – between June and October 2023. The Renewal Station offered services such as frame adjustment, thorough cleaning using ultrasonic machines or polishing wheel, and/or replacement of damaged components.

The service encourages customers to take care of their eyewear, and was supported by technicians from key EssilorLuxottica factories in Agordo, Sedico and Lauriano.

The initiative served as a model area that highlighted the project value for consumers while also providing a thorough understanding of their needs and uncovering new opportunities for improvement, in preparation for the project expansion in 2024.

A good example of a full circular approach is the Salmoiraghi & Viganò journey, which started in 2021 with the 'Salmoiraghi & Viganò for the planet' manifesto. Thanks to its subscription program final consumers can extend frame life with a complete renewal of the frames and brand-new Rx lenses.

Another example is Synoptik retail banner, which launched the 'Vision as a Service' spectacle subscription program in Denmark and Sweden. From ownership to usership, the program has attracted a high number of customers. To maximize the product lifetime, returned spectacles are sold as second-hand under the concept PreLoved with discounted pricing, donations to communities, or sent for recycling.

Product transparency throughout the entire value chain, from product creation to end-of-life management, is the current focus to offer broader reliable information to EssilorLuxottica consumers. The first step was taken with the Arnette collection, providing a QR Code on eyewear packaging that gave direct access to an official brand website page.

Managing Product end-of-life

As a leading company in the industry, EssilorLuxottica feels the responsibility to set the standard and apply a circular model that involves also product end-of-life management.

In this context, the Collect & Reuse project, started by Salmoiraghi & Viganò, focused primarily on the life cycle of eyewear, with the goal of maximizing the value of the customer's eyewear, both during and after the product life. Since April 2023, Salmoiraghi & Viganò has provided its customers with the opportunity to bring unused sunglasses and prescription glasses from any brand back to the store, free of charge. The Company takes responsibility for the revaluation of materials or donates them for educational purposes in the optometry field.

Since its launch in 2023, Salmoiraghi & Viganò has collected more than 5,000 frames/sunglasses. Revaluation involves breaking down the materials and reusing them to give them a new life. Regarding donations, the products are used by the Institute of Optics and Optometry (IRSOO) in Vinci, province of Florence, for educational purposes. This initiative will be extended to include new countries in 2024.

5.2.3 Eyes on World Sight

EssilorLuxottica's Mission is to help people around the world 'see more and be more'. The Mission drives the Group's strategy, and is at the heart of its principles and values. It inspires the Group's integrated approach to sustainable development and its ambition to eliminate poor vision in a generation.

Despite the ongoing challenges and uncertainties faced by the world, EssilorLuxottica remains resolute in its commitment to providing access to vision care in the most vulnerable communities, for the well-being of society.

The launch of the OneSight EssilorLuxottica Foundation in 2022 - the largest foundation in the world driving inclusive vision care access - marked a new chapter in EssilorLuxottica's journey to accelerate its Mission and bring vision care to those in need. The Foundation brought together all the Group's longstanding philanthropic and advocacy activities and it works with governments and non-governmental organizations, like-minded partners, and thought-leaders in the industry to establish and support strategies that ensure the provision of vision care and eyeglasses to those without access around the world.

In 2023, the OneSight EssilorLuxottica Foundation continued to spearhead the actions of the entire group around its Mission, positively impacting the lives of more than 14 million people in underserved communities by equipping them with eyeglasses. More than 4,900 rural optical points and vision centers were established, providing permanent access to vision care for 177 million rural community members globally.

This collective impact was made possible by more than 3,800 EssilorLuxottica volunteers who supported the OneSight EssilorLuxottica Foundation through legacy volunteering initiatives to deliver patient care in their region and, starting in 2023, by engaging in new skills-based projects. Skills-based projects provide opportunities for employees to support the Foundation beyond clinics, leveraging their unique skills and experience to further the actions of the Foundation.

The establishment of the OneSight EssilorLuxottica Foundation office in Latin America in 2023 marked a major milestone for the region. Headquartered in Columbia, the Foundation aims to serve the 190 million people in Latin America living with uncorrected poor vision, while also bridging research and data gaps in the region.

With this accelerated momentum, the OneSight EssilorLuxottica Foundation remains optimistic in its endeavor to eliminate poor vision in a generation. Since 2013, the Group's programs have now provided 762 million people in underserved communities with permanent access to vision care within one day's travel and more than 71.8 million individuals have been equipped with eyeglasses. 27,700 rural optical points have been created, bringing vision care to developing communities where it did not exist before.

Today:

- 2 billion people are wearing glasses, and will continue to need eyewear that suits their changing lifestyles and evolving vision needs;
- 2.7 billion people, or one-in-three globally, suffer from uncorrected poor vision due to lack of awareness and access, 90% of whom live in developing economies at the base of the pyramid[1];
- 6.2 billion people do not protect their eyes from harmful rays (sun, UV, blue light).

By 2050, over 50% of the world's population[2] is expected to suffer from myopia, a figure likely to be reinforced by multiple years of pandemic-related lifestyle changes. For some, myopia can be so progressive and severe it is considered a degenerative condition and can lead to blindness.

EssilorLuxottica's roadmap 'Eliminating Uncorrected Poor Vision in a Generation', launched at the sidelines of the United Nations General Assembly in 2019, outlines four key priority pillars for progress:

- creating permanent access;
- innovating for affordable solutions;
- funding subsidized and free services; and
- raising awareness.

Work in these areas has benefited not only the Group's efforts, but also those of its partners including like-minded governments, NGOs and other organizations.

Creating Permanent Access

Creating permanent access to vision care remains at the forefront of the OneSight EssilorLuxottica Foundation's efforts. To date, the Group has created over 27,700 rural optical points globally, which provide more than 762 million people with permanent access to vision care.

To create this permanent access, the Group expanded its network of primary vision care providers across the world to provide access where it did not previously exist, training under-and-unemployed youths to become vision care entrepreneurs in India (Eye Mitra Opticians), Bangladesh (Eye Mitro Opticians), Indonesia (Mitro Mata Opticians) and Kenya (Eye Rafiki Opticians). The creation of rural optical points is further accelerated by the training of more than 1,200 shop-owners, such as pharmacy operators and grocers, in rural Cambodia to screen for presbyopia and offer reading glasses and sunglasses for sale to their customers. Additionally, more than 6,100 informal optical shops in China have been organized and upskilled to provide enhanced screening services and products.

(1) Base of the pyramid refers to populations with annual per capita income – based on purchasing power parity in US dollars – of less than US$1,500, the minimum considered necessary to sustain a decent life. Source: Coimbatore Prahalad and Stuart Hart, 'The Fortune at the Bottom of the Pyramid', Strategy+Business 26 (2002): 54-67, http://dx.doi.org/10.19177/reen.v1e220081-23.
(2) Gretchyn Bailey, Myopia (nearsightedness): causes, treatment, AllAboutVision.com. Page updated July 2020. https://www.allaboutvision.com/conditions/myopia.htm.

In India, there are more than 9,500 Eye Mitra opticians, providing more than 240 million people with access to vision care. In partnership with the different state Governments of India and JHPIEGO, a global health non-profit funded by USAID among other donors, the OneSight EssilorLuxottica Foundation implemented a year-long vision care pilot project connecting Eye Mitras to the Government's flagship Health and Wellness Centers (HWCs) in Odisha and Madhya Pradesh. In 2023, the pilot saw 125 Eye Mitras mapped to 236 HWCs, creating more than 41,000 wearers. With the support of Eye Mitras, the OneSight EssilorLuxottica Foundation aims to screen more than 100,000 people, while replicating the program in different cities.

To further increase the uptake of Eye Mitra training in India, the OneSight EssilorLuxottica Foundation launched digital training modules to complement on-ground training. This has resulted in reduced costs while increasing registration and interest in the program. This is in line with the country's goal to drive digitization that will revolutionize the long-term delivery of healthcare services. Based on the success of the pilot in India, the Foundation will consider replicating this model globally.

In the Pacific region, in addition to continuing its programs to benefit the underserved communities across Australia and New Zealand, the OneSight EssilorLuxottica Foundation also made an impact on those living in Papua New Guinea. In collaboration with the CBMNZ Christian Blind Mission, a vision center within the Goroka Eye Unit (GEU) in Papua New Guinea's Eastern Highlands Province aims to provide affordable vision care to nearly 1 million people. The center, which is equipped with quality equipment, spectacles, and lenses, will correct refractive errors, while empowering and educating the local workforce to ensure continued permanent access to vision care in the community.

In 2023, the OneSight EssilorLuxottica Foundation successfully launched different access solutions in Africa, creating access to vision care for more than 15 million people in the continent, while simultaneously improving livelihoods for optometrists in the region. This required the partnership of government, non-government organizations, and optometrist associations, among many others, and will result in long-term positive impact, including significant improvements in the delivery of vision care services where it was not available before and economic development.

Innovating for Affordable Solutions

EssilorLuxottica's relentless commitment to providing innovation for affordable solutions benefits not only the Group's efforts, but also other public, private and NGO partner programs in their ability to serve communities most in need.

In North America, the Changing Life Through Lenses platform has been integral in providing eyecare professionals and charities with access to free prescription glasses, trial frame collection services, and resources to start and expand charitable engagement. With the support of these eye care professionals, charities, and advocates of vision care, 450,000 people in North America have been able to access the necessary vision care. Witnessing the success of the Changing Life Through Lenses platform in North America, the OneSight EssilorLuxottica Foundation is replicating this regionally in Oceania, Europe, and subsequently ASEAN.

Recognizing the potential of digital solutions such as tele-refraction in solving the issue of shortage of technical manpower in rural communities, the OneSight EssilorLuxottica Foundation launched a research study in collaboration with Dr. Shroff's Charity Eye Hospital comparing the accuracy of vision screenings conducted virtually in real-time, *versus* face-to-face examinations to diagnose and manage refractive errors. The clinical study, comprising 225 subjects aged 18 to 55 years old, showed promising results with 85% of the tele-refraction measurements conforming to the gold standard of face-to-face refraction. The study has been submitted for publication and is currently being reviewed by independent experts in the vision care industry. The Foundation will embed tele-refraction in its access creation efforts to enable faster scale-up and expand impact.

The award-winning ClickCheck™ refraction tool, launched in 2020, has continued to provide a low-cost, portable, and easy-to-use solution for determining refractive errors. An updated version, ClickCheck™ 2.0 is currently in the prototyping stage. With new Bluetooth integration, the battery-operated device will allow automatic digitization of patient results, transmitting the data to a companion mobile application.

The Group's Ready2Clip™ range, which was developed specifically for consumers at the base of the pyramid and can be customized, prepared and collected on the spot, has undergone an upgrade. The Ready2Clip™ Generation II offers the same core benefits of on-the-spot customization with improved features. These include a streamlined design and a lighter frame for greater comfort, the implementation of different sized bridges and adjustable temples to fit wearers across a variety of face shapes, and an easy click-release bridge for vision care providers to seamlessly customize and assemble.

The Ready2Clip™ was put to good use in India's National Truckers Eye Health Program. Run by Sightsavers India, a non-profit vision organization, the program faced a key challenge of truckers not returning to collect their glasses after being screened. With the Ready2Clip™ in use, the truckers were able to get their glasses on the same day as being screened, saving them a return trip. During the survey period from February to March 2022, the program reported a 55% decrease in the non-collection of glasses. Most of the truckers are satisfied with the quality, design, and comfort of the Ready2Clip™ glasses and three-quarters of those who received them use them continuously.

Leveraging the power of technology, the OneSight EssilorLuxottica Foundation is also in the process of developing an AI-powered vision care chatbot to engage the masses and raise awareness. The chatbot will be integrated with industry-leading large language models (LLMs) and trained with knowledge from the Foundation. Delivered via popular messaging apps, the chatbot aims to provide helpful information to users about their questions on vision issues in a familiar environment.

Further to this, the OneSight EssilorLuxottica Foundation is also launching an application aimed at creatively communicating the importance of vision care to young children and easing them into the process of vision screenings. A successful field pilot was conducted in Cebu, in the Philippines, with children responding positively to the application. Further development and enhancement of the application are underway for use as part of the Foundation's global advocacy and pre-screening tools.

Funding Subsidized and Free Services

EssilorLuxottica and its employees remain committed to providing free and subsidized vision care services to the most vulnerable populations globally. Milestones in 2023 include:

- Establishing a partnership with the United Nations High Commissioner for Refugees (UNCHR), the UN Refugee Agency, to provide 100,000 refugees with vision care services and glasses to those with uncorrected refractive errors. Kicking off the partnership, the OneSight EssilorLuxottica Foundation, UNHCR, UNHCR Italy, the Ministry of Health in Moldova and Ungheni City Hall, alongside the Low Vision NGO, set up a vision clinic for Ukranian refugees in the Republic of Moldova. The clinic screened more than 1,000 refugees and the underserved community in Moldova.
- Providing vision care support to the athletes participating in the Special Olympics World Games in Berlin, 2,965 athletes were screened and 1,363 received a pair of glasses, empowering them with the confidence and clarity necessary to pursue their dreams, both on and off the field. 100 dedicated volunteers from GrandVision and EssilorLuxottica contributed their time and efforts to ensure seamless delivery of vision care support to these athletes.
- Expanding the 'Vision for All' partnership with the Government of Goa, Maharashtra, and Karnataka in India, the state-level school eye health program trains teachers to deliver basic visual acuity tests to identify children who might be facing vision challenges. As the technical partner of this initiative, the OneSight EssilorLuxottica Foundation will support in positively impacting 1 million school-going children in Maharashtra, while already creating vision care access for 800,000 in Karnataka and 250,000 in Goa.
- Screening of 48,000 children in South Africa, as part of Phase 1 of the 'One School at a Time' program which is co-founded by the OneSight EssilorLuxottica Foundation and UC Berkeley's school of vision, in collaboration with the African Eye Institute and Cooper Vision, among many others. The program aims to provide refractive services in 25,000 schools, reaching 12 million school-going children in South Africa by 2030.
- A landmark donation of 50,000 frames was made to the Ikatan Refraksionis Optisien Indonesia (IROPIN), the Indonesian optometrist association to equip the underserved in the country. This contribution received recognition from MURI, Indonesia's book of records.
- Partnering with leading ophthalmic clinics to make Corivale, commonly known as 'The Big Snake', in Rome, poor vision free. 2,000 residents in the building were offered vision screenings, and glasses were distributed to those who needed them.
- Continuing the collaboration with the Adolphe de Rothschild Foundation Hospital to host six screening events for underprivileged families. Each event examines and corrects the vision of 200 people and is supported by doctors, volunteer ophthalmologists and EssilorLuxottica volunteers.

Raising Awareness

EssilorLuxottica proudly joined the global vision care community in October by celebrating World Sight Day (WSD), an annual day dedicated to raising awareness of the importance of vision care. To support the vision care cause, EssilorLuxottica's employees and volunteers across the globe conducted vision screenings and fundraising activities, reflecting the Group's ongoing commitment to making a tangible difference in the lives of those in need.

Throughout the month of October, screenings were provided to more than 270,000 beneficiaries, equipping more than 108,000 people with a pair of glasses.

EssilorLuxottica continued to raise awareness of good vision as a basic human right through powerful portraits from world-renowned photographer Steve McCurry as part of 'The Right To See' campaign. The campaign called attention to the importance of vision care for children as they are among the most vulnerable. Lack of access to vision care at a young age can affect the rest of a child's life in terms of reaching their full potential and cause them to miss out on crucial learning as they develop. The campaign was supported across EssilorLuxottica's portfolio of brands, business units, and global employee network.

Employees also participated in 'The Right To See' photo competition, which invited Group employees to showcase what 'The Right To See' meant to them through portraits of their family, friends, customers, and beneficiaries. The winning entries were prominently showcased across EssilorLuxottica offices worldwide, in celebration of WSD.

Beyond WSD, the OneSight EssilorLuxottica Foundation continues to put the spotlight on the importance of vision care at the highest levels. In partnership with the Sant'Egidio Community in Rome, Italy, the Foundation set up a vision center that successfully conducts 1,000 eye exams for beneficiaries in need annually. The President of the Republic of Italy, Mr. Sergio Mattarella, joined the Foundation at the vision center, as part of the 'Days of Sight' activities, which also included support delivered to beneficiaries at the Enzo Jannacci shelter.

As part of the launch in Latin America, the OneSight EssilorLuxottica Foundation also embarked on a partnership with the Latin American Association of Optometry and Optics (ALDOO), a non-profit organization created to unify and strengthen the community of professionals in the field of optometry and optics in the region. The Foundation's partnership with ALDOO will focus on a variety of projects and programs working to advocate, build capacity, and generate research to close the data gap in the Latin America region.

In addition to raising awareness among consumers and employees, EssilorLuxottica focused on educating base-of-the-pyramid (BoP) consumers on the importance of vision care, running a campaign that reached nearly 29 million people across rural regions in Bangladesh, India, and Indonesia on the common symptoms of refractive errors, and educating them on the importance of vision care.

In partnership with the Group's marquee brand, Oakley, the OneSight EssilorLuxottica Foundation also leveraged the power of celebrity ambassadors to raise awareness and support for the Group's Mission. Ambassadors include Diamond DeShields from Dallas Wings of the Women's National Basketball Association (WNBA); Rohit Sharma, the Captain of the Indian cricket team; Kylian Mbappè, the French football superstar; Li Zhixuan, the Chinese National Marathon runner; and Italo Ferreira, a Brazilian surfer and Olympic gold-medalist. Their commitment has proven instrumental in driving our Mission forward, especially in regions where the awareness on the importance of wearing glasses is low, and the stigma against wearing glasses is high.

To further highlight the impact of uncorrected poor vision in Asia, the OneSight EssilorLuxottica Foundation partnered with the Group's licensed brand, Kodak Lens, in a first-of-its-kind digital collaboration. Supporting Kodak Lens' existing 'Gift of Great Vision' initiative, the collaboration invited eligible customers who purchased a pair of Kodak Lenses to redeem a limited edition non-fungible token (NFT) which featured Kody, a loveable astronaut mascot. As a badge of support, the Kody collectibles are aimed at recognizing and uniting consumers who contribute to the cause of good vision.

The OneSight EssilorLuxottica Foundation continued its collaboration with the Group's retail banners, most notably Lenscrafters and Sunglass Hut, to educate retail customers about the Group's Mission, the Foundation's impact and invite them to donate to support the Foundation's programs. As a result of extensive awareness-building across EssilorLuxottica retail banners and e-commerce platforms, more than 1.4 million retail and online consumers supported the Foundation's Customer Giving initiatives globally.

EssilorLuxottica continues its efforts to advocate on the importance of good vision on the road and safe mobility. This can be witnessed by the Group's:

- Joint campaign with the United Nations Special Envoy for Road Safety to ensure good vision for all road users, in alignment with 2030 Sustainable Development Goals;
- launch of a breakthrough driver-dedicated lens, through its subsidiary, Shamir, for optimal vision under any driving conditions. These lenses can be used by professional Formula 1 drivers to everyday drivers, transforming the driving experience to one that is safer, more comfortable and visually clear.

For the first time on World Children's Day, commemorated on 20 November annually, EssilorLuxottica rolled out a global campaign to promote and celebrate children's rights and hosted a live stream panel discussion on ensuring vision care access for children worldwide via Leonardo, its online learning platform, to provide updates on vision care for children and address why good vision is so essential for learning. In Milan, the 'A look into the future' campaign was conducted with EssilorLuxottica brand, Salmoiraghi & Viganò, to engage young generations with art. The artwork, which originated from Italian artist Domenico 'Frode' Melillo and Milan's Istituto Comprensivo Gino Capponi school celebrates children's eyes and sight as a powerful means to a more inclusive and equal society for a responsible future.

2023 was a milestone year for the OneSight EssilorLuxottica Foundation. On the sidelines of the United Nations General Assembly (UNGA), the Foundation, together with influential representatives from the World Health Organization and other leading health organizations, raised awareness on the importance of vision care services as a universal health priority. They shared a positive message that the gap to ensuring everyone in the world can see clearly is closer than ever thanks to the progress of the Foundation and its partners, while also reinforcing how vision correction is a catalyst for social and economic development.

Social and Economic Development

As a global leader, EssilorLuxottica contributes to the social and economic development of countries where it has a presence. Locally, its manufacturing and distribution activities and retail presence foster local sourcing and business partnerships, create direct and indirect employment, develop local skills and expertise, and generate taxes and duties (see Section 5.2.5).

EssilorLuxottica is driven by a strong sense of responsibility and corporate citizenship, and continues to pursue its commitment toward the local communities and territories where it operates. It supports initiatives that span many areas, such as community outreach programs, cultural heritage preservation and philanthropy. Below are some of its most significant initiatives to promote and protect cultural, social, and environmental heritage:

- Eyes on Art, launched in 2020, makes art open for everyone in new and innovative ways by sharing it in all its forms through large urban digital screens in Milan, London, and New York and transposing artworks into tactile means via a surface 3D-printing process. This year, the Company supported two special projects, part of the 'Bergamo Brescia Italian Capital of Culture 2023' program: the 'Deserters' project at the GAMeC of Bergamo and the 'OPEN' project at the Teatro Grande Foundation of Brescia in Italy.
- Additionally, other groundbreaking projects include Arte Sella, the contemporary mountain in Trentino, an annual collaboration with the art digital platform CIRCA in London to broadcast international artists—from Sir Frank Bowling to Dick Jewell, Laurie Anderson, and Slawn—on EssilorLuxottica's digital screens.
- Pushing its commitment for accessibility further, EssilorLuxottica actively supports initiatives to make art accessible to people with visual impairments. In June 2023, and for a second year in a row, EssilorLuxottica supported the international 'Les Nuits de Fourvières' performing arts festival in Lyon, France, by exhibiting dedicated tactile representations of the ancient Roman theater, part of the UNESCO World Heritage. The OPEN project at the Teatro Grande Foundation of Brescia focused on making opera and ballet performances accessible to people with sensory disabilities, starting with Giacomo Puccini's opera Madama Butterfly in July 2023.

- Finally, the Company has committed to sharing its rich history and heritage with the public by partnering with museums. It thus loaned important pieces of its heritage collections. In 2023, EssilorLuxottica loaned the oldest piece from the historical collection of its Museum of Optics in Agordo to Palazzo Vecchio in Florence, Italy, for an exhibition dedicated to Flemish artist Giovanni Stradano. Lastly, the Group also granted the Hangar Y exhibition site in Meudon, France with the loan of Inuit snow goggles, on the occasion of its exhibition Prendre le soleil. This rare item, on permanent loan at the Musée de la Lunette in Morez France, comes from the former Pierre Marly collection.

5.2.4 Eyes on Inclusion

EssilorLuxottica's success is deeply intertwined with over 190,000 employees worldwide who provide products of high technical and stylistic quality with unparalleled levels of service. This global community embodies a unique expertise and DNA, and contributes to the Company's Mission to help people 'see more and be more', providing employees with a unique sense of purpose. As fundamental pillars of EssilorLuxottica's culture and crucial elements in building a shared identity throughout its history, the Group has taken on a pioneering role on two major fronts. On the one hand, the Group has involved employees in its development by giving them the opportunity to become shareholders; on the other, it has promoted welfare initiatives that go beyond simple compensation. This commitment is embedded alongside a strong culture of health and safety in the workplace and extends to the communities where employees and their families live.

The Company seeks to develop an environment where everyone can thrive, feel valued and respected and constantly learn. A tangible advancement in this respect is 'weare:', a global project to identify and consolidate one company culture to enhance employee engagement and elevate the Company's Mission and business strategy. The Group has built this project through a co-creative and participatory approach at both local and global levels, leveraging its heritage and strengths, identifying a framework of values that will define the Company's culture. The new company cultural framework will be unveiled and shared among all employees in 2024. One of the key initiatives to successfully launch the participatory approach toward building the 'weare:' company culture is the development of a network of 65 Ambassadors from each region selected through a voluntary and inclusive process to ensure diverse perspectives and representation.

The Group's commitment to inclusivity is further embodied by Leonardo, EssilorLuxottica's pioneering learning platform, introduced to the vision care industry in 2021. Since its launch in 2021, Leonardo has earned a strong reputation as the educational point of reference across the eyewear and eyecare industry by leading education on topics such as vision care, practice management, people development, compliance, and more, thereby fortifying the Group's culture of inclusive learning. The reason behind all these efforts – described in this Section – is the innate belief that plurality and diversity are sources of enrichment, and a heritage that makes the Company stronger and better able to face global challenges.

The Company takes pride in combating social exclusion and helping families and individuals by guaranteeing their livelihoods. This has also increasingly strengthened its bond with the people and territories where it operates. In Italy, for example, a social inclusion project was launched in 2019 for meal delivery service. Over 168,000 meals have been delivered since the start of the project, with an average of over 182 meals per day. This ability to respond to the needs of local communities is a hallmark of EssilorLuxottica's culture of inclusion.

The Company's Workforce

As of December 31, 2023, EssilorLuxottica Group had 191,706 employees worldwide. Women represented 60% of all Group employees, 39% of the members of the Management Bodies and 33% of Senior Executives.[1]

Total Workforce

	2023	2022	2021
TOTAL WORKFORCE	**203,272**	**200,121**	**193,371**
Total number of employees	191,706	189,788	182,684
Total number of agency workers	11,566	10,333	10,687

Note: The figures for EssilorLuxottica workforce refers to December 31 of each year, and includes all newly integrated entities as of 2023. Overall, in 2023, the total workforce stayed at a similar level as in 2022 with an approximately 2% increase, mainly due to the increase in the activity of labs, plants and stores. Moreover, with reference to agency workers, the rise can be attributed to improved accessibility of data pertaining to recent acquisitions. Agency workers continue to represent approximately 6% of the total workforce. For more information on reporting methodology and scope, please refer to Section 5.5.

(1) The composition of the Management Bodies encompasses the key global positions within Group Functions and Senior Leadership Team of the Operations. The list evolves as a result of the ongoing integration effort and the harmonization of the HR systems, that allowed a higher uniformity and quality of data. This process also entailed an internal global alignment on the most selective definition of Management bodies within the Group, reflecting the continuous evolution of EssilorLuxottica and of the key global strategic positions needed to ensure its growth and success.

Workforce Breakdown by Region

	2023	2022	2021
TOTAL WORKFORCE	**203,272**	**200,121**	**193,371**
EMEA	74,537 (37%)	75,499 (38%)	72,032 (37%)
Asia-Pacific	58,683 (29%)	55,262 (28%)	54,186 (28%)
North America	45,000 (22%)	44,854 (22%)	43,476 (23%)
Latin America	25,052 (12%)	24,506 (12%)	23,677 (12%)

Note: The geographical breakdown of the workforce is aligned with the geographical areas identified for revenue disclosure. The workforce distribution by region remains the same as 2022. For more information on the reporting methodology, please refer to Section 5.5.

The tables below detail the Company's employees according to gender, contract type, category and age.

Employee Breakdown by Gender

	2023	2022	2021
TOTAL NUMBER OF EMPLOYEES	**191,706**	**189,788**	**182,684**
Total number of women	115,196 (60%)	115,314 (61%)	110,272 (60%)
Total number of men	74,808 (39%)	74,474 (39%)	72,412 (40%)
Total number of unknown	1,702 (1%)	-	-

Note: At December 31, 2023, women represented 60% of all Group employees, remaining at similar level as 2022. In 2023, another category of employees was introduced regarding gender, 'Unknown', to represent those who have chosen not to reveal their gender and those who identify as non-binary individuals. For more information on reporting methodology, please refer to Section 5.5.

Employee Breakdown by Contract Type

	2023	2022	2021
TOTAL NUMBER OF EMPLOYEES	**191,706**	**189,788**	**182,684**
Permanent contract	151,292 (79%)	154,029 (81%)	150,316 (82%)
Fixed term contract	40,414 (21%)	35,759 (19%)	32,368 (18%)

Note: Approximately 79% of employees held permanent contracts within EssilorLuxottica, in line with previous years breakdown.

Employee Breakdown by Category and by Gender

	2023	2022	2021(ex. GV)
TOTAL NUMBER OF EMPLOYEES	**191,706**	**189,788**	**143,750**
Executives – Senior management	**2,582 (1.3%)**	**2,468 (1.3%)**	**1,813 (1.3%)**
Women	863 (33%)	806 (33%)	512 (28%)
Men	1,719 (67%)	1,662 (67%)	1,301 (72%)
Unknown	0 (0%)	-	-
Managers/Experts – Middle management	**12,520 (6.5%)**	**12,547 (6.6%)**	**11,638 (8.1%)**
Women	5,362 (43%)	5,341 (43%)	4,813 (41%)
Men	7,139 (57%)	7,206 (57%)	6,825 (59%)
Unknown	19 (0%)	-	-
Professional – White collars	**38,920 (20.3%)**	**39,299 (20.7%)**	**44,776 (31.1%)**
Women	20,869 (54%)	21,241 (54%)	24,778 (55%)
Men	17,975 (46%)	18,058 (46%)	19,998 (45%)
Unknown	76 (0%)	-	-
Production/Shop staff – Blue collars	**137,684 (71.8%)**	**135,474 (71.4%)**	**85,523 (59.5%)**
Women	88,102 (64%)	87,926 (65%)	52,806 (62%)
Men	47,975 (35%)	47,548 (35%)	32,717 (38%)
Unknown	1,607 (1%)	-	-

Note: 2021 employee breakdown by category did not include GrandVision and Walman. In 2022 and 2023, full alignment of definitions and rules of reporting was applied to GrandVision for employee breakdown. Production/Shop staff (e.g. Blue Collar) is quite flat and represents 72% of the Group due to the retail and operations activities. Women represent approximately 43% of management roles (middle management) of the Group like in 2022. Also, the proportion of women covering executive roles remain stable at 33% vs 2022.

Employee Breakdown by Age

	2023	2022	2021(ex. GV)
TOTAL NUMBER OF EMPLOYEES	**191,706**	**189,788**	**143,750**
Below 18	614 (0.3%)	676 (0.4%)	189 (0.1%)
18-34	85,551 (44.6%)	86,094 (45.4%)	66,201 (46.0%)
35-49	71,706 (37.4%)	70,305 (37.0%)	53,839 (37.5%)
Above 50	33,835 (17.6%)	32,713 (17.2%)	23,521 (16.4%)

Note: As of December 31st, 2023, approximately 45% of the Group employees were under 35, mainly working in facilities and stores. Overall, 82% of employees were under 50 years old. For more information on reporting methodology and scope, please refer to Section 5.5.

Employee Turnover

	2023
TOTAL TURNOVER	**22.3%**
Asia-Pacific	13.0%
EMEA	15.6%
Latin America	34.7%
North America	30.7%
OF WHICH VOLUNTARY TURNOVER	**16.1%**
Asia-Pacific	10.7%
EMEA	10.9%
Latin America	20.4%
North America	23.8%

Note: Starting from 2023, EssilorLuxottica sustainability reporting includes the turnover rate. The Employee Turnover rate is the total number of permanent employees who left the Group over the reporting period on the average number of employees with permanent contract as of the last day of each month over. Voluntary Resignation refers to termination of contract initiated solely by an employee, for reasons including career development, personal, compensation, termination within probation period / no show / mutual agreement, etc.The turnover analysis does not include GrandVision and the new acquisitions. During 2023 EssilorLuxottica had a 22.3% turnover rate of which 16.1% voluntary.

Equal Opportunities and People Development

At the very core of EssilorLuxottica are its people, who bring its assets to life and are the key drivers of its success. Based on the principle that everyone's talent makes a difference, EssilorLuxottica recruits and engages its employees with a long-term perspective in which education, development and equal opportunities for everyone play a core role throughout the employee's career.

Diversity, Equity and Inclusion

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. As stated in the Code of Ethics, 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. Professional roles and promotions are evaluated and assigned based on fairness and meritocracy.

EssilorLuxottica strives to create a community that values all backgrounds, identities, and cultures. Operating across more than 150 different countries, its workforce is made up of many different nationalities and languages, with talented people of every race, religion, gender, age, and ability. The goal is to make every one of them feel included, appreciated, and inspired at work.

In October 2022, as a part of coming together as one organization, a Global DE&I function was created to establish the Group's strategy, commitments and goals for Diversity, Equity and Inclusion. The pillars of the Global DE&I strategy are: to Drive Internal & External Awareness by fostering a culture of Inclusivity & belonging, Build & Evolve More Inclusive Processes and Policies, Develop Clear Goals by Leveraging Data & Metrics, Ensuring Diversity of Thought through Ambassadors and Regional Networks. DE&I initiatives are developed in partnership with Corporate Sustainability, Corporate Communications, Leonardo, and all EssilorLuxottica employees. In 2023, the DE&I function was consolidated, executing a robust program of global and local initiatives aimed at instilling awareness. In this respect, EssilorLuxottica believes in education and learning as key enablers of an inclusive workplace, which supports an open dialogue among employees and fosters an inclusive work environment. Following a company-specific Global Inclusion Calendar, International Women's Day, Pride Month, and International Day of Persons with Disabilities were celebrated with worldwide campaigns on Leonardo and at local level, involving the entire Company workforce and customers through virtual and physical events and workshops, in addition to the dissemination of awareness and educational materials on the topics. The awareness-building process engaged all employees, enhancing their understanding of unconscious biases, gender equality, and various dimensions of diversity within the workplace.

THE ESSILORLUXOTTICA DIVERSITY, EQUITY AND INCLUSION WEEK 2023

In November 2023, the Group celebrated its first global DE&I Week, which was dedicated to diversity, equity, and inclusion in the workplace. To mark the occasion, a series of global and local events were organized to raise internal awareness on DE&I topics and promote a more inclusive work environment where all Group employees feel welcome, valued and can express their full potential. The event was well-received with thousands of employees taking part in workshops, talks and conferences organized across the regions.

On a global scale, EssilorLuxottica's employees had the opportunity to participate in a livestream event on the Leonardo learning platform, featuring an internationally renowned DE&I expert who shared valuable insights about the impact of unconscious biases on people's actions and decisions and provided practical advice for enhancing team collaboration and inclusivity.

Additionally, a series of local events and learning opportunities, including panel discussions, were held in the Group's offices around the world *(e.g.* France, Italy, North America, Greater China and others) reinforcing the importance of uncovering biases and raising internal awareness on gender equality, inclusive leadership, and inclusive communication.

The deployment of DE&I Week is one of many initiatives organized in different regions to promote an open dialogue among employees and provide an inclusive work environment, in full alignment with the global direction. For example:

- In North America, EssilorLuxottica continued many employee-led initiatives, including the DE&I Think Tank and six Business Resource Groups (BRGs) (Women's Network, Kaleidoscope, Pride, Abilities, Generation Next, and Mil-Vets). EssilorLuxottica North America led 25 virtual and in-person activations in 2023 with support and partnership from the BRGs and aligning with the regional Inclusion Calendar. Individual business units, including Sunglass Hut, Target Optical, FGX, Transitions, LensCrafters, and EyeMed, supported and co-sponsored many regional initiatives and continued with brand-level DE&I programs. The North American EssilorLuxottica Women's Network (ELWN) implemented a mentorship initiative with over 160 internal women leaders participating in the program, furthering the Company's commitment to gender balance and equity. In October 2023, the North American Inclusive Language Guide was published for all employees, championing the use of inclusive language with all stakeholders. EssilorLuxottica also continued its long-standing partnership with the Optical Women's Association and established new partnerships with multiple professional non-profit organizations, such as Black EyeCare Perspective, Out & Equal, and DisabilityIN.
- In France, a series of awareness initiatives were organized. During DE&I Week, over 600 employees attended a variety of events, including a virtual conference on the concept of inclusive leadership and interactive workshops on unconscious biases and professional equality as well as videos of employees sharing their testimonies on intergenerational and intercultural relations. They also shared their thoughts on parenting and work, including the importance of work-life balance. In addition, for more than 15 years disability-related events have been organized in connection with the European Week for the Employment of People with Disabilities. In 2023, focus was on Paralympic Games and the inclusion of people with disabilities at work, drawing parallels with the values of sport. Moreover, as part of the European Week for the Employment of People with Disabilities, in France the Company also participated in a DuoDay annual event promoting the work inclusion of people with disabilities.
- In 2023, Retail Italy developed specific activities and a dedicated training path to promote gender balance, DE&I, and foster an inclusive culture. An awareness-raising process on stereotypes and inclusive language was also launched. In addition, activities to raise internal awareness on violence against women in all its forms were organized, while providing the HR Department with specific training on the topic.
- In EMEA Wholesale, workshops on 'Inclusive Leadership' dedicated to regional management were conducted with the aim of increasing awareness on inclusion as managers and improve the capacity to manage and inspire diverse teams. Also, group discussion and workshops on unconscious bias were conducted by local HR teams in different countries.
- In EMEA Optical Retail, the inclusion approach is set around three pillars: people, customers and communities. The DE&I taskforce established in 2022 continued working on several DE&I projects as part of the DE&I blueprint. During DE&I week, panel discussions were held around Female leadership & empowerment, how inclusivity impacts the customer experience and how to create a more inclusive environment in the communities EssilorLuxottica operates in through the collaboration with the OneSight EssilorLuxottica Foundation.
- In Greater China, a development program was set to drive female leadership awareness and development through group coaching, live shows, and panel ddiscussions. Moreover, during DE&I Week a series of events were organized, including a DE&I roadshow that attracted over 800 participants as well as coaching workshops and panel discussions featuring executives from the Greater China leadership team. They discussed topics related to gender equality, female leadership, changing generation, and inclusive communication.
- To promote dialogue and foster an inclusive culture in LATAM, awareness-raising campaigns were conducted and in Brazil, talking sessions around unconscious bias and diversity dimensions were held to encourage employees to reflect on their overall DE&I journey with the aim of further practicing respect and empathy within the work environment and beyond.

Also, some brands within the Group have historically been particularly active on diversity, equity and inclusion issues, advancing their significant initiatives and reinforcing EssilorLuxottica's overall path.

For example, in 2023, Vogue Eyewear continued 'a journey through diversity to reach an inclusive approach'. This commitment was reflected externally in the brand's campaigns, with increasingly diverse representation and a more inclusive tone of voice. On International Women's Day 2023, Vogue Eyewear partnered with the non-profit organization Equality Now and relaunched the official IWD campaign, amplifying the annual message 'Embrace Equity' by showcasing voices of influencers from the Vogue Eyewear Squad and employees involved in internal activations. During Pride Month 2023, the brand supported the non-profit organization 'The Trevor Project' through its campaign entitled 'Share with Pride'. The aim of the campaign was to share the brand's platforms to give visibility to illustrators of the LGBTQIA+ community, asking what self-expression means to them through their artwork.

Moreover, EssilorLuxottica's 'Eyes on Art' initiative makes art accessible to people in new and innovative ways by sharing it in all its forms, without limits or borders, using the Group's large urban digital screens and transposing artworks into tactile means via a 3D-printing process. In partnership with several museums and cultural institutions in Milan, London, Paris and New York, 'Eyes on Art' makes art accessible to all, including people with visual disabilities, through special cultural-mediation tools, as part of skills-based patronage actions. In 2023, and for the second year in a row, EssilorLuxottica supported the 'Les Nuits de Fourvière' international music festival in Lyon, France, through a dedicated tactile representation of Lyon's ancient Roman theater, part of UNESCO's World Heritage list. Moreover, thanks to the OPEN project, which uses innovations such as Sennheiser's technology, viewers with visual and hearing disabilities can experience opera and ballet performances at the Teatro Grande Foundation of Brescia, Italy (Section 5.2.3).

Also in 2023, EssilorLuxottica earned a spot on the Financial Times 'Diversity Leaders list 2024', recognition for the various initiatives undertaken by the Company in the past few years regarding Diversity, Equity and Inclusion. Moreover, four women professionals at EssilorLuxottica, Tara Koch, Judy Lew, Rhonda Sizemore and Rose Harris were honored among Vision Monday's list of 'Most Influential Women in Optical' as they were recognized for their leadership and special contributions to the industry progression.

Socially Responsible, Fair and Competitive Compensation Policy

The Group values and motivates its over 190,000 employees by guaranteeing competitive compensation based on guiding principles such as equal pay for equal work and rewards based on merit. This commitment to pay equity is accompanied by a proactive initiative to promote gender equality in terms of career development, jobs and compensation within the Group thereby ensure long-term retention and engagement.

To this end, all Group entities ensure that the compensation of every employee is in line with, or exceeds, market rates in their respective countries. In 2023, EssilorLuxottica developed a common methodology to identify and assess potential pay disparities in all countries in which the Group operates. This approach aims to calculate disparities at both national level and at consolidated Group level, to identify any potential shortcomings requiring a dedicated corrective action, and to track the evolution of the various measures over time. This proactive approach also makes it possible to anticipate regulatory developments, notably the EU Directive on pay transparency, demonstrating the Group's ongoing commitment to pay equity, transparency, and compliance with continuously evolving regulatory standards.

Beyond the principles of equality and competitiveness, EssilorLuxottica strives to ensure a decent standard of living for every employee and their family. This reflects the firm belief that a living wage is fundamental to meet basic needs such as housing, food, healthcare, education and transportation, while also providing a cushion to deal with unexpected events. This approach is integrated into the Group's Code of Ethics, highlighting its commitment to creating an ethical and fair work environment. In 2023, EssilorLuxottica set up a multidisciplinary team to formulate a living wage policy, which conducted a preliminary study starting from EMEA using the Fair Wage Network methodology. The Group plans to broaden the assessment of compensation levels in relation to local living wages by the end of 2024, thereby demonstrating its ongoing commitment to transparency and the continuous improvement of its compensation practices, with the goal of covering all the countries in which it operates.

Accessible Education through Leonardo, the Group's Learning Platform

Leonardo, EssilorLuxottica's digital learning platform, features expert-curated content that can be tailored to learner needs. It has been designed to be accessible not just for a small few, but for every member of the eyewear and vision care community across the world. It addresses EssilorLuxottica employees and customers, as well as eyecare professionals at every level and every role, offering them the opportunity to continuously expand their skills, knowledge, and mindset. With this broad 'unlocking' of knowledge, EssilorLuxottica makes an investment that represents one of the levers used to help unlock the potential of the industry.

Since its launch in 2021, Leonardo has earned a strong reputation as the educational point of reference across the eyewear and eyecare industry by leading education on topics such as vision care, practice management, people development, compliance, and more. It has delivered over 5.5 million hours of education in up to 30 languages, becoming a key tool for attracting and retaining resources.

Among the great added values of Leonardo, there is also its educational offer for products, brands, and technologies. To keep improving and fulfilling learner needs, it has enhanced 'Latest collections', the interactive online catalog that provides a comprehensive overview of every style in EssilorLuxottica's eyewear collections, with access to storytelling, inspiration, support for advertising campaigns, and key technical details.

Leonardo uses a blended approach to education, combining on-demand content with live sessions, virtual classes, and digital services which are available to both EssilorLuxottica clients and employees, which also include 'New to your store', the customized service which provides learning bites on every model shipped to any door, and the virtual tour of the Tortona Experience Center (Italy).

In 2023, the adoption of Leonardo grew strongly: 2.7 million hours of education have been delivered, which represents a growth of +43% comparing with 2022. 21,158 live sessions have been organized with the participation of 1.1 million people, reaching a total number of 50,449 sessions since the launch and a total number of 2.3 million participants. Its community overall was also enriched, including nearly 13,000 new employees onboarded and approximately 30,000 new learners from our professional solutions network. A more innovative educational offer brought by the introduction of structured programs (e.g. Onboarding for retail stores progressively rolled out in all the banners, Ray-Ban Expert, Oakley Expert, Transitions Specialist, The World of Children Eyecare Program) boosted engagement and contributed to this positive trend.

Its continuous commitment to learners is solidified with additional valuable myopia management content, including an updated Myopia Certification, educational courses from the respected World Society of Pediatric Ophthalmology and Strabismus (WSPOS), and two dedicated myopia podcast series created by expert Dr. Kate Gifford, Director of Myopia Profile.

2023 also marked the signing of a prestigious partnership with Harvard Business Publishing that enhanced the platform's management and leadership-related content, with a selection of curated courses to enrich both personal and professional skills.

Based on the experience gained in retail, Leonardo has recently started launching Build Your Career, the ultimate section designed to help independent practitioners to upskill their staff and strengthen their knowledge in order to be recognized by patients as trusted optical practice members. This section offers structured programs that accompany the staff in their personal and professional development, whether they are new to the industry or experienced professionals. With a comprehensive array of learning opportunities, Build Your Career is made up of three key areas. The Role Specific Programs provide the necessary skills to excel in three different roles in the practice (Front Desk Professional, Eyecare Dispenser, Practice Manager), and each path offers three experience levels, Essentials, Advanced and Pro. The Specialty Programs offer a detailed experience to provide staff with the advanced knowledge needed to become an expert on topics such as brands, vision care, sales and business, and people transformation. The Management Development Program is a 6-month blended program targeting Practice Managers looking to enhance their business and people skills to improve their practice.

To strengthen the connection with learners and foster a sense of community globally, Leonardo organized global live events open to all EssilorLuxottica employees and partners to celebrate industry or globally renowned international days throughout 2023, marking an exclusive and unique service available only on Leonardo.

As an example, to celebrate Earth Day, Leonardo hosted two events with the purpose of highlighting the Group's efforts in safeguarding the planet. These events showcased the progress of the Company's 'Eyes on the Planet' sustainability program, strengthening its commitments to sustainability, contemplating potential enhancements, and presenting tangible instances of how the Group's brands are introducing sustainable innovation and environmental consciousness into the market. On National Sunglasses Day on June 26, a 'Where fashion meets function' event took place with a deep dive into how EssilorLuxottica works to consistently provide solutions and use this knowledge to improve customer awareness. 2023 also marked the first 'EssilorLuxottica for World Children's Day' live event, in which a panel of experts discussed children's vision needs and highlighted EssilorLuxottica's commitment to delivering comprehensive eyecare solutions and ensuring global access to vision care services for children.

To continuously foster a sense of belonging allowing everyone to feel part of the Group, in early 2024 Leonardo hosted an event to launch the new EssilorLuxottica shared values, open to all employees worldwide.

The new values helped to define the new EssilorLuxottica Competency Model, which outlines the behaviors that bring these values to life: for each value, three leadership behaviors (organizational competencies) are identified and describe in detail the competencies behind each value. Together, both the Values and the Competency Model are the foundations of the EssilorLuxottica Global HR Talent Processes and represent the starting point for the creation of the Competency Hub on Leonardo, a space where all employees can explore and develop the new Competency Model with a customized experience, tailored to their needs. This space allows employees to find a wealth of curated learning resources structured into Educational Pathways that will gradually drive the Group's cultural change into a real Learning Organization.

Sustainability-related topics in general are part of the engaging portfolio offered by Leonardo from which employees can retrieve material to increase their awareness. Indeed, the hours of education on sustainability topics delivered to employees in 2023 represented around 10% of the total hours delivered on the platform, to both internal and external audience.

Hours of Education and Number of Employees Educated

	2023	2022	2021
TOTAL HOURS OF EDUCATION DELIVERED	**3,684,658**	**3,207,158**	**2,165,534**
Centrally managed hours of education	2,155,692	1,695,558	1,309,670
Locally managed hours of education	1,528,966	1,511,600	855,864
Executives – Senior management	16,810	12,511	
Managers/Experts – Middle management	88,248	135,458	293,406
Professional – White collars	215,706	264,638	
Production/Shop staff – Blue collars	1,208,201	1,098,993	562,458
NUMBER OF EMPLOYEES EDUCATED THROUGH CENTRALLY MANAGED PROGRAMS	**132,587**	**109,306**	**81,244**
NUMBER OF EMPLOYEES EDUCATED THROUGH LOCALLY MANAGED PROGRAMS	**84,662**	**97,113**	**60,851**
Executives – Senior management	1,131	1,257	
Managers/Experts – Middle management	7,760	9,178	22,924
Professional – White collars	15,758	19,968	
Production/Shop staff – Blue collars	60,013	66,710	37,927

Note: In 2023 hours managed digitally through Leonardo grew by 27% primarily due to increased platform adoption across all GrandVision entities, and a 26% increase in virtual classes delivered to all EssilorLuxottica employees.
Additionally, a more innovative educational offer brought by the introduction of structured programs boosted engagement and contributed to the positive trend. In 2023, over 132,000 employees were educated through Leonardo, registering a 21% increase compared to 2022.
Latest Collections section data are excluded from the perimeter for Centrally Managed Hours of Education and Number of employees educated through centrally managed programs.
As for locally managed education, the detailed breakdown by job category was applied in 2023 as well, in line with 2022 reporting. This breakdown is not available for 2021, for which the sum of the three categories is reported and corresponds to the 'Other categories' item in the Chapter 5 of the 2021 URD.
The integration of GrandVision has been further consolidated and locally held sessions have been performed to answer specific local needs and requirements. In total, over 1.5 million hours of education were delivered to more than 84,500 employees including GrandVision ones, when compared to 2022 hours remain stable and employees educated decrease by 13% transitioning to centrally managed educational courses. Locally managed data covers 89% of the Company's headcount.For more information on reporting methodology and scope, please refer to Section 5.5.

Talent Management & Development

For EssilorLuxottica, talent development is a top priority. In 2023, the Company introduced new global development initiatives as well as expanded participation across all existing programs, each aimed to support growth and career development. Development initiatives for high-potential talent include global and regional mentorship, comprehensive leadership development programs, international job rotations, individual leadership coaching, leadership capability assessment tools and opportunities to learn from the Group most senior leaders.

- Performance reviews: Over the course of 2023, the Group started integrating systems from the legacy companies to launch, an integrated performance evaluation process for EssilorLuxottica, called OnePerformance. Started in 2023, EssilorLuxottica's revamped performance management process represents a significant milestone in the Company's commitment to nurturing employee development and fostering a culture of continuous feedback. Building on the strengths of Essilor and Luxottica, a unified and consistent approach to performance management has been rolled out across the organization, reaching over 48,000 employees worldwide in 2023, while continuing to work on its expansion in other entities and countries.
- Talent reviews: Performance assessments are conducted in an integrated way as part of a unified process, OnePerformance. The streamlined approach to evaluation offers an improved user experience to managers and allows more time to focus on the next steps, such as development and career planning.
- Internal mobility: Facilitation and promotion of internal mobility opportunities through global and regional talent programs enables the Company's top talent to unleash their full potential by increasing self-awareness, working on strategic projects within multicultural teams, gaining exposure to senior leaders, and being supported by internal mentors and coaches with targeted and personalized development plans. For instance, FinHance is a global development program aimed at promoting international career opportunities addressed to the most talented people within the Company's global finance community. This three-year program provides an opportunity to rotate across three different functions and be supported by a local buddy, a senior mentor, a community of practice and a dedicated training plan.
- Global development catalog: This includes initiatives such as mentoring, virtual coffee chats with EssilorLuxottica business and operations leaders, and Group—coaching programs to help leaders harness their communication and influencing skills and leadership impact as well as individual six-month coaching journey for selected executives, functional leaders and managers to unlock their potential and further boost their performance and growth. The Global People Development initiatives, which engaged over 1,100 employees in 2023, lead the employee development programs carried out by Regional Talent Partners at local level, enhancing the influence of development initiatives throughout the organization.

Talent Attraction

EssilorLuxottica is committed to offering an engaging and motivating workplace where everyone can unleash their full potential and express their unique individuality. The Company achieves this by providing an environment based on trust and respect, and a cooperative leadership style deeply anchored in its Mission. With operations across more than 150 different countries and the ongoing transformation of the Company around the world, attracting diverse talent is strategic and taps into EssilorLuxottica's employer value proposition.

Several initiatives have been developed to attract, retain and engage talents. While the career page on the EssilorLuxottica website offers an overview of the main opportunities for each function, the EssilorLuxottica LinkedIn page is aimed at communicating the latest news and career opportunities as one Company.

The Company is present at international campuses of top-ranking universities and management schools (*e.g.* MIT, Harvard, NYU, Columbia University, HEC, ESSEC, ESADE, Bocconi University, Politecnico di Milano, Fudan, PolyU Hong Kong, *etc.*), participating in career events, hosting information sessions and launching real case studies with students. The Company also contributes to emerging talent education by leveraging partnerships, such as CEMS, an alliance of more than 30 business schools worldwide, and student associations, such as AEBG (Alliance of European Business Game) and BEST (Board of European Students of Technology). Finally, 2023 saw the second round of graduates from the 'Global Circular Economy Committee' that EssilorLuxottica launched in partnership with ESSEC Business School, L'Oréal and Bouygues to train 120 future circular economy experts by 2025.

Being at the forefront of vision care innovation requires the acquisition of new strategic skills through dedicated talent acquisition programs such as:

- The Operations Talent Program, a two-year path started at two different locations, Agordo in Italy and Creteil in France. A new class of international trainees from STEM fields was launched in 2023, where more than 20% of new participants were women.
- Aimed at designing the smart glasses of the future, the EssilorLuxottica Smart Eyewear Lab located in Milan is a joint research platform between EssilorLuxottica and Politecnico di Milano, one of the top 20 technological universities worldwide. The Smart Eyewear Lab will initially last five years and employ over 100 researchers and scientists working closely together in a dedicated space. In its first two years the lab is provisionally located within the Leonardo Campus, the historical one, and starting from 2025, the lab will move to the Innovation District, which Politecnico di Milano is currently developing in Parco dei Gasometri, located in the Bovisa area in Milan, a renewal project signed by Renzo Piano.

Employee Engagement and Culture

Social Dialogue and Industrial Relations

Respecting local regulations, EssilorLuxottica acknowledges the value of engaging with Factory Committees and Trade Unions as an added dimension for sustainable business growth through participative means. The Group's corporate governance, where the President of the Employee Shareholders' Association (Valoptec Association) holds a permanent seat on the Board of Directors, alongside the Company's commitment to globally promote widespread ownership plans (Boost), further reinforces EssilorLuxottica's belief in a work structure that finds growth in social dialogue and engagement with employees and their representatives.

EssilorLuxottica, as emphasized in its Code of Ethics, fully respects the principles of collective bargaining and the freedom of association of its workforce, in line with applicable national laws and practices. The Group vehemently opposes any form of discrimination resulting from membership in a workers' association or trade union.

In early December 2023, in Italy, EssilorLuxottica signed an additional contract with national sectoral organizations enabling better work-life balance for factory workers. This extension will expand the possibility of flexible work arrangements, already available globally for office-based employees, to allow remote work for 50% of the time. Thanks to this agreement, starting in 2024, a four-day workweek trial period will be launched in factories, operating from Monday to Thursday for 20 weeks a year. The goal is to fully implement the new hourly model within the next two years.

To ensure practical alignment with actual employee needs, social dialogue is managed locally by HR representatives. Meanwhile, at regional and global levels, best practices are consolidated and disseminated among countries, adhering to the Group's shared guidelines and respecting local specificities.

Strengthening the employee engagement in Europe, a new level of consultation and information will soon emerge through the establishment of the European Works Council (EWC). Throughout 2023, the Group's Management and a specific Special Negotiation Delegation (SNB) - including at least one representative from each EU country - engaged in extensive discussions. These discussions will materialize in the first quarter of 2024 with the establishment of the EssilorLuxottica European Works Council, replacing the former French Cedie established within the former Essilor perimeter in 2000. The new body, comprising 26 members, will represent over 53,000 employees across 25 EU states, along with a representative from Great Britain.

Employee Well-being and Active Involvement

Employee well-being is a key value for EssilorLuxottica. As recalled above, the Company continued to introduce new ways of working. As part of this effort, a dedicated learning path provided managers with the tools and support they need to lead their teams effectively into the future, set goals driven by results, simplify their day-to-day work organization, and enhance their work-life balance.

In this realm, the relationship with union structures is closely knit, mirroring the Group's governance approach to establish global guidelines with local logic that respects prevailing laws and practices.

The Group firmly believes in the pivotal role that the welfare system can play as a unifying factor in ongoing integration processes. For this reason, EssilorLuxottica has pursued its efforts to harmonize its well-being initiatives under the OneWelfare program, which is designed to provide ongoing support for the work-life balance of its employees.

More specifically, the global guidelines revolve around four main strands, stemming from the integration of diverse corporate cultures within the Group.

These guidelines then find their specific and incremental implementation across various organizational contexts:

Action areas	Main initiatives in progress for all countries
Support and Safeguards	Income support in the form of goods and services such as employee dining facilities, corporate shopping carts. Supplementary pension contributions with incremental company contributions to bolster the employee's future income.
Health and Safety	Health insurance coverage, free check-ups for employees, psychological support services, and counseling. Periodical free eye and vision checks for all employees. Safety-related activities concerning factory life and production operations (see next section on Health & Safety).
Individual, Familial, and Youth Support Services	Parental support initiatives and protection of vulnerable groups through work leaves. Reimbursement for textbooks and university fees. Summer camp for employees' children aged 9 to 17 focused on sports and promoting values of diversity and inclusion (2,200 kids from 14 countries participated in 2023 edition).
Work-life Balance and Wellness	Workplace flexibility through smart working and shorter workweeks for certain employees' segments, leisure-related initiatives. Free and confidential listening and counseling services for psychological support. Platform to promote on-demand and/or live physical workouts and encourage better nutrition and improved sleep management.

As explained in Section 5.2.3, the Company encourages employees to get involved with the OneSight EssilorLuxottica Foundation's activities around the globe. From taking part in a vision clinic to participating in activities that support the advancement of eye health in honor of World Sight Day, employees can actively contribute to the Company's ambition to help eliminate uncorrected poor vision in a generation.

Throughout 2023, over 3,800 EssilorLuxottica volunteers have backed the OneSight EssilorLuxottica Foundation through traditional volunteering initiatives, offering patient care in their respective regions. Additionally, since 2023, they have been involved in new skills-based projects. These projects enable employees to extend their support to the Foundation beyond clinics, utilizing their distinctive skills and expertise to enhance the Foundation's initiatives.

Employee Shareholding

A pillar of EssilorLuxottica's culture and a key milestone in building a common identity as a truly united Group, employee shareholding reinforces employee sense of commitment and engagement with 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 other shareholders and provides them with an opportunity to participate in the creation of value and success of the Company.

Thanks once again to the international share purchase plan Boost, which achieved a record subscription rate of 67% in 2023, the total number of active employee shareholders in the Group has reached new heights with a total of 77,500 people in 86 countries now holding a financial stake in EssilorLuxottica. This figure has steadily increased from approximately 72,000 in 2022 and 67,000 in 2021. In addition, around 14,600 former employees & retirees are also shareholders, showing their engagement and confidence in the Company. Also on the rise, approximately 33,300 employees, former employees and retirees are members of Valoptec, the independent employee shareholder association that supports EssilorLuxottica's values as well as contributes to its governance.

Health and Safety

For EssilorLuxottica, guaranteeing and protecting employee health and safety is a top priority, and a common principle that will continue guiding daily operations. EssilorLuxottica has adopted all necessary measures, consistent with international standards and the target for reducing work-related accidents to a minimum.

As such, throughout the past few years, several production and logistics sites and prescription labs have obtained the ISO 45001:2018 Occupational Health and Safety Management certification, which provides a framework to identify and improve employee safety while preventing workplace risks. In 2023, 29 mass production plants, 16 lens laboratories, two logistic centers, and one corporate office were certified ISO 45001:2018, covering approximately 27% of the Group total headcount. Going forward, the Company signed a Group contract with DNV as ISO Certification Body for ISO-45001 to move from the current site-by-site ISO 45001 certification approach to a Company ISO 45001 certification scheme. The transfer of ISO 45001:2018 certificates from current certification bodies to DNV has started in 2023 and will continue in 2024. An intermediate step will be to expand the duster approach currently ongoing in Italy and France (several manufacturing sites in one country covered by one ISO 45001 certificate) to more countries or regions in next years.

The EHS policies of the Company are also shared and implemented to minimize health and safety risks for employees, customers and local communities. To this regard, as part of the Group commitment to conducting business in a responsible and safe manner, the EssilorLuxottica Environment Health and Safety Policy will be released in 2024.

From 2022, Benchmark ESG™ | Gensuite® software became the main database for the collection and management of key EHS data and KPIs related to safety and sustainability, enabling the Group to achieve greater data consistency and improve information integration. The Group has been working to expand tool's capabilities and strengthen it as the mandatory platform for all operations sites to report and follow up on injuries, near misses, and unsafe acts or conditions.

The Company's Journey Toward Zero Work-Related Accidents

EssilorLuxottica is committed to achieving zero work-related accidents through the implementation of strong health and safety programs that focus on identifying and preventing employee risks in the workplace. To achieve this, the Group has policies, action plans, procedures and on-site audits aimed at reducing the frequency and severity of accidents.

Meanwhile, the Group continues to expand and deploy safety guidelines and programs, such as road safety, automation at the workplace, and Behavior Based Safety (BBS) across the Group. In addition, health and safety requirements, such as safe machines and processes, ergonomic workstations and chemicals management, are part of the innovation process to prevent accident risks at an early stage. To further fortify this path, the EHS Excellence team has been reinforced both at central and regional levels to provide the support and expertise required for the rapid growth of the Group. In particular, the Group incorporated a dedicated role focusing on training and communication within the EHS function. This role aims to enhance awareness within the Company regarding safety issues and will be responsible for shaping the long-term strategy concerning BBS and Ergonomics for upcoming years.

In this context, dedicated training programs have been essential in achieving the zero-work related accidents target to develop a culture of accident prevention at its production and logistics sites. This includes Safety Corners, which are designated locations for posting information on health and safety matters and reporting unsafe or risky situations for workers. The Group's commitment also includes home-work commutes. This is why 'On The Road' was chosen as the theme for 2023 edition of EssilorLuxottica Safety Days. The annual campaign involved training sessions in the Group's Italian offices and a dedicated course on Leonardo to engage the global employee community in this initiative. The goal was to raise awareness of issues surrounding road mobility and urban micro-mobility, with special focus on driving safety and the goal of reducing accidents while commuting.

EssilorLuxottica's commitment to promoting safety extends to various regions, employing dedicated initiatives supported by local EHS teams. For instance, in 2023, the 'Safety & Health Cup' Knowledge Competition was organized by the Tristar Trade Union and the EHS function in China. This initiative gave employees a more comprehensive and systematic understanding of safety knowledge. Also, local EHS teams in North America actively promoted regular safety awareness campaigns, designed to engage employees in safe work practices and procedures using gamification strategies, with a particular emphasis on ensuring safety protocols within the Operations sector. North America also focused on the enhancement of the BBS Observer and the reinforcement of leader-to-leader mentoring, along with continuous improvement training in observer hazard recognition with the goal to minimize the number of recordable injuries and illnesses.

The Company takes all work-related injuries seriously. Information on work-related injuries are shown in the table below:

	2023	2022	2021
TOTAL NUMBER OF WORK-RELATED INJURIES	**602**	**527**	**557**
Total number of work-related injuries with absence	**326**	**320**	**322**
Employees	295	284	298
Agency workers	31	36	24
Total number of work-related injuries without absence	**276**	**207**	**235**
Employees	276	202	231
Agency workers	0	5	4
NUMBER OF LOST DAYS DUE TO WORK-RELATED INJURIES WITH ABSENCE	**7,990**	**8,403**	**10,560**
Employees	7,514	7,778	10,171
Agency workers	476	625	389
TOTAL NUMBER OF CASES OF OCCUPATIONAL ILLNESSES WITH ABSENCE	**8**	**20**	**33**
Employees	8	19	33
Agency workers	0	1	0
NUMBER OF LOST DAYS DUE TO OCCUPATIONAL ILLNESS	**323**	**1,308**	**979**
Employees	323	1,307	979
Agency workers	0	1	0
FREQUENCY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	**1.3**	**1.6**	**1.7**
Employees	1.3	1.5	1.7
Agency workers	1.7	2.1	1.6
SEVERITY RATE FOR WORK-RELATED INJURIES WITH ABSENCE	**0.03**	**0.04**	**0.06**
Employees	0.03	0.04	0.06
Agency workers	0.03	0.04	0.03
TOTAL RECORDABLE INCIDENT RATE	**2.5**	**2.6**	**2.9**
Employees	2.6	2.7	3.0
Agency workers	1.7	2.4	1.8

Note: To better illustrate the Company's performance of work-related injuries for its workforce, all work-related injury information is disclosed for employees and agency workers separately. Work-related injuries information covers 66% of the Company's total headcount, including also for the first year the Health&Safety information about Retail stores in the United States, Brazil and Italy. The enlarged scope represents an important step to harmonize the health & safety management systems beyond the Operations. As shown in the Vigilance Plan (Section 5.2.5), at the end of 2023 one of the Group's employees in Latin America tragically lost his life in a road accident on a work-related journey. Following the extended perimeter of reporting, 602 work-related injuries were reported in 2023. Nevertheless, the total recordable incident rate continued to decrease and the same positive trend was registered for the frequency rate and severity rate for work-related injuries with absence. The number of lost days due to occupational illness has significantly decreased compared to last years. For more information on the calculation method of frequency rate, severity rate and recordable incident rate of work-related injuries and occupational illnesses, as well as the reporting scope, please refer to Section 5.5.

5.2.5 Eyes on Ethics

EssilorLuxottica conducts business based on solid ethical foundations, aiming to establish a relationship of trust with its employees, customers, consumers, suppliers, licensors, investors and franchisees. The principles and 'golden rules' applicable to its employees are enshrined in its internal policies and its Code of Ethics.

Having a direct relationship with customers and consumers around the world, EssilorLuxottica has a responsibility to lead by example. The Group bases its success on the proper consideration of local impacts, dialogue with stakeholders and the creation of shared value with partners, suppliers, governments and local communities. The establishment of EssilorLuxottica sites provides access to meaningful jobs in a buoyant sector and generates significant direct and indirect income. The new Business Partners' Code of Conduct serves as a guideline for all business relationships, and it applies to all its stakeholders everywhere and in every circumstance, making it a solid base for fair and honest collaboration. More specifically, EssilorLuxottica maintains a very high level of vigilance and proactivity, with action plans in three main areas described below: responsible sourcing, human rights and business ethics, including programs on anti-bribery and corruption, privacy compliance and trade compliance. This vigilance is reinforced by the promotion of a new internal reporting tool, SpeakUp, which is open and accessible to employees and other stakeholders. The Group's ethical commitment is in line with the provisions of International Labor Organization (ILO) Conventions and the principles of United Nations Global Compact on Human Rights.

The Code of Ethics and Business Partners' Code of Conduct are published on the Group's website and are accessible to all employees, along with the Group's policies, on the One EssilorLuxottica Group intranet site.

Responsible Sourcing

For EssilorLuxottica, supply chain efficiency is fundamental to guaranteeing the high quality of its products and services and contributes to maintaining and enhancing the Company's reputation. EssilorLuxottica's responsible sourcing approach is rooted in the principles stated in its Code of Ethics and in its new Business Partners' Code of Conduct, as well as the respect of international regulations and local laws, including the ILO Conventions, United Nations Global Compact Principles and specific selected criteria, such as SA8000 certification.

In 2023, different already existing Group initiatives were unified into one single EssilorLuxottica Responsible Sourcing program, based on the following pillars:

- Labor & Human Rights;
- Health & Safety;
- Environment;
- Governance & Ethics.

In 2023, responsible sourcing initiatives focused on:

- evaluating supplier environmental and social performance;
- engaging suppliers in initiatives that will have a positive impact on people and the environment;
- training buyers and suppliers on sustainability principles and practices;
- mapping Group risk-critical suppliers (based on spending, impact on brand image and single sourcing);
- roll out the EssilorLuxottica Business Partners Code of Conduct, which was released at the end of 2023.

Implementation of various parts of the responsible sourcing initiatives is guaranteed by a dedicated team within the Company's Sourcing function, although given its inter-departmental nature, the program brings together representatives from Sourcing, Internal Audit, Manufacturing, Quality, Corporate Sustainability, Risk Management, Asset Protection and Compliance functions, which jointly review the status of the program and discuss further steps to take.

Performance Assessment

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 non-compliance with sensitive topics, including child labor and use of forced labor and corruption, when selecting and monitoring suppliers.

For supplier risk assessment, EssilorLuxottica is partnering with well-recognized sustainability ratings provider Ecovadis which assesses the social responsibilities of suppliers based on four axes: Environmental, Ethics, Labor & Human Rights, and Sustainable Procurement. For suppliers with low and unsatisfactory performance ratings, a third-party on-site audit can be conducted, followed by a possible request to implement a corrective action plan.

For social and environmental supplier onsite audits, EssilorLuxottica is supported by third-party auditors (*e.g.* Intertek, BSI) in charge of assessing supplier compliance in line with the Company's standards and principles as well as local laws and regulations, and also to define corrective actions in the event of non-compliance.

The Company requests suppliers to close all issues raised during the audit by an agreed deadline after the audit to make sure necessary remediations are put in place, giving priority to zero tolerance and non-compliances with local laws, international frameworks (*e.g.* ILO Conventions), and minimum recognized management practices (*e.g.* ISO standards). Suppliers who do not meet the Company's requirements after a social and environmental audit, and 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. This mechanism is in place to guarantee appropriate monitoring of high-risk suppliers, ending with the definition of rules for re-auditing or re-qualification, as well as follow-up over the short term in case of audit failure and a two to three-year time frame in case of audit pass.

As detailed below, 55 current and potential suppliers were subject to audits in 2023, and major instances of non-compliance related to critical non-conformities were identified for four suppliers. The split of audits was the following:

- 19 follow-up audits due to unsatisfactory results of an audit from the previous year; and
- 36 maintenance audits, to continue to be qualified as Company suppliers.

The audit process with a dedicated focus on AFA suppliers continued in 2023, with 47 audits on production plants of suppliers located in Asia-Pacific and Americas. Four instances of non-compliance of critical non-conformities were identified.

Engagement and Training

To support and strengthen its responsible sourcing program and ensure alignment with Company standards, EssilorLuxottica has in place training and awareness initiatives targeting suppliers and the procurement community.

In 2023, a new training initiative was launched focused on AFA vendors in Brazil.

Moving forward, EssilorLuxottica will continue building its global program to further align and strengthen the organization and management of responsible sourcing.

EssilorLuxottica Human Rights Vigilance Plan

This section aims to present EssilorLuxottica's approach to meeting requirements for French Law no. 2017-399 on the duty of care for parent companies and subcontracting companies. This Vigilance Plan covers the scope of EssilorLuxottica represented by its subsidiaries, within the scope of financial consolidation.

EssilorLuxottica attaches particular importance to identifying risks and preventing serious breaches of human rights and fundamental freedoms, health and safety at work (referred to below as 'human rights'), as well as the environment. These risks can arise as a result of its activities, those of its subsidiaries or those of its suppliers and subcontractors, regardless of their position in the value chain. Identifying those risks entails a commitment to make every reasonable effort and undertake the necessary measures to guarantee compliance. Actual or potential violations to the duty of vigilance can be reported through the Group alert system.

As EssilorLuxottica has a long history of responsibility toward its stakeholders, the requirements for the duty of care legislation have been undertaken to progressively clarify and strengthen existing frameworks and will also be used to mainstream human rights into the Company's corporate policies, procedures and training modules as they are issued. The Group also harmonizes and updates its policies when necessary to consider new regulations.

EssilorLuxottica hereby reports on the progress of operational implementation of its commitment and vigilance approach for each of the corresponding key themes, and according to any changes in its activities and structure. For the sole purposes of clarity and readability of this Vigilance Plan, if necessary, readers will be referred to sections of this non-financial performance disclosure document for further details.

Company Commitment to Promote Human Rights and Protect the Environment Across the Whole Value Chain

EssilorLuxottica is built on two centuries of innovation and human endeavor. The Company places particular importance on respect for human rights and the environment, along with applicable laws and regulations (*e.g.* the United Kingdom 'Modern Slavery Act' and the French 'Duty of Care' law) and international standards, such as the United Nations Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. EssilorLuxottica is committed to respecting and promoting human rights across its entire value chain. The Company abides by the 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. This commitment is deeply intertwined with the Company's Mission and was strengthened in recent years in the context of growth and expansion in new countries.

Generally speaking, 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.

In addition, EssilorLuxottica is committed to ensuring healthy and safe working conditions, protecting both its people and the environment in all its locations. The Company is committed to complying with all applicable legislation and regulations and aims to continuously improve health and safety policies and procedures across countries through information and training and by fostering responsible behaviors of all workers through the application of company-wide safety procedures and vigilant preventive actions.

Furthermore, to reduce its environmental risks and impacts and to have a process framework that guarantees regulatory compliance and meet stakeholder expectations, EssilorLuxottica applies environmental best practices that conform to ISO 14001 certification and facilitates management of related impacts.

However, the Company operates in regions where the application of legislation in relation to human rights and the environment may be limited or fall below international standards. In such situations, EssilorLuxottica strives to perform its activities in accordance with international standards for the protection of human rights and the environment, and implement actions designed to prevent negative consequences in these areas, and remedy them should they occur.

Consequently, suppliers support the Company's commitment to ensure respect for human rights. EssilorLuxottica seeks to work with suppliers whose operational practices comply with applicable laws and regulations and, more generally, that protect the dignity of human beings, the health and safety of workers, and the environment at large.

This approach led to the update and publication of the EssilorLuxottica Code of Ethics and of the Business Partners' Code of Conduct. In addition, EssilorLuxottica has implemented an Anti-Bribery & Corruption compliance program that provides more detail regarding ethical business conduct and compliance. The new Code of Conduct clearly states, for example, the principle of banning forced and child labor as well as the Group's expectations in terms of respect for people, the environment and ethical business conduct. The Code of Conduct also covers, among other things, the zero-tolerance policy for any form of corruption, as well as expectations in terms of compliance with competition law, personal data protection and IT security. Employees of business partners can report ethical breaches using the SpeakUp reporting tool.

EssilorLuxottica 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 'on the ground' to mitigate risks along its value chain as described in the Responsible Sourcing Section. This allows the Company to further prevent serious breaches and take corrective actions where applicable, then remain vigilant about the consequences of its activities.

Organization and Steering

EssilorLuxottica's commitment to human rights and fundamental freedoms, health, safety and the environment is supported at the highest levels of the Company by its Board of Directors.

In particular, the CSR Committee is regularly updated on specific topics including the ESG risk assessment and management of sustainability issues. The CSR Committee also coordinates with the Audit and Risk Committee for all matters related to the CSR Committee's areas of intervention. For more details on EssilorLuxottica's CSR Committee, see Section 5.1.3 and Chapter 3 of this Universal Registration Document.

Operationally, the Corporate Sustainability function at 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 creation, update and deployment of the Company's policies at a regional or local level as well as the implementation of reasonable vigilance measures.

In addition, the Environment, Health and Safety function at EssilorLuxottica is responsible for the deployment of environmental management systems aimed at reducing environmental impact and ensuring the health and safety of all employees worldwide.

For EssilorLuxottica, supply chain efficiency is key to guarantee the highest quality of its products and services, which contribute to maintaining and enhancing its reputation. The Company has defined standards for ethics, labor, health, safety and the environment, and requests all its suppliers to adhere to these (see 'Responsible Sourcing' Section).

Lastly, EssilorLuxottica aims to further involve its stakeholders and go beyond the actions already undertaken. This is evident from its regular discussions with representatives from civil society, its support to 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.

Risk Mapping

EssilorLuxottica carries out its activities in more than 150 countries in varied economic and sociocultural contexts, which may present risks relating to human rights and the environment. Identifying, assessing and managing these risks is an integral part of EssilorLuxottica's corporate culture and is strengthened over time.

EssilorLuxottica assesses its risk exposure through the Group risk assessment process (see Section 1.6 of this Universal Registration Document), which incorporates the identification and evaluation of ESG risks such as health and safety (see Section 5.1.4), and through specific programs that apply to both manufacturing sites and suppliers globally (see above under 'Responsible Sourcing').

Risk Prevention and Mitigation Measures

Risk mapping has helped to raise awareness and prioritize action plans at both corporate and regional levels. For each main risk family, the functions involved coordinate the most appropriate approach in a continuous improvement process. Regarding Tier 1 suppliers and subcontractors, EssilorLuxottica relies on the standards and programs described in the 'Responsible Sourcing' section.

For more details on measures for prevention, mitigation and/or remediation implemented, as well as on progress made in 2023, please refer, for clarity and readability purposes only, to the following sections:

Risk Family	Sections
Challenges Relating to Human Rights and Fundamental Freedoms	Equal Opportunities and People Development Responsible Sourcing
Challenges Relating to the Health and Safety of Individuals	Health and Safety Responsible Sourcing
Environmental Challenges	Advancing Wastewater Management Reduction of Water Use Improving Process Efficiencies to Reduce Waste Generation Responsible Sourcing

Furthermore, regular awareness-raising and training initiatives delivered to employees on human rights and compliance-related topics (Code of Ethics, GDPR, health and safety policies *etc.*) are organized *via* dedicated e-learning modules and face-to-face training. Many training courses have also been delivered on key aspects of environmental management.

In 2023, 20 audits were performed either by an external specialized company or by the Internal Audit function covering around 36% of EssilorLuxottica's global headcount. Topics include Environment, Occupational Health & Safety, Labour and Human rights, and Governance and Ethics. Results and key findings of these audits are shared with function leaders and contribute to adapting Group and local roadmaps. Any non-conformities are promptly addressed and follow-up audits are carried out to verify their resolution. In 2024, EssilorLuxottica will continue to carry out audits on human rights topics (including health, safety and working conditions) across its entities identified as most at risk and to include the largest number of Company employees.

Regular Assessment of Subsidiaries, Suppliers and Subcontractors

Risk assessments as presented above are regularly updated following monitoring work carried out by third-party organizations specialized in human rights, internal audit reports, and/or audits conducted with Tier 1 suppliers and subcontractors. The development of new activities, the establishment of plants in new countries, or the referencing of suppliers and subcontractors are also factors that contribute to the update of the risk mapping. Furthermore, all subsidiaries directly or indirectly controlled by the Company are required to report annually on key indicators related to human rights and the environment, and associated risks are monitored (see Section 5.1.5).

Alert System and Reporting: SpeakUp

EssilorLuxottica encourages a culture of dialogue and communication, and attaches particular importance to ensuring that all employees have the means to report ethical breaches, preferably to their line manager. When this does not seem possible, employees can use the Group's new SpeakUp reporting tool. Launched worldwide in 2023 and promoted by the top leadership, this tool consolidates various pre-existing systems. It is being gradually being rolled out across Group entities, thanks to both global (global communication on the Group intranet and specific actions with key managers, distribution of FAQ's) and local (specific deployment with subsidiaries, dedicated posters, digital animations, etc.) communication initiatives. Training programs for employees and investigators (employees from selected functions with specific skills, trained to analyze, conduct interviews, evaluate documents and prepare reports) have also been set up. The reporting system is set out in the Code of Ethics and the Business Partners' Code of Conduct, and is public and easily accessible from the Group's website.

EssilorLuxottica has broadly defined suspected violations that can be reported, which include violation of anti-bribery and corruption, human rights, labor laws (including discrimination and harassment), health and safety, and fraud violation of the duty of vigilance as well as several other matters as required by applicable laws. The SpeakUp internet platform is secure, accessible 24 hours a day, and is available in 19 languages. It is complemented by telephone hotlines in 11 countries. The Group's whistleblowing policy, published in several languages on the SpeakUp platform, provides employees with transparent information on the whistleblowing procedure, ensuring confidentiality of reports, allowing anonymous reporting (where permitted by applicable legislation) and reiterating the principle of prohibiting retaliation, facilitating the reporting of ethical misbehaviors Reports can also be made in person to authorized recipients, to the Human Resources function or to the Compliance function via e-mail. The Group investigates and takes reports received very seriously. For instance, in North America, where reporting tools have been in place and mature for many years, teams ('Employee Relations', 'Asset Protection') are dedicated to investigating and resolving labor relations difficulties and fraud that may arise in stores or operations. If the internal investigation confirms the existence of misconduct, remedial and disciplinary actions may be taken.

This new SpeakUp tool will facilitate global data collection, enabling Group compliance programs to be adapted to the reports received. An anonymous annual report is submitted to the Group's governance bodies.

Monitoring System

In addition to the assessment and monitoring mechanisms (audits, reports, participation in regional and local committees, etc.) outlined above, EssilorLuxottica has an initial set of performance indicators related to human rights and the environment that are inspired by those in the Global Reporting Initiative (GRI), published each year in the Universal Registration Document.

By monitoring these indicators, EssilorLuxottica evaluates the effectiveness of the initiatives implemented to prevent related risks. Below is a summary of key indicators:

Theme	KPI	2023	2022	2021
Challenges Relating to Human Rights and Fundamental Freedoms	Number of employees and agency workers below age 16	24[a]	34[a]	-
	Number of active employees having completed 'Code of Ethics' trainings at EssilorLuxottica	21,554	17,554	8,879[b]
	Percentage of AFA spending covered by on-site audits	64%	66%	-
	Percentage of important suppliers covered by a CSR assessment and/or an onsite audit during the year	72%	-	-
Environmental Challenges	Number of chemical spills	0	0	2
Challenges Relating to the Health and Safety of Individuals	Number of work-related fatalities - employees and agency workers	1[c]	0	0
	Frequency rate of work-related injuries with absence - employees and agency workers	1.3	1.6	1.7
	Severity rate of work-related injuries with absence - employees and agency workers	0.03	0.04	0.06
	Total recordable incident rate - employees and agency workers	2.5	2.6	2.9

(a) The disclosed information consists mainly of apprentices and on-call workers from the Direct to Consumer network. The 2022 data has been restated following improved data accessibility resulting from the Group integration progress.
(b) The 2021 data has been restated to reflect only active employees as of December 31st of the reporting year who were trained on the 'Code of Ethics'.
(c) At the end of 2023 one of the Group's employees in Latin America tragically lost his life in a road accident on a work-related journey.

Business ethics

EssilorLuxottica's commitment to acting in a responsible and ethical manner goes together with a strong duty to combat all forms of corruption and fraud in all countries where the Company operates. Employees are called upon to act with integrity and professionalism inside and outside of work, following not only the laws and regulations of the regions where they operate, but also the strict standards of conduct that the Group has developed over the years and have been used to draft its internal policies and the EssilorLuxottica Code of Ethics.

This section and its paragraphs provide an overview of the topics included in the ethical approach to business pursued by EssilorLuxottica, namely 'Prevention of Corruption', 'Data Protection', 'Competition Law', 'Proscribing Tax Evasion' and 'Trade Compliance'.

Prevention of conflict of interest as well as the fight against corruption, influence peddling (zero-tolerance principle), money laundering, financing of terrorism, and fraud, along with compliance with international sanctions and export and customs regulations are also of particular attention for the Group (see Chapter 1 of this Universal Registration Document). As an industry leader, EssilorLuxottica is highly vigilant about its compliance with competition rules; it pays close attention to the prevention of conflicts of interest. EssilorLuxottica strongly condemns the practices mentioned above and has consequently put in place procedures to prevent the risk of occurrence.

As part of this approach, the EssilorLuxottica Code of Ethics and the Business Partners' Code of Conduct define the principles that apply to all EssilorLuxottica employees, contractors, vendors and suppliers, and represent a minimum set of standards that cannot be compromised and in accordance with international frameworks, such as the United Nations Global Compact. In line with this approach, EssilorLuxottica's Code of Ethics defines the principles and 'golden rules' that apply to all employees. These principles are also expressed in the Business Partners' Code of Conduct.

At operational level, EssilorLuxottica's Compliance function is responsible for preventing, identifying and managing risks related to business ethics in compliance with the law, and applicable local and international regulations (see Chapter 1 of this Universal Registration Document). As explained under the paragraph 'Alert System and Reporting', the internal SpeakUp whistleblowing system, open to employees and other stakeholders, helps to ensure compliance with ethical standards throughout the Group value chain.

Prevention of Corruption

In the fight against corruption, the Group applies a zero-tolerance policy and communicates this widely through its Group anti-corruption policy, based on its cartography of corruption risks, and its new Code of Ethics. A new anti-corruption training module is available in 11 languages on the in-house Leonardo learning platform and will be deployed in 2024 on a mandatory basis in countries or entities identified as at risk, and particularly among exposed functions.

EssilorLuxottica's Compliance function oversees the definition of guidelines for the prevention, identification and management of corruption-related risks through its Sapin II risk mapping. This mapping will be updated in 2024-2025, to take into account the organizational changes within the Group and to involve GrandVision entities more closely. The Compliance function will adapt its internal prevention procedures accordingly.

In parallel, integrity due diligence actions are regularly carried out by the Compliance function. The SpeakUp internal whistleblowing system complements the Group's corruption prevention system. The Group also implements control systems (notably via the Finance and Internal Control functions) and audit systems (notably via the Internal Audit function).

Data Protection

To develop quality vision care products and services in an era of innovation that is more and more digitized, EssilorLuxottica is required to collect and process personal data in connection with its business activities. It means that EssilorLuxottica must have access to high-quality consumer data collected from clients, websites or in stores to comply with its obligations. The Group is committed to ensuring that all personal data – and employee data – entrusted to EssilorLuxottica and its affiliated companies is kept secure.

EssilorLuxottica takes steps to comply with regulations applicable in countries where it operates to help ensure the protection of data, including the General Data Protection Regulation (GDPR) in Europe; the California Consumer Privacy Act (CCPA) in the United States and its updates; the *Lei Geral de Proteção de Dados Pessoais* (General Data Privacy Law - LGPD) in Brazil; and the Personal Information Protection Law (PIPL) in China as well as specific regulations such as the Health Insurance Portability and Accountability Act (HIPAA – privacy aspects) in the United States.

EssilorLuxottica is also taking steps to understand the impact of new regulations, such as in Europe the Digital Service Act, the Digital Marketing Act or the new European IA Act on its current privacy procedures and process.

EssilorLuxottica's Compliance function has created a Privacy Office and appointed Data Protection Officers who inter alia support the business in implementing data protection where relevant, in line with laws and procedures. It has developed a privacy compliance program aimed at protecting personal data processed by different entities of the Group or their suppliers and subcontractors according to applicable regulations. This includes the definition and regular review of applicable privacy documentation (e.g. privacy statements, privacy notices, Group data protection policy, Group data breach policy, cookies, banners, data protection impact assessments, etc.) to increase stakeholders understanding of their duties and provide clearer information on data subjects (privacy statement, privacy notices).

Also, training and awareness programs have been developed to enhance the Group's privacy culture and support teams across the world to ensure they include privacy by design and default when implementing new projects. Finally, with the support of the Internal Audit function, the Compliance function regularly ensures that data protection is properly considered and addressed and participates in the development of remediation action plans based on data protection laws and policies.

Competition Law

As a major player in its market, EssilorLuxottica is committed to complying with the rules of competition law within its business practices. The Company has a formal Competition Law Compliance Program and has implemented a Competition program that defines principles of conduct in the management of business practices and includes specific training activities (see Chapter 1 of this Universal Registration Document).

Proscribing Tax Evasion

Under the responsibility of EssilorLuxottica's Chief Financial Officer, the Group's Tax department has implemented the EssilorLuxottica Tax Strategy and it is in charge of monitoring and ensuring compliance with applicable tax laws and regulations, consistent with the values of honesty and fairness in EssilorLuxottica's Code of Ethics and with the Company's Tax Strategy.

THE KEY PILLARS OF ESSILORLUXOTTICA'S TAX STRATEGY

- EssilorLuxottica endeavors to comply with all applicable Laws and Regulations, in accordance with its Code of Ethics.
- EssilorLuxottica is committed to keep a cooperative and transparent relationship with the Tax Authorities in the countries where it operates, and utilizes, where available, tax dispute prevention instruments (such as Rulings, Advance Pricing Agreements) to ensure tax certainty.
- EssilorLuxottica does not engage in 'aggressive tax planning transactions', namely transactions lacking economic substance aimed at obtaining undue tax advantages, which are in violation of the anti-abuse Laws.

The Group's Tax department commits local subsidiaries to endorse a transparent, accurate and proactive policy of direct and constant interaction with tax authorities of the countries in which it operates. It also guides subsidiaries on tax matters, provides guidance on the correct transfer pricing approach, defines Group tax policies and suggests adequate tax solutions for the Group's business requirements (see Chapter 1 of this Universal Registration Document).

5.3 EU Taxonomy Disclosure

Context of EU Taxonomy

The EU Taxonomy Regulation is part of the European Commission's overall efforts to reach the European Green Deal objectives and make Europe climate-neutral by 2050.

Published on June 22, 2020 in the Official Journal of the European Union and entered into force on July 12, 2020, Regulation (EU) no. 2020/852 – EU Taxonomy Regulation (hereinafter also referred to as the 'Taxonomy' or 'Regulation') provides a classification system for defining economic activities that can be considered environmentally sustainable, to support investment flows in a more sustainable economy.

According to the Regulation, to be eligible or qualify as a potentially-sustainable activity, an economic activity needs to be listed in the Delegated Act of the Regulation, contributing to at least one of the below six environmental objectives defined by Art. 9 of the Regulation itself:

- climate change mitigation;
- climate change adaptation;
- use and protection of water and marine resources;
- transition to a circular economy;
- prevention and reduction of pollution; and
- protection and restoration of biodiversity and ecosystems.

To ascertain if an eligible activity is Taxonomy-aligned, the following Technical Screening Criteria must be met:

- compliance with the substantial contribution criteria to one environmental objective with reference to each economic activity identified;
- Do No Significant Harm (DNSH), i.e. avoiding negative effects on the other environmental objectives;
- Respect Minimum Safeguards (MS), recognizing the importance to comply with international principles and practices covering human rights, corruption, taxation and fair competition.

The Regulation defines turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with the Taxonomy-eligible and aligned activities as the Taxonomy KPIs that must be reported on.

Following the official adoption of Article 3 of the Regulation (Criteria for sustainable economic activities), EssilorLuxottica has assessed the eligibility and alignment of its activities with the first two environmental objectives that have been officially adopted to date (ref. Climate Delegated Act - Annex I and Annex II): climate change mitigation and climate change adaptation. For the four other objectives, namely the use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, and protection and restoration of biodiversity and ecosystems, only eligibility must be assessed.

It is worth remembering that for these different objectives, the European Commission has prioritized the establishment of technical screening criteria for economic activities that potentially contribute most to environmental objectives.

Finally, it should be noted that the Taxonomy is being updated given the absence of certain key sectors for mitigation and adaptation goals. It is reasonable to expect that in the future, when the Delegated Acts on sustainable activities for the other environmental objectives are also available, EssilorLuxottica's turnover may be eligible for EU Taxonomy.

EssilorLuxottica's Analysis

With its vertically integrated business model covering the design, manufacture and distribution of ophtalmic lenses, frames and sunglasses (see Section 5.1), EssilorLuxottica's core economic activities are not described in the current version of the regulation and are therefore not considered as 'eligible' nor aligned. Consequently, for 2023 as for 2022, the Group did not generate any eligible or aligned turnover with the EU Taxonomy Regulation.

Nevertheless, as an industry leader committed to sustainability, in 2021 EssilorLuxottica launched an integrated and far-sighted sustainability program called 'Eyes on the Planet' that includes the Company's commitments on climate change (see Section 5.2.1) and circular economy (see Section 5.2.2). To deploy and achieve its sustainability commitments, the Company has launched several initiatives and projects that can be considered individually as Taxonomy-eligible investments (CapEx) following a detailed analysis of the activities and related technical screening criteria listed in the Climate Delegated Act – Annex I of the Regulation.

However, it must be noted that the Group launched other energy saving initiatives that are not considered eligible, as these actions are not described in the current version of the regulation.

Disclosure of Taxonomy KPIs

Turnover KPI

As for 2022, EssilorLuxottica did not generate any turnover in 2023 that could be considered as Taxonomy-eligible or Taxonomy-aligned. The Group turnover equals in total to €25,395 million, as presented in the line-item *Revenue* of the consolidated statement of profit or loss (section 4.1.1 of this Universal Registration Document).

OPEX KPI

With regards to the OpEx KPI, the Group calculated a value for the denominator equal to €607 million following the methodology described in the "Methodology for EU Taxonomy KPIs" in Section 5.5. From the evaluation of the denominator, results showed that the business model of the Group did not generate significant OpEx for the categories mentioned by the Regulation. Operating expenses under EU Taxonomy definition (denominator) represent less than 10% of total Group consolidated operating expenses, which include *Cost of Sales* and *Total Operating Expenses* as presented in the 2023 consolidated financial statements. For this reason, and as for 2022, the Group considered the indicator as not material.

CAPEX KPI

Since the list of eligible economic activities provided by the Regulation does not cover the Group's core business, its CapEx cannot be associated with eligible economic activities generating turnover. However, based on the Delegated Act – Annex I Art. 8, § 1.1.2.2, point c, related to the purchase of output from Taxonomy-aligned economic activities with the aim to reduce greenhouse emissions, the Group identified the following eligible activities that can be considered individually as Taxonomy-eligible investments:

- transport by motorbikes, passenger cars and light commercial vehicles (Activity 6.5);
- installation, maintenance and repair of energy efficiency equipment (Activity 7.3);
- installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (Activity 7.4);
- installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings (Activity 7.5);
- installation, maintenance and repair of renewable energy technologies (Activity 7.6);
- acquisition and ownership of buildings (Activity 7.7).

CapEx related to the above activities are reported under the lines *Additions* and *Business Combinations* of the items Properties, Plant & Equipment (activity 7.3, 7.4, 7.5, 7.6 and owned buildings of 7.7) and Right-of-Use Assets (activity 6.5 and rented buildings of 7.7).

These activities represent part of the sustainable initiatives related to production sites, laboratories and stores. Analysis of costs associated with Group properties is based on accounting records used for the preparation of EssilorLuxottica consolidated financial statements/information. Data for directly managed stores was considered on a full scope (due to limited availability of centralized and detailed information for APAC and LATAM regions and some GrandVision stores, the associated eligible CAPEX were estimated). For production sites and laboratories, analysis was performed in 2023 on the full scope for frames sites and all lenses facilities.

The analysis of the CapEx KPI resulted to 53.02% of eligibility and 0.67% of alignment, a value reflecting the nature of the EssilorLuxottica Group, *i.e.* a company operating in a sector with economic activities not covered by the Regulation. Most of the eligible CapEx derives from the inclusion of costs related to the Right of Use of stores and other buildings. Evolution compared to last year is mainly due to more renewable energy projects implemented in Group in 2023.

Below are the steps carried out to assess alignment with EU Taxonomy, starting from compliance with Minimum Safeguards.

Compliance with the Minimum Safeguards

Compliance with minimum safeguards of the EU Taxonomy is based on Article 18 of the Regulation, as well as recommendations set out in the Final Report on Minimum Safeguards published by the EU Platform on Sustainable Finance (October 2022). The report identifies four core topics for which compliance with minimum safeguards should be assessed: human rights, corruption, taxation and fair competition.

To assess the alignment of its eligible CapEx, the Group must evaluate if minimum safeguards are respected for the CapEx-related activity, and therefore that the supplier engaged by the Group complies with minimum safeguards described in Article 18 of the Regulation. For consistency, EssilorLuxottica is also required to comply with minimum safeguards for its own operations.

In fact, ethical behavior is one of the main pillars that guide the way EssilorLuxottica conducts business. The Code of Ethics and the Business Partners' Code of Conduct define the principles that apply to all EssilorLuxottica employees, contractors, vendors and suppliers, and represent a minimum set of standards that cannot be compromised, including the respect of Human Rights, labor conditions and fair competition. EssilorLuxottica's suppliers are required to comply with these documents. The Group maintains a very high level of vigilance regarding the respect of Human Rights amon its suppliers. In fact, EssilorLuxottica has a proactive approach in compliance with French Law no. 2017-399 (devoir de Vigilance) that requires due diligence on the supply chain to identify risks related to human rights (Section 5.2.5).

In line with its Code of Ethics and the Business Partners' Code of Conduct and in accordance with international and local regulations, such as the *Duty of Care* and *Sapin II* laws in France, the Group has established a global Anti-Bribery and Corruption program (see Section 5.2.5).

Tax function is in charge of monitoring and ensuring that the Group meets all minimum requirements related to tax laws and regulations, in consistency with the values of honesty and fairness in EssilorLuxottica's Code of Ethics.

EssilorLuxottica is committed to complying with the rules of competition law within its business practices. The Company has a formal Competition Law Compliance Program and has implemented a Competition program that defines principles of conduct in the management of business practices and includes specific training activities.

For this reason, EssilorLuxottica considers that it ensures compliance with minimum safeguards for the activities covered by CapEx point (c).

Alignment assessment

Below is a summary of the alignment assessment for each activity identified as eligible.

Activity	Substantial Contribution	DNSH
Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	Part of the EssilorLuxottica's new company vehicles meet the substantial contribution criteria (CO_2e emission rate lower than 50gCO_2e/km)	DNSH criterion on performing a dedicated climate risk assessment was not fulfilled for all the sites having cars with CO_2e emission rate lower than 50gCO_2e/km
Installation, maintenance and repair of energy efficiency equipment (7.3)	The activities mainly included installation and replacement of energy efficient light sources, and the installation and maintenance of heating, ventilation and air-conditioning (HVAC). However, due to a lack of clarity of the regulation regarding the highest energy classes to consider and how to deal with countries outside EU and in a conservative approach, the vast majority of the associated CaPEx have not been considered as aligned.	One of the DNSH criteria for this activity requires a Climate Risk Assessment related to the asset in which the activity was performed. This activity has been done for most industrial sites but one of them was not covered and consequently, was excluded from the alignment.
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)	Not applicable for this activity	All of the projects were implemented on sites that were subject to a physical climate-risk assessment.
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)	All the eligible projects met the substantial contribution criterion	All of the projects were implemented on sites that were subject to a physical climate-risk assessment.
Installation, maintenance and repair of renewable energy technologies (7.6)	All the eligible projects met the substantial contribution criterion	The DNSH criteria for this activity required a Climate Risk Assessment related to the asset in which the activity was performed. This activity has been done for most industrial sites but one of them was not covered and consequently, was excluded from the alignment.
Acquisition and ownership of buildings (7.7) [1]	The construction of new buildings in production sites located in relevant regions have been considered as an eligible activity. The construction of buildings by EssilorLuxottica Group always follows the highest standards of sustainability with the aim of reducing the Group's emission profile (the four main new or currently under construction buildings will be LEED Gold Certified). However, due to limited documentation to perfectly match the certification criteria with taxonomy's, the activity was considered as not aligned following a conservative approach for three of them. Regarding the acquisition and leasing of new stores and due to limited documentation a conservative approach led to considering the activity as not aligned.	For the new building meeting the Substantial contribution criteria, EssilorLuxottica could not assess some of the elements required to justify compliance with all the DNSH criteria

(1) New building construction activities have been classified in this activity. The associate technical criteria of these projects have been analyzed as per the 7.1 activity.

Based on above assessment, below is the disclosure table for CapEx KPIs, with a proportion of CapEx from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation - disclosure covering FY 2023.

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3) (€ millions)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5	0.00	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.06%		T
Transport by motorbikes, passenger cars and commercial vehicles	CCM 6.5 and CCA 6.5	1.60	0.06%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.14	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 and CCA 7.3	1.81	0.07%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 and CCA 7.4	0.24	0.01%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.09	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 and CCA 7.5	0.12	0.00%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.20	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.14%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 and CCA 7.6	13.44	0.51%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		17.64	0.67%	0.67%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.19%		
Of which Enabling		16.04	0.61%	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.14%	E	
Of which Transitional		1.60	0.06%	0.06%						Y	Y	Y	Y	Y	Y	Y	0.06%		T

Financial year N	2023	Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm") (h)								
Economic Activities (1)	Code (a) (2)	CapEx (3) (€ millions)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Retail sport by "stand-alone" passenger car and commercial vehicles	CCM 6.5	4.32	0.04%	E	N/EI	N/EI	N/E	N/E	N/EI								-		
Renovation of existing buildings	CCM 7.2	0.00	0.00%	E	N/EI	N/EI	N/E	N/E	N/EI								0.42%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	38.24	1.45%	L	N/EL	N/EL	N/EL	N/EL	N/EL								0.79%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	8.05	0.00%	L	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	1,331.86	50.37%	E	N/EI	N/EI	N/E	N/E	N/EI								41.25%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,384.48**	**52.36%**	**52.36%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**42.47%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**1,402.12**	**53.02%**	**53.02%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**42.66%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**1,242.28**	**46.98%**																
TOTAL		**2,644.40**	**100%**																

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities per environmental objective – Disclosure covering year 2023

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.67%	53.02%
CCA	0.65%	0.67%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

5.4 Next Steps for EssilorLuxottica's Sustainability Program

As presented in this non-financial statement, through its Eyes on the Planet program, EssilorLuxottica has embraced sustainability across its entire ecosystem, including employees, suppliers, partners, and customers, with concrete actions that support five strategic pillars — Carbon, Circularity, World Sight, Inclusion, and Ethics.

Major activities have been further improved in 2023, including:

- enhancement of sustainability reporting and disclosure such as the introduction of a double-materiality approach in the Group's risk assessment process and of a Finance-Sustainability taskforce on the EU Taxonomy KPIs;
- advancement in key operational activity streams, such as the update of the Group-wide carbon footprint assessment and the tailored deployment of the Eyes on the Planet program within the Group, including the introduction of circular services in the retail network and the progress towards in-store sustainability;
- acceleration in the OneSight EssilorLuxottica Foundation's global actions to bring vision care to everyone around the world, including the establishment of the Foundation in Latin America, uniting the Group's long-standing philanthropy and advocacy initiatives in the region;
- continuous engagement of employees, business partners, and customers around the Eyes on The Planet program by leveraging the Leonardo platform and all Group internal and external communication channels.

In addition, the commitment to set new targets in accordance with the Science-Based Targets initiative (SBTi) has marked a new stage in the EssilorLuxottica's approach to environmental and social sustainability, with a focus not only on its direct impact but also on its indirect impact. As an industry leader, it is part of EssilorLuxottica's responsibility to also involve suppliers, business partners, customers, and consumers in its sustainability ambitions.

In 2024 EssilorLuxottica will build on these accomplishments and will continue to focus on awareness, execution, and evolution of its sustainability program worldwide. Priorities include:

- continuous deployment of global and local initiatives that support the Group's efforts on carbon, circularity, ethics, inclusion, and world sight under the Eyes on the Planet framework;
- coordination of a cross-functional sustainability reporting and compliance taskforce to ensure the organization meets the new sustainability reporting requirements (e.g. Corporate Sustainability Reporting Directive-CSRD, Corporate Sustainability Due Diligence Directive);
- formalization of the missing policies and objectives for the different pillars of the Eyes on the Planet program;
- development of the Eyes on the Planet learning path for all employees and customers on the Leonardo platform;
- engagement of the Company's partners and suppliers in its climate journey.

These and more initiatives will help reduce the Group's environmental impact, promote employee well-being, and contribute to socio-economic development in the territories where it operates.

EssilorLuxottica will continue to report progress and achievements related to the Eyes on the Planet program regularly through its website, corporate communication channels, and annual Universal Registration Document.

5.5 Methodology Note and Correspondence Tables

Main Principles for Sustainability Data Reporting

EssilorLuxottica's Sustainability Reporting Protocol defines the reporting principles below:

Reporting Scope

All entities within the Company's financial consolidation scope are required to report on sustainability data. The list of entities requested for sustainability reporting is updated annually according to the finance consolidation scope. For entities with more than one site, all sites are included in the reporting.

The exceptions are specified below:

- New entities acquired less than one year are granted one year to be integrated into the Group reporting scope unless stated otherwise.
- Given the specificity of the Group's retail network, franchise operations are not covered. Data is therefore not reported for around 4,200 franchise locations (equal to approximately 24% of EssilorLuxottica's retail network) due to limited operational control and access to information.

Reporting Period

The reporting period is from January 1, 2023 to December 31, 2023.

Workforce-Related Indicators

The workforce reported corresponds to the total number of Company employees and agency workers at the end of the reporting period. Workforce-related indicators cover 100% of the total Group workforce.

As defined in the EssilorLuxottica Reporting Protocol, 'employee' refers to a person having an employment contract directly with any entity of EssilorLuxottica; and 'agency worker' refers to a person having a contract with an outside company to work for EssilorLuxottica in one of its locations or elsewhere for a temporary period. Contractors and interns are excluded from the workforce indicators.

The breakdowns (by gender, category, contract type and age) are presented only for employees, whereas the breakdown by geography is presented for the workforce. Geographical areas designated for presenting the workforce by region are aligned with the areas identified for 2023 revenue disclosure.

Regarding 2022 and 2021, information was not available for approximately 0.7% and 0.6% respectively of EssilorLuxottica employees. For them, the Company estimated the gender split to be in line with the rest of the organization and with previous years (60% women – 40% men). Meanwhile, for 2022 and 2021, for a few small sized entities not fully integrated in the Group HRIS system (accounting for around 0.4% of Group total employees), their workforce-related breakdowns were estimated based on previous year data and the regional average split.

Regarding turnover rate, it represents the total number of permanent employees who left the Group over the reporting period (GrandVision excluded).

Health and Safety Indicators

Health and safety indicators relate to the Company's main manufacturing plants, lens laboratories and distribution centers, excluding entities acquired by EssilorLuxottica during 2023, and for which investments are needed to integrate health and safety reporting systems. For retail activities, information Italy, the United States and Brazil (36% of the retail population) has been included, while other countries are excluded. The mentioned countries represent the first step to fully integrating the retail population in the Health and Safety reporting. Health and safety indicators cover both employees and agency workers.

The indicators applied reflect results of the Company's Environment, Health and Safety (EHS) policies.

As defined in the Company's Reporting Protocol:

- the frequency rate is calculated as the number of work-related injuries with lost days x 1,000,000 / total number of hours worked during the reporting period;
- the severity rate is calculated as the total number of lost days (calendar days) x 1,000 / total number of hours worked during the reporting period;
- the total recordable incident rate is calculated as the total number of recordable work-related injuries x 1,000,000 / total number of hours worked during the reporting period;
- the total number of hours worked is calculated as the actual hours worked from the clock-in system where applicable and theoretical hours worked based on calculation of scheduled working days and average number of hours worked per day.

Environmental Indicators

Environmental indicators are collected to measure and monitor the environmental performance of the Company.

Water withdrawal refers to all water drawn into the boundaries of the Company from all sources, for any use, over the course of the reporting year. The related breakdowns are reported in m^3. Retail activity water consumptions is estimated based on benchmarking analysis and comparison with factors found in literature.

Energy consumption refers to all primary energy consumed during the reporting period. Related breakdowns are reported in kWh and disclosed in GWh. All directly managed retail stores (more than 13,000 stores) are covered in the energy reporting. When energy consumption data was not available for the full reporting period, data was extrapolated and estimated based on: i) energy consumption during corresponding months of the previous year (for manufacturing plants, lens laboratories, distribution centers); or ii) average energy consumption of other months, or iii) average energy consumption of other sites (for Retail).

Waste generation refers to the total weight of waste evacuated or shipped out of the Company. Associated breakdowns are reported in metric tons. Retail activities are excluded.

For water withdrawal, energy consumption, refrigerants leakages and waste generated, the Company collected all the available actual data during the reporting period and extrapolated the data for the residual entities not yet providing data. This approach enabled the representation of the GHG emissions for the entire Group. The extrapolations have been performed based on the actual data collected, calculating the average consumption per HC (and m^2 for Retail) per country or geographic area.

Methodology for Calculating Greenhouse Gases (GHG) Emissions

In accordance with GHG Protocol, accounting and reporting standards for greenhouse gas emissions (http://www.ghgprotocol.org GHG emissions) are calculated and reported according to three scopes: Scope 1, 2 and 3.

GHG emissions reported are measured in tonnes of carbon dioxide equivalent (tCO_2e). Regarding conversion factors, the Company used the ADEME (*Agence française de l'Environnement et de la Maîtrise de l'Énergie*, www.ademe.fr/) database, which was updated in December 2022 (v. 22.0) for Scope 1 emissions calculation, the International Energy Agency (IEA) which was updated in September 2022 for Scope 2 emissions calculation and the GLEC framework database for Scope 3 emissions associated with transportation.

The GHG emissions are calculated considering the actual data collected during the reporting period and the extrapolated one for the entities that did not report data, as explained in the methodology of environmental indicators.

Scope 1

This involves three direct emission categories:

1. Emissions from direct on-site stationary combustion of fossil fuels, such as gas or liquid fuel: Associated upstream emissions are considered scope 3 emissions and thus excluded from Scope 1 emissions.

GHG emission factors were applied in accordance with the ADEME database (v. 22.0):

   - Gas: 205 gCO_2e/kWh LCV;
   - Liquid fuel: 272 gCO_2e/kWh LCV.

2. Emissions from mobile combustion related to company cars consuming fossil fuels: Emissions are calculated on contractual data provided by fleet management suppliers. Since 2023 the Group refers to the fuel consumed to calculate the emissions from mobile combustion related to company cars, not considering the average CO_2e emissions per km declared by the manufacturer.
3. Fugitive emissions from refrigerants leakages that may occur during the charging, recharging or disposal of refrigerant or air conditioning equipment on-site: Emissions are calculated considering the GWP of each F-gas from the IPCC Sixth Assessment Report (AR6). In the case of GWP not available in the IPCC report, the information provided directly from the F-gas supplier was considered.

Scope 2

This relates to indirect emissions associated with the electricity consumption of the Company's activities, including electric vehicles owned or controlled by the Company. Scope 2 emissions were calculated according to both the location-based method and the market-based method of the GHG Protocol. A location-based method reflects average emissions intensity of grids for which energy consumption occurs (using mostly grid-average emission factor data). The emission factors for electricity were updated in 2023 based on figures provided by the IEA database (v. 2022). A market-based method reflects emissions from electricity that the Company has purposefully chosen.

The emission factors considered are annually updated referring to residual mix from different database such as IEA, AIB, Ecoinvent, IGES, eGrid and others.

Scope 3

Emissions Associated with Upstream Transportation Managed by EssilorLuxottica

These emissions correspond to indirect emissions related to the transportation of products and represent the main contributor for the Company to the 3.4 GHG Protocol's category "Upstream transportation and distribution". The emissions associated with upstream transportation managed by EssilorLuxottica are calculated on a Well-to-Wheel basis (WTW), to analyze the impact of using different energy vectors. The term Well-to-Wheel includes the underlying Tank-to-Wheel and Well-to-Tank analysis, defined as follows: i) Tank-to-Wheel (TTW) describes the use of fuel in the vehicle and emissions during driving; and ii) Well-to-Tank (WTT) describes the subrange of fuel supply, from production of the energy source (petrol, diesel, electricity, natural gas) to fuel supply (transport to the charging point or fuel pump).

The Company follows the GLEC Framework and is compliant with EN16258.

Reporting of EssilorLuxottica transportation and freight is categorized by product type:

- Eyewear: finished frames, including both international and local flows;
- Lenses: finished and semi-finished lenses, including both international and local flows; and
- Other products/materials: including international and local flows for AFA (Apparel, Footwear and Accessories), POP (Point of Purchase), Spare Parts, Production Components, Goggles, Contact Lenses, Sun & Readers, Equipment, Instruments, Cases and Accessories.

Emissions related to the transportation and freight of each product types are also split per shipping mode:

- air shipping mode; and
- other shipping modes, including ocean, road and rail.

For certain entities that did not report physical transportation data for the last quarter of the year (October, November and December), GHG emissions were estimated based on sales performance projections. Emissions based on estimations accounted for around 3% of the total reported emissions associated with transportation.

GHG emissions related to Sustainable Aviation Fuel (SAF) are deducted from emissions of air shipping for related products.

Emissions Associated with Fuel-and Energy-Related Activities

These emissions correspond to indirect emissions related to the consumption of fuel and energy in the Company's activities, representing the 3.3 GHG Protocol's category "Fuel-and-energy related activities". This category's emissions are computed on an average data method, referring to the data collected and extrapolated for the Scope 1 and Scope 2 calculation. The emission factors considered are annually updated referring to residual mix from different database such as IEA, AIB, Ecoinvent, IGES, eGrid and others.

Emissions Associated with Waste Generated in Operations

These emissions correspond to indirect emissions related to the generation of waste in the Company's activities, representing the 3.5 GHG Protocol's category "Waste generated in operations". This category's emissions are computed on a waste-type-specific method, referring to the data collected for the Waste generation table reported in the 5.2.2 paragraph Eyes on Circularity. To ensure the coverage of all Company's operations activities, the waste generated by entities not included in the reporting campaign was estimated based on the actual data available by country and region. The emissions factors considered derive from ADEME (2021v), BEIS (2021) and Ecoinvent (v3.8).

Other Scope 3 Emission Categories Included in the Group Carbon Footprint Assessment

Below are all other Scope 3 emission categories identified as relevant to Group activities and included in the Group complete carbon footprint assessment. The remaining categories listed in the GHG protocol (upstream leased assets, downstream leased assets and downstream transportation and distribution) are considered not relevant or not significant to the Group business. The relevant categories and related calculation methods are here listed:

- purchased goods and services: average data method;
- capital goods: spend-based method;
- upstream transportation and distribution (managed by suppliers): distance-based method;
- business travel: spend-based method, distance-based method;
- employee commuting/teleworking: average data method;
- processing of sold products: average data method;
- use of sold products: calculation method for direct use-phase emissions from products that directly consume energy;
- end-of-life treatment of sold products: waste-type-specific method;
- franchises; spend-based method;
- investments: spend-based method.

Calculation of other Scope 3 emissions followed the guidelines of the GHG Protocol and used emission factors provided by different databases depending on the Scope 3 category, such as ADEME v22.0, Ecoinvent v3.8, BEIS 2021 (UK Department for Business, Energy and Industrial Strategy) and others.

Methodology for EU Taxonomy Denominators

Annexes of the Delegated Act require calculating the proportion of Turnover, CapEx and OpEx associated with eligible and aligned activities. To accomplish this task, as stated in Section 5.3, the Group identified its eligible activities and, once assessed which were in line with alignment criteria, calculated the three KPIs.

The next paragraphs present in detail what has been foreseen by provision of Annexes to the Commission Delegated Regulation (EU) 2178/2021 in terms of accounting items related to the KPIs that must be reported by non-financial undertakings in the sustainability report – as the approach retained by EssilorLuxottica.

Turnover

Turnover KPI as described by the regulation is to be calculated as the part of net turnover derived from products or services associated with eligible and/or aligned Taxonomy activities, including intangibles (numerator) divided by the net turnover (denominator).

Numerator: As mentioned in Section 5.3, EssilorLuxottica's core economic activities are not described in the current version of the Taxonomy regulation and are not included in the Climate Delegated Act. Therefore, they are not considered as 'eligible' or 'aligned'. Consequently, for 2023 as for 2022, the Group did not generate any turnover eligible or aligned with the EU Taxonomy Regulation.

Denominator: Net turnover is defined as the amounts derived from the sale of products and provision of services after deducting sales rebates and value added taxes directly linked to the turnover. Following the description, KPI denominator corresponds to the line-item *Revenue* presented in the consolidated statement of profit or loss (section 4.1.1).

Operating Expenses: OPEX

Denominator: For the calculation of the OpEx KPI denominator[1] the Group considered the share of costs falling into the categories mentioned by the Regulation: non-capitalized R&D, day to day servicing of assets, building renovation measures, short term lease, maintenance and repairs. For the calculation of the denominator, the following categories have been excluded[2]: i) overheads, ii) raw materials, iii) cost employee operating the machine, iv) cost of managing R&D projects and v) electricity, fluids or reagents needed to operate property plant and equipment.

For all categories of the OpEx KPI, both external (outsourced activities) and internal costs (labor, materials and tools costs) were considered. Costs related to G&A (*General & Administrative*) have been excluded, including only expenses directly attributable to a specific asset.

Based on the analysis of data extracted from management and accounting tools, Group controllers were able to isolate the share of costs falling into the categories mentioned by the Regulation.

Compared to fiscal year 2022, the higher level of information available allowed controllers to include additional entities and cost types in the analysis. In addition, a more in-depth analysis was performed which led to the inclusion/exclusion of some costs previously considered as not eligible/eligible. This ultimately led to a decrease in the amount reported in 2023 compared to 2022.

After analysis, OPEX represents less than 10% of the total Group consolidated operating expenses, and for this reason, and as for 2022, the Group considered the indicator as not material. Therefore, the numerator was not calculated.

Capital Expenditure: CAPEX

Numerator: For each activity and each project identified as eligible, technical criteria were reviewed internally to ensure the alignment (see table in chapter 5.3).

Denominator: For the calculation of the CapEx KPI denominator[3], the Group considered the increases of the period related to Property Plant and Equipment (PP&E), Intangible Assets (excluding goodwill) and Right of Use Assets (RoU), as presented in notes 10, 11 and 12 of the 2023 Group consolidated financial statements (section 4.1.6). As required by the Regulation, the values considered correspond to the line items *Additions* and *Business combinations* of the tables disclosed in notes 10, 11 and 12, thus excluding the effects resulting from amortization, depreciation, impairment losses, divestment, assets classified as held for sale, translation differences and other.

(1) The proportion of OpEx shall be calculated as the numerator divided by the denominator associated with assets/ processes associated with taxonomy aligned activities. The denominator shall cover direct non-capitalized costs that relate to: Research and development, building renovation measures, short-term lease, maintenance and repair, the day-to-day servicing of assets.
(2) FAQ Published by the EU Commission on EU Taxonomy on February 2, 2022
(3) The proportion of CapEx shall cover: the additions to tangible and intangible assets during the financial year and the additions to tangible and intangible assets resulting from business combinations.

Correspondence Table for Priority ESG Risks

CSR Topics	Group Risk Factors with CSR Dimension	Reference
Climate change	Climate Transition	5.2.1
	Business Interruption	
Responsible business practices	Supply Chain	5.2.5
	Data Privacy	
	Ethical Behavior	
Non-Financial communication	Reporting and communication	5.1.5
	Brand Integrity & Perception	5.2.2
Sustainable offering and production	Product Innovation and Circularity	5.2.2
Talent management and well-being	Health and Safety	5.2.4
	People Management	

Correspondence Table with Task Force on Climate-Related Financial Disclosures (TCFD)

Governance	Reference
a. Oversight by the Board of Directors of climate-related risks and opportunities	• Report on Corporate governance (Chapter 3) • Eyes on Carbon (Section 5.2.1)
b. Management's role in assessing and managing climate-related risks and opportunities	
Strategy	
a. Climate-related risks and opportunities identified over the short, medium and long term	• Business model, environmental and social challenges (Section 5.1.1) • Eyes on Carbon (Section 5.2.1)
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	
c. Resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	
a. Processes for identifying and assessing climate-related risks	• Risk factors (Section 1.6) • ESG risk management (Section 5.1.4) • Eyes on Carbon (Section 5.2.1)
b. Processes for managing climate-related risks	
c. Integration of processes for identifying, assessing and managing climate-related risks in the Company's overall risk management	
Metrics and Targets	
a. Metrics used to assess climate-related risks and opportunities, in line with the Company's risk management strategy and process	• Protocol and organization of non-financial reporting (Section 5.1.5) • Eyes on Carbon (Section 5.2.1)
b. Greenhouse gas emissions for Scope 1, Scope 2 and Scope 3 and the related risks	
c. Targets used to manage climate-related risks and opportunities and Company's performance against these targets	

Disclosure Tables for EU Taxonomy

Revenues Table

The table below shows the proportion of turnover from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation.

EssilorLuxottica did not generate turnover for 2023 that could be considered as Taxonomy-eligible nor Taxonomy-aligned.

Financial year N	2023	Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3) (€ millions)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		25,395	100%																
TOTAL		25,395	100%																

Template: proportion of turnover from products or services associated with Taxonomy-aligned economic activities per environmental objective – Disclosure covering fiscal year 2023

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Opex Table

The table below shows the proportion of OpEx from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation.

Operating expenses under EU Taxonomy definition (denominator) represent less than 10% of Group total consolidated operating expenses, which include Cost of Sales and Total Operating Expenses as presented on the consolidated statement of profit or loss (see Chapter 4 of the 2023 Universal Registration Document), and due to that, the Group considered the indicator as not material.

Financial year N	2023	Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	OpEx (3) (€ millions)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which Enabling	0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional	0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)	0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities	607	100%																	
TOTAL	607	100%																	

Template: proportion of OpEx from products or services associated with Taxonomy-aligned economic activities per environmental objective – Disclosure covering fiscal year 2023

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.: - Climate Change Mitigation: CCM - Climate Change Adaptation: CCA - Water and Marine Resources: WTR - Circular Economy: CE - Pollution Prevention and Control: PPC - Biodiversity and ecosystems: BIO. For example, the Activity 'Afforestation' would have the Code 'CCM 1.1'.

(b) Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective. N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective. N/EL - not eligible, Taxonomy non-eligible activity for the relevant environmental objective.

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, if known, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting in their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall allocate the financing of economic activities contributing to multiple environmental objectives to the most relevant environmental objective that is reported in line in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using templates in sheets 'Turnover (T)', 'CapEx (T)' and 'OpEx (T)'.

(d) The same activity may align with only one or more environmental objectives for which it is eligible.

(e) The same activity may be eligible and not aligned with the relevant environmental objectives.

(f) 'T' - Taxonomy-eligible activity for the relevant objective. 'N/T' - Taxonomy non-eligible activity for the relevant objective.

(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

(h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (2) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using 'SC' for substantial contribution - 'Y/N' and 'N/S' codes instead of 'Y' and 'N/T' and 'N' codes.

Correspondence Table with GRI Standards

(Version 2016 and 2021 for GRI Universal Standards 2 and 3)

GRI Standard	Disclosure Title		Reference
GRI 2 - General disclosures (2021)	2-1	Organizational details	1.1
	2-2	Entities included in the organization's sustainability reporting	5.5
	2-3	Reporting period, frequency and contact point	5.1.5, 5.5
	2-4	Restatements of information	5.2.1
	2-5	External assurance	5.6
	2-6	Activities, value chain and other business relationships	1.1, 1.4, 5.1.1
	2-7	Employees	5.2.4
	2-9	Governance structure and composition	3.1
	2-10	Nomination and selection of the highest governance body	3.1
	2-11	Chair of the highest governance body	3.1
	2-12	Role of the highest governance body in overseeing the management of impacts	3.1, 5.1.3
	2-13	Delegation of responsibility for managing impacts	5.1.3
	2-14	Role of the highest governance body in sustainability reporting	5.1.3
	2-19	Remuneration policies	3.3
	2-20	Process to determine remuneration	3.3
	2-21	Annual total compensation ratio	3.3
	2-22	Statement on sustainable development strategy	1.1.2, 5.2
	2-25	Processes to remediate negative impacts	5.2.5
	2-26	Mechanisms for seeking advice and raising concerns	5.2.5
	2-27	Compliance with laws and regulations	5.2.5
	2-29	Approach to stakeholder engagement	5.6
GRI 3 - Material topics (2021)	3-1	Process to determine material topics	5.1.4
	3-2	List of material topics	5.1.4
	3-3	Management of material topics	5.1.4
GRI 205 – Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	5.2.5
GRI 302 – Energy (2016)	302-1	Energy consumption within the organization	5.2.1
GRI 303 - Water and effluents (2018)	303-3	Water withdrawal	5.2.1
GRI 305 - Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	5.2.1
	305-2	Energy indirect (Scope 2) GHG emissions	5.2.1
	305-3	Other indirect (Scope 3) GHG emissions	5.2.1
GRI 306 - Waste (2020)	306-3	Waste generated	5.2.2
	306-4	Waste diverted from disposal	5.2.2
	306-5	Waste directed to disposal	5.2.2
GRI 403 - Occupational Health and Safety (2018)	403-9	Work-related injuries	5.2.4
GRI 404 - Training and Education (2016)	404-1	Average hours of training per year per employee	5.2.4
	402-2	Programs for upgrading employee skills and transition assistance programs	5.2.4
GRI 405 - Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	5.2.4

5.6 Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial information statement

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2023

To the Shareholders,

In our capacity as Statutory Auditor of EssilorLuxottica SA (hereinafter the "entity"), appointed as an independent third party and certified by COFRAC under number 3-1862 (whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) in the consolidated non-financial information statement for the year ended December 31, 2023 (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as described in the "Nature and scope of our work" section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Comments

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comments:

- the results presented relating to ethical behavior, data privacy, business interruption, supply chain, people management, reporting and communication and brand integrity and perception do not identify any key performance indicators for the related policies;
- as disclosed in Chapter 5.5 "Methodology notes" sections "H&S indicators" and "environmental indicators", the perimeter of H&S and waste indicators are excluding some group entities.

Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the Information needs to be read and understood with reference to the Guidelines, significant elements of which are available upon request from the entity's headquarters.

Inherent limitations in preparing the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Certain Information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial information statement

The entity's responsibility

Management is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Statement in accordance with the entity's Guidelines as mentioned above;
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, *i.e.*, the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter "the Information").

As we have been engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the consistency of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*, "CNCC") applicable to such engagements, with the CNCC's technical opinion determining the conditions in which the independent third party performs its engagement – *Non financial information statement*, as well as with ISAE 3000 (Revised) – *Assurance engagements other than audits or reviews of historical Financial Information*.

Independence and quality control

Our independence is defined by the provisions of Article L. 821-28 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of 9 persons between September 2023 and February 2024 and took a total of 22 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 40 interviews with people responsible for preparing the Statement, representing among others the CSR, Human Resources, Procurement, Logistics, Communication and Investor Relations departments.

Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed based on our professional judgment allowed us to express a limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation and includes, when needed, an explanation for the absence of the information required under Article L. 225-102-1 III, 2;
- we verified that the Statement presents the information set out in Article R. 225-105 II where relevant to the principal risks;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks and the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the appendix. For the Ethical Behaviour, Data Privacy, Busines Interruption, Supply Chain, Reporting & Communication and Brand Integrity & Perception risks, our work was performed at the consolidation Entity level; for the other risks, Climate Change, Product Innovation and Circularity,People Management and Health & Safety our work was performed at the consolidation Entity level and on a selection of entities: OPSM Group Pty Limited, Shanghai Essilor Optical Company Limited CHLOE Project, Seod, ELab-Danyang, Luxottica Tristar Optical Company Limited, EIPL Delhi, Essilor Manufacturing (Thailand) Company Limited, Essilor Optical Laboratory (Thailand) Co.,Ltd, Grand Vision France, Apollo Optik Holding GmbH, GVTech Centre Deutschland, Agordo, Sedico Frames 1 & 2, Luxottica Group S.p.A, Essilor Tijuana Optica S. De RL De CV (ETO), Luxottica Retail North American Optical, Essilor of America Omega Lab, Columbus Rx, Footahill Ranch;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we gained an understanding of the internal control and risk management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important presented in the appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of detail, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities: OPSM Group Pty Limited, Shanghai Essilor Optical Company Limited CHLOE Project, Seod, ELab-Danyang, Luxottica Tristar Optical Company Limited, EIPL Delhi, Essilor Manufacturing (Thailand) Company Limited, Essilor Optical Laboratory (Thailand) Co.,Ltd, Grand Vision France, Apollo Optik Holding GmbH, GVTech Centre Deutschland, Agordo, Sedico Frames 1 & 2, Luxottica Group S.p.A, Essilor Tijuana Optica S. De RL De CV (ETO), Luxottica Retail North American Optical, Essilor of America Omega Lab, Columbus Rx, Footahill Ranch and covers between 20,46% and 38% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the CNCC; a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 23, 2024

One of the Statutory Auditors
PricewaterhouseCoopers Audit

Stéphane BASSET
Partner

Aurélie CASTELLINO
Partner, Sustainable Development

Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

Eyes on Carbon:

- Number of sites certified ISO 50001 and percentage of the total headcount covered by this certification;
- Identification and breakdown of the Group's GHG emissions (scope 1, 2, 3);
- Waste generation (Non-hazardous and Hazardous);
- Volume of Water Withdrawals (Fresh surface water, Groundwater and Third-party water);
- Energy consumption;
- Kg of leakage for refrigerant type;
- Number of reportable chemical spills;
- Amount of environmental monetary fines.

Eyes on Inclusion:

- Percentage of women trainees in the launch of the Operations Talent Program started in Creteil and Agordo;
- Number of new employees onboarded, live sessions organized and number of people that participated on Leonardo;
- Number of employees engaged in The Global People Development initiatives;
- Number of volunteers of EssilorLuxottica that backed the OneSight EssilorLuxottica Foundation through traditional volunteering initiatives;
- Number of active employee shareholders and subscription rate to the international share purchase plan Boost 2023;
- Number & breakdown of employees by gender, age, category;
- Number of employees by contract type;
- Number of departures ;
- Number of local training hours (excluding Leonardo) by category;
- Total number of local employees trained (excluding Leonardo) by category;
- Number of work-related fatalities (employees/temporary/agency workers);
- Number of work-related injuries (with/without absence + employees/temporary/agency workers);
- Number of cases of occupational illnesses (with/without absence + employees/temporary/agency workers);
- Number of lost days (employees/temporary/agency workers);
- Number of worked hours by category (employees/agency workers).

Eyes on Wold Sight:

- Number of people impacted by the Foundation since 2013 and number of rural optical points and vision centers established;
- Number of Eyes Mitras, HWCs and wearers through the pilot in partnership with the government of India and JHPIEGO;
- Number of people in Africa that had access to vision care thanks to the launch of different access solutions;
- Number of school-going children impacted by the "Vision for all" partnership in Karnataka and Goa in India;
- Number of people in rural regions in Bangladesh, India and Indonesia reached through a campaign around common symptoms of refractive errors and the importance of vision care;
- Number of retail and online consumers that supported the Customer Giving initiatives globally.

Eyes on Circularity:

- Percentage of biobased nylon sourced
- Quantity of precious glass containing rare-earth elements recycled in Barberini glass production plant in 2023;
- Quantity of waste avoided thanks to the Slim Fit project in 2023;
- Percentage of assets exposed to very high or extreme water scarcity risks and percentage of total water use it represents;
- Savings of water realized in the last site European Rx labs where the project for cascading water in the hard-coat process was developed;
- Percentage of researchers trained, and percentage of research and development programs assessed within SAM scope;
- Number of frames/sunglasses collected by Salmoiraghi & Viganò since its launch in 2023.

Eyes on Ethics :

- Number of current and potential suppliers subjected to audits and number of major instances of non-compliance related to critical non-conformities;
- Number of audits performed either by an external specialized company or the Internal Audit Department and headcount coverage percentage of those audits.

Qualitative information (actions and outcomes):

Eyes on Carbon:

- Carbon neutrality for Scope 1 and 2 emissions in Europe via two offsetting projects, in China and India, respectively on afforestation and solar panel installation;
- Organization of the second edition of the "Sustainability Week" on Earth Day;
- Existence of comprehensive online learning path on Leonardo for education and awareness on sustainability;
- Investment in machines and technologies to eliminate plastic tape and void fill and switch to paper solutions;
- Weekly monitoring of air transport performance measurements;
- Signature of a twelve-year Power Purchase Agreement (PPA) of approximately 900 GWh of green energy between 2023 and 2034 for Italian sites;
- Existence of a variable remuneration for eligible employees based on climate efforts made by the Group to reduce its GHG emissions;
- Identification of assets located in protected, conserved and key biodiversity areas through the WWF Biodiversity Risk Filter.

Eyes on inclusion:

- Development of specific activities and a dedicated training path to promote gender balance, DE&I and foster an inclusive culture;
- Creation of Vogue Eyewear campaigns with a diverse representation and a more inclusive tone of voice;
- Campaigns conducted in LATAM to promote dialogue and foster an inclusive culture, with talking circles around unconscious bias and diversity dimensions;
- Signing of a partnership with Harvard Business Publishing for Leonardo courses;
- First '"EssilorLuxottica for World Children's Day'" live event;
- Launch of an integrated performance evaluation process called OnePerformance;
- Group coaching programs for leaders & individual 6-month coaching journey for selected Executives, Functional Leaders and Managers;
- Launch of a second graduated class from the 'Global Circular Economy Chair' in partnership with ESSEC Business School, L'Oréal and Bouygues;
- Signature of an additional contract with national sectoral organizations regarding work-life balance for factory workers;
- Discussions between the Group's Management and a specific Special Negotiation Delegation (SNB), including at least one representative from each EU country;
- Organization of training sessions in the Group's Italian offices and a dedicated course on Leonardo to engage global employee in the EssilorLuxottica Safety Days;
- "Safety & Health Cup" Knowledge Competition organized by the Tristar Trade Union and the EHS department in China.

Eyes on World Sight:

- Establishment of the OneSight EssilorLuxottica Foundation office in Latin America;
- Prototyping of ClickCheck™ 2.0;
- Set up of a vision clinic for Ukranian refugees in the Republic of Moldova, through a partnership of the foundation with UNHCR, UNHCR Italy, the Ministry of Health in Moldova, Ungheni City Hall, and the Low Vision NGO;
- Support of two special projects, part of the 'Bergamo Brescia Italian Capital of Culture 2023' program, the 'Deserters' project at the GAMeC of Bergamo and the 'OPEN' project at the Teatro Grande Foundation of Brescia in Italy;
- Partnership between the Foundation and the Group's licensed brand, Kodak Lens.

Eyes on Circularity:

- Launch of "Global Circular Economy Chair" within ESSEC Business School along with other multinationals;
- Introduction of the bio-circular polycarbonate for plano lenses;
- Expansion to Tristar plant in China of an in-house process to recycle and compound nylon plastic scraps derived from the injection manufacturing of frames into black raw nylon;
- Signature of a partnership agreement with Mazzucchelli to increase processes efficiency and limit environmental footprint, by limiting plastic;
- Deployment of a 2-day waste training in North America;
- Installation of "smart" meters to accurately measure water use with different levels of granularity;
- Development of an eco-design framework focusing on both social and environmental sustainability and extended its perimeter to eyewear R&D activities;
- Investment in equipment that measures trekking shoes, zipper, bike clothing and snow jacket performances in the Oakley AFA division;
- Certification ISO/IEC 17025 of the central laboratory of Dallas;
- Development of GLOW (Guaranteed Luxottica Origin Worldwide), a traceability system based on RFID technology;
- Development & launch of an innovative RX process for lens blocking, eliminating the use of alloy in the lens manufacturing and replacing it with a UV curable adhesive, an alternative to traditional alloy blocking;
- Extension of Ray-Ban's offering with bio-acetate for frames and bio-nylon for lenses;
- First introduction of recycled acetate in Versace's and Prada 2023 collections while Chanel continued to extend its product offering with the bio and recycled acetate;
- Utilisation of bio-nylon in combination with bio-based rubber for Emporio Armani's kids collections;

- Reinforcement of the Group's marketing claim process through a reviewed process and dedicated trainings;
- Availability of care tips guidelines on Salmoiraghi&Viganò and Ray-Ban banners, and some of Grandvision brands' websites;
- Expansion of the repair service in different retail banners including Sunglass Hut and LensCrafters in the US and Ray-Ban Stores in Europe;
- Launch of the Renewal Station, an itinerant repair corner that visited four Italian cities (Florence, Bologna, Milan, Turin) between June and October 2023;
- Launch of a roadmap around energy and circularity with the goal of obtaining the WELL certification for 400 stores in Europe and the US starting from 2024.

Eyes on Ethics:

- Launch of a new training initiative with the focus on AFA vendors located in Brazil;
- Availability of the new anticorruption training module in eleven languages on Leonardo training platform;
- Implementation of an Anti-Bribery & Corruption compliance program;
- Membership of the French association Entreprises pour les Droits de l'Homme – EDH (Companies for Human Rights);
- Launch of SpeakUp reporting tool worldwide;
- Submission of an anonymous ethics annual report to the Group's various governance bodies;
- Development of a set of performance indicators related to human rights and the environment, inspired by those of the Global Reporting Initiative (GRI).

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial information statement

6

Chapter 6

Information about the Company, its share capital and stock ownership

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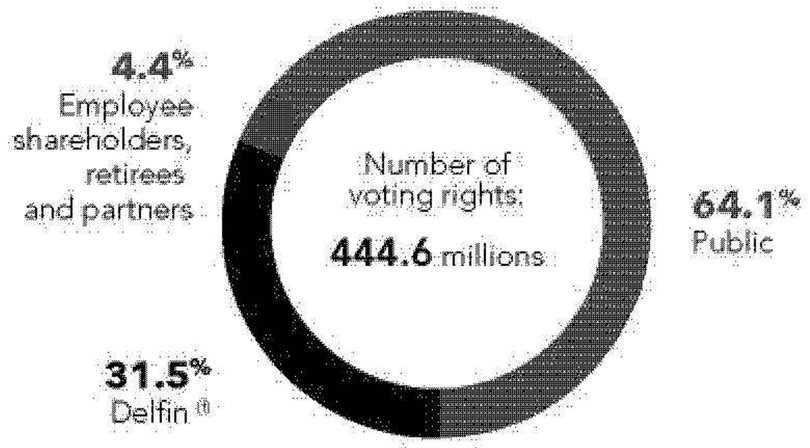
IN BRIEF

Breakdown of share capital as at December 31, 2023



Distribution of voting rights as at December 31, 2023





92,100

INTERNAL SHAREHOLDERS (b)

In **86** countries

Representing:

4.3%

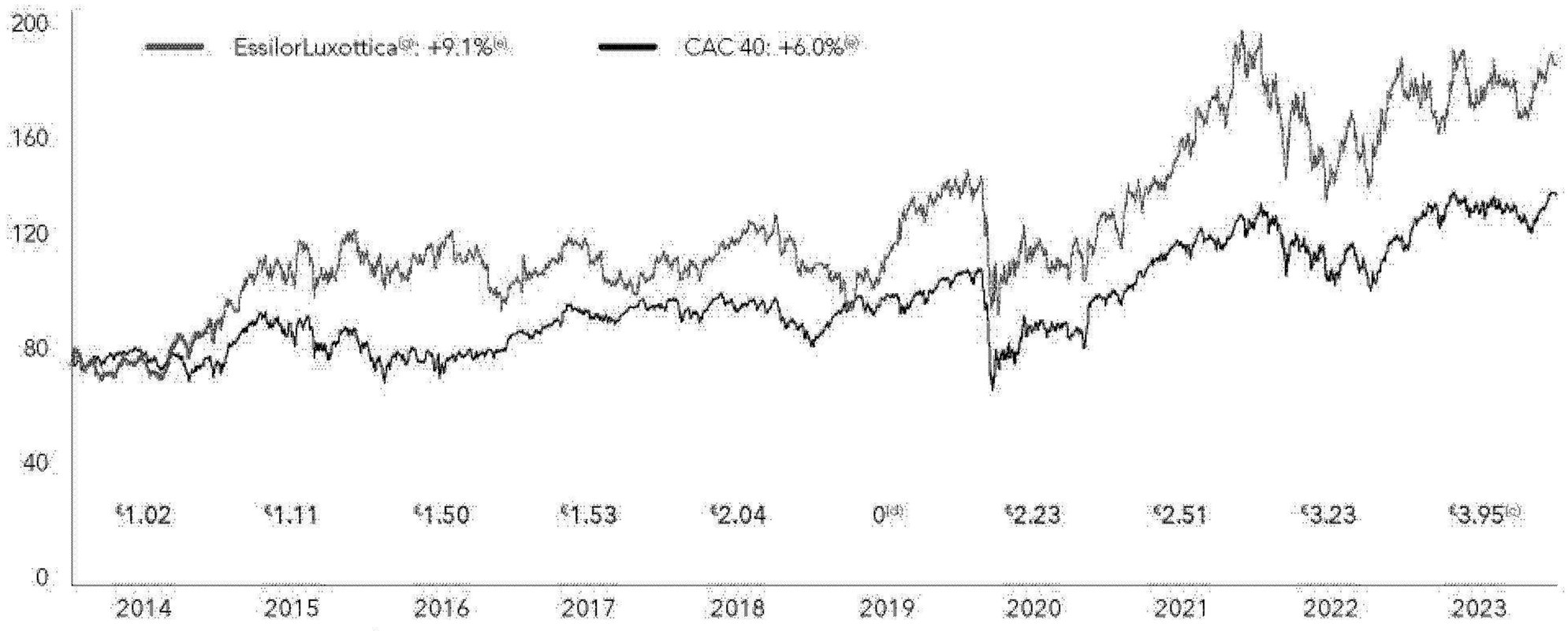
OF THE SHARE CAPITAL

4.4%

OF THE VOTING RIGHTS

Share price and dividend

In € – The CAC 40 graph has been rebased at the EssilorLuxottica share price as at January 1, 2014.



(a) Estimates as at December 31, 2023.
(b) Current, former and retired employees.
(c) Subject to the decision of the Annual Shareholders' Meeting of April 30, 2024.
(d) On April 18, 2020, in light of the Covid-19 outbreak, the Board of Directors decided not to submit a dividend for 2019 to the Annual Shareholders' Meeting of June 25, 2020.
(e) Average annualized growth rate.
(f) Please refer to Section 6.1.8, paragraph *Voting rights* for information on restrictions applying to Delfin.
(g) Essilor until October 1, 2018.

6.1 The Company

6.1.1 Company name and registered office

The name of the Company is EssilorLuxottica, hereinafter the "Company" or, together with its subsidiaries, the "Group".

The registered office of the Company is located at 147, rue de Paris – 94220 Charenton-le-Pont – France.

The phone number of the Company is +33 (0)1 49 77 42 24 and its website is www.essilorluxottica.com (the information included in this website are not part of this Universal Registration Document).

The General Management of the Company is domiciled at 1-5, rue Paul-Cézanne – 75008 Paris – France.

6.1.2 Date of formation and term of the Company

The Company was formed on October 6, 1971 for a 99-year term, expiring on October 6, 2070.

6.1.3 Registration of the Company

The Company is registered in the Créteil Trade and Companies Register under no. 712 049 618. The trade sector codes are 3250B (EssilorLuxottica) and 7010Z (registered office). The Legal Entity Identifier (LEI) of the Company is: 549300M3VH1A3ER1TB49.

6.1.4 Legal form

EssilorLuxottica is a joint stock company (*société anonyme*) with a Board of Directors. It is subject to French law and is governed by the provisions of Book II of the French Commercial Code.

6.1.5 Corporate purpose

The Company's purpose in all countries is:

- the design, manufacture, purchase, sale and trade, in general, in everything concerning spectacles and optical instruments, without exception, and, in particular, the manufacture, purchase and sale of eyeglass frames, sunglasses and eyeglasses and other protective equipment, lenses and contact lenses;
- the design and/or manufacture, purchase, sale and/or marketing of all instruments or equipment relating to ophthalmic optics, as well as all equipment or devices for monitoring, screening, diagnosing, measuring or correcting physiological handicaps, whether or not it be used by professionals;
- the design and/or development, purchase and/or marketing of related computer software packages, software applications, programs and services;
- research, clinical experiments, wearing tests, training, technical assistance and engineering corresponding to the above activities;
- all services or assistance associated with the aforementioned activities, and, in particular, advisory services, bookkeeping, auditing, logistics and treasury services;
- the acquisition, holding and management of all shares or securities of French or foreign companies;
- and more generally all financial, commercial, industrial, civil, personal property or real property transactions directly or indirectly related to the foregoing corporate purpose, or to any similar or related corporate purposes, or likely to facilitate the application and development thereof or to make the same more profitable.

All, directly or indirectly, on its own account or on the account of third parties, either alone or with third parties, in any form, in particular by means of creation of companies, subscriptions, acquisition of equity interests or holdings, limited partnerships, mergers or absorptions, advances, purchases, contribution, exchange, lease of property or sale of securities or equity interests, sale or lease of all or part of its real or personal properties, and rights, and alliances or joint ventures or by any other means.

6.1.6 Conditions governing changes in capital

Pursuant to Article 7 of the bylaws, share capital may be increased or reduced by decision of the Extraordinary Shareholders' Meeting under the conditions set by law and regulations. However, the Extraordinary Shareholders' Meeting may delegate to the Board of Directors, under terms and conditions authorized by law and regulations, the necessary powers to decide on or carry out a capital increase or any other issue of securities or any capital reduction.

6.1.7 Fiscal year

The Company's fiscal year runs from January 1 to December 31 of each year.

6.1.8 Shareholders' Meetings

Notice of meeting

Shareholders' Meetings are convened in accordance with the conditions laid down by law. They are held either at the registered office or in a department in the Paris region.

All holders of ordinary shares are entitled to participate in Shareholders' Meetings, regardless of the number of shares they own, provided all payments due for such shares have been met.

"Pure" or "administered" registered shareholders have the option of receiving their invitation and/or the preparatory documents for the Shareholders' Meeting by email.

Right to attend meetings

Shareholders have the right to attend or be represented at Shareholders' Meetings by registering their shares in an account under the conditions and on the date provided for by the regulations in force (the "**Shareholding Listing Date**").

To attend a Shareholders' Meeting in person or by proxy:

- holders of "pure registered" or "administered registered" shares must be listed as the shareholder of record at midnight, Paris time, on the second business day before the meeting date;
- holders of bearer shares must be listed as the shareholder of record at midnight, Paris time, on the second business day before the meeting date. Ownership of the shares will be evidenced by a certificate of ownership ("attestation de participation") issued by the custodian institution that keeps the shareholder's securities account, to be submitted with the postal voting form/proxy or the request for an attendance card issued in the shareholder's name. A certificate of ownership can also be issued to shareholders wishing to attend the meeting who have not received their attendance card by midnight, Paris time, on the second business day before the meeting date;
- shareholders may be represented by their spouse, another shareholder or an individual or legal entity of their choosing in accordance with the applicable laws and regulations, particularly those stipulated in Article L. 22-10-39 of the French Commercial Code. Each shareholder present or represented at the meeting has a number of votes equal to the number of shares held and represented, directly or by proxy, without limitation.

Shareholders who have sent a postal or proxy voting form or requested an attendance card via their custodian institution can nevertheless sell some or all of their shares before the meeting. However, if the sale occurs before midnight, Paris time, on the second business day before the meeting, the Company shall accordingly invalidate or amend, as appropriate, the postal voting form, proxy or attendance card or certificate of ownership. In this case, the custodian institution will be required to notify the Company or the Company's registrar of the transaction, including all necessary information.

However, the authorized custodian institution will not be required to notify the Company of any transactions carried out after midnight, Paris time, on the second business day before the meeting, and no such transactions will be taken into account by the Company, notwithstanding any agreement to the contrary.

Voting rights

A 31% cap has been established on voting rights, applicable to all shareholders based on a formula described in Article 23 of the Company's bylaws. Consequently, no shareholder may express, whether personally or through a proxy holder, with respect to the voting rights attached to the shares he or she directly or indirectly holds, more than 31% of the total number of voting rights of the Company, computed as indicated below.

Given the share capital structure, this cap is applicable to Delfin (see Section 6.2.1).

REMINDER OF THE STATUTORY CALCULATION FORMULA (ARTICLE 23 OF THE PREVAILING BYLAWS)

"When no more than one natural person or legal entity, acting alone or in concert with one or more natural persons or corporate entities, directly or indirectly holds more than ten percent (10%) of the share capital or voting rights of the Company as of the Shareholding Listing Date for the relevant General Shareholders' Meeting or exercises more than ten percent (10%) of the voting rights of the Company for itself or as a proxy holder, the number of voting rights that any shareholder may express, personally or through a proxy holder, with respect to the voting rights attached to the shares or to the divisions of share ownership (for the rights he or she is authorized to exercise, as the case may be) that he or she holds, directly or indirectly, alone or in concert, cannot exceed the number resulting from the following formula:

$$31^{*}\ (N-P-D)/100$$

where

- (N) the total number of voting rights of the Company existing on the Shareholding Listing Date for the relevant General Shareholders' Meeting and reported to the shareholders on the date of the General Shareholders' Meeting;
- (P) the total number of voting rights attached to the treasury shares within the limits of a maximum amount of treasury shares corresponding to 1% of the Company's share capital;
- (D) the total number of voting rights of the concerned shareholders which are neutralized by this statutory clause limiting voting rights for the fraction of voting rights attached to the shares that he or she holds exceeding 34% of the Company's share capital.

If at least two natural persons or corporate entities, each acting alone or in concert with one or more natural persons or corporate entities, each hold more than ten percent (10%) of the share capital or voting rights of the Company on the Shareholding Listing Date for the relevant General Shareholders' Meeting or each exercise more than ten percent (10%) of the voting rights of the Company for themselves or as proxy holder on the Shareholding Listing Date for the relevant General Shareholders' Meeting, the above-mentioned voting rights limitation shall apply with the exception of elements (P) and (D), which will not be deducted."

Pre-meeting disclosure of temporary holdings

Pursuant to their legal obligations, any individual or legal entity (with the exception of those referred to in Article L. 233-7, Section IV, paragraph 3 of the French Commercial Code) who, as a result of one or more temporary sales or similar transactions as defined in Article L. 22-10-48 of the French Commercial Code, individually or jointly owns shares representing more than 0.5% of the voting rights of the Company, must inform the Company and the *Autorité des marchés financiers* (French Financial Markets Authority – AMF) of the number of shares owned temporarily, no later than midnight, Paris time, on the second business day before the Shareholders' Meeting.

Disclosures and statements can be sent to the Company at the following address: ir@essilorluxottica.com.

Any undisclosed shares held in the context of one of the temporary transactions detailed above will be stripped of voting rights for that Shareholders' Meeting and at all other Shareholders' Meetings until the shares held temporarily are sold or returned.

The email must contain the following information:

- name or company name and a contact person (name, position, telephone number, email address);
- identity of the seller (name or company name);
- type of transaction;
- number of shares acquired in the transaction;
- ISIN code of the shares listed on Euronext Paris;
- transaction expiration date;
- voting agreement (if any).

This information will be published on the Company's website.

The next Shareholders' Meeting will be held on April 30, 2024.

6.1.9 Disclosure of threshold provisions

In addition to the statutory disclosures, the Company's bylaws state that any individual or legal entity who, acting alone or in concert with others, directly or indirectly acquires 1% of the voting rights must inform the Company thereof within five days, by registered letter with return receipt requested, sent to the Company's registered office. The crossing of any subsequent 2% increment must be brought to the attention of the Company under the same conditions.

This information must also be provided to the Company under the same conditions if the percentage of voting rights held falls below the above-mentioned thresholds.

If notifications are not made in accordance with the above-mentioned conditions, shares exceeding the percentage that should have been notified will be deprived of voting rights in accordance with the conditions set forth by law, provided that one or more shareholders holding at least 5% of the share capital so request during a General Shareholders' Meeting. Such request shall be recorded in the minutes of the General Shareholders' Meeting.

6.2 Share capital

6.2.1 Change in the share capital

Breakdown of share capital in 2023

As at December 31, 2023	Number of shares	%	Number of voting rights	%
Delfin	147,589,999	32.5%	140,133,442	31.5%[c]
• Shareholding EssilorLuxottica FCPE	4,358,375	1%	4,358,375	1 %
• Valoptec International FCPE	2,903,191	0.6 %	2,903,191	0.6 %
• Funds outside France (Trust US, SIP, …)	1,034,390	0.2 %	1,034,390	0.2 %
• EssilorLuxottica FCPE	1,277,978	0.3 %	1,277,978	0.3 %
• Pure registered shares or administered shares held by employees	9,714,065	2.1 %	9,714,065	2.2 %
• Pure registered shares or administered shares held by partners	343,240	0.1 %	343,240	0.1 %
Internal shareholding (current, former and retired employees) and partner shareholding [a] [b]	**19,631,239**	**4.3 %**	**19,631,239**	**4.4 %**
Treasury shares	**1,803,854**	**0.4%**		
Free-float	**284,822,123**	**62.8%**	**284,822,123**	**64.1%**
TOTAL	**453,847,215 [d]**	**100%**	**444,586,804**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 2.01%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form resulting from performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1.8 and 6.4.
(d) Corresponding to 453,833,920 shares delivered and registered and 13,295 shares delivered but not registered.

Share capital as at December 31, 2023: share capital amounted to € 81,690,105.60 as at December 31, 2023, divided into 453,833,920 [1] fully paid-up ordinary shares, each with a par value of €0.18.

Moreover, from July 1 to December 31, 2023, 13,295 new shares were issued, each with a par value of €0.18 resulting from the exercise of stock options (shares delivered but not registered as at December 31, 2023).

On February 14, 2024, the Board of Directors acknowledged the increase in share capital resulting from the issuance of these 13,295 shares, i.e. an amount of 2,393.10 euros, thereby increasing the share capital from 81,690,105.60 euros to 81,692,498.70 euros.

Exercisable voting right:

Notwithstanding the provisions of the last paragraph of Article L. 22-10-46 of the French Commercial Code, as of October 1, 2018, the Company's shares no longer carry double voting rights. Ahead of the combination between Essilor and Luxottica (the "Combination"), changes to Essilor's bylaws were adopted on May 11, 2017 by (i) a special meeting of Essilor shareholders with double voting rights; and (ii) the Essilor's Shareholders' Meeting. Those changes affect the voting rights attached to EssilorLuxottica shares. EssilorLuxottica's bylaws, effective as from the Combination Date (October 1, 2018), do not grant shareholders a benefit such as this, even if those shareholders have held registered shares for at least two years or for any other length of time.

Furthermore, the bylaws provide for a limit on voting rights of 31% for any shareholder, based on a formula disclosed in the bylaws (see Section 6.1.8, paragraph *Voting rights*). Consequently, no shareholder may exercise voting rights of shares that they hold, either personally or through a proxy holder, directly or indirectly, representing more than 31% of the total number of voting rights of EssilorLuxottica, calculated as indicated in Section 6.1.8 above.

Taking into account these restrictions in the bylaws and the absence of voting rights attached to treasury shares, the total number of exercisable voting rights attached to the Company's share capital as at December 31, 2023 was 444,586,804.

Changes in share capital in 2023:

Share capital underwent a series of changes during the fiscal year to take into account the successive issuances of new shares mainly related to continued roll-out of the employee shareholding program.

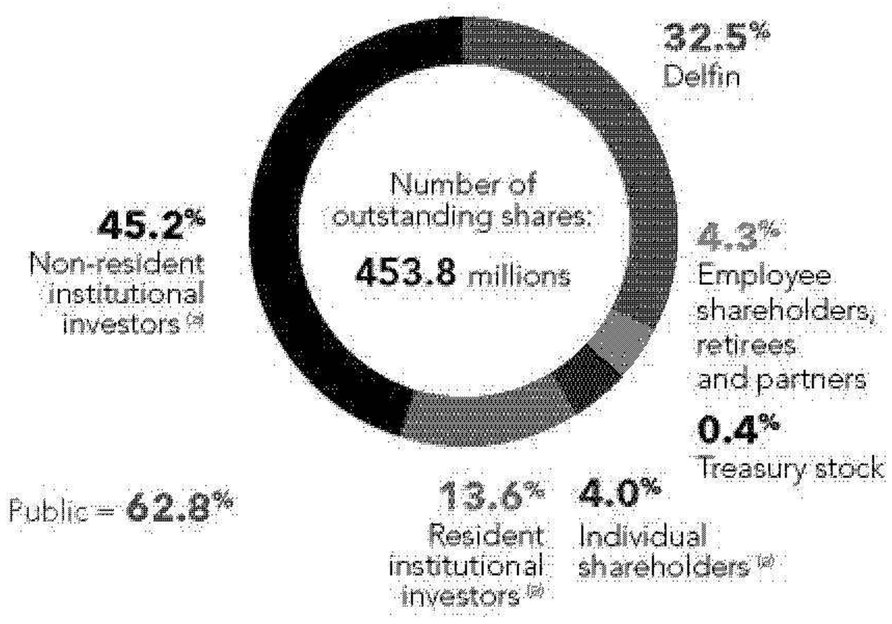
- Issue of 56,053[1] new shares with a par value of €0.18 resulting from the share subscription options exercised, i.e. an increase in the share capital of €10,089.54 excluding issue premium (increase in share capital acknowledged by the Board of Directors on February 22 and July 25, 2023).

(1) Does not include 13,295 shares delivered but not registered at December 31, 2023.

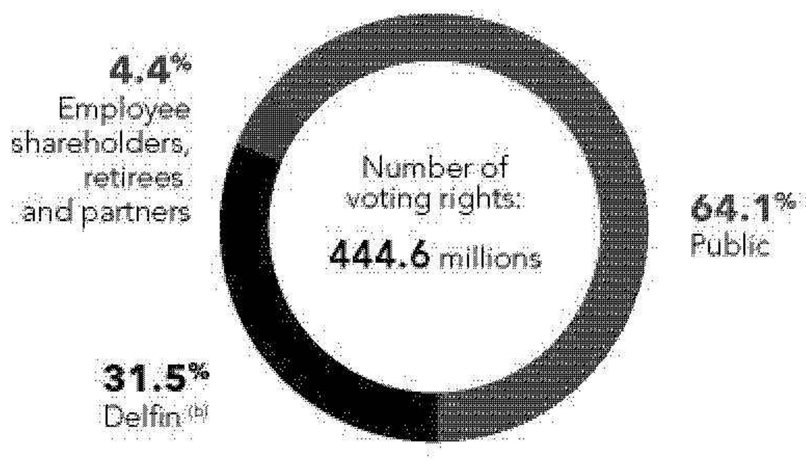
- Issue of 221,455 new shares with a par value of €0.18 subscribed by the Shareholding EssilorLuxottica mutual funds (FCP), *i.e.* an increase in the share capital of €39,861.90 excluding issue premium (increase in share capital acknowledged by the Board of Directors on December 20, 2023)
- Issue of 5,909,082 new shares with a par value of €0.18 resulting from the dividend in shares, *i.e.* an increase in the share capital of €1,063,634.76 excluding issue premium (increase in share capital acknowledged by the Board of Directors on June 13, 2023).

Total new shares issued: 6,186,590 new shares.

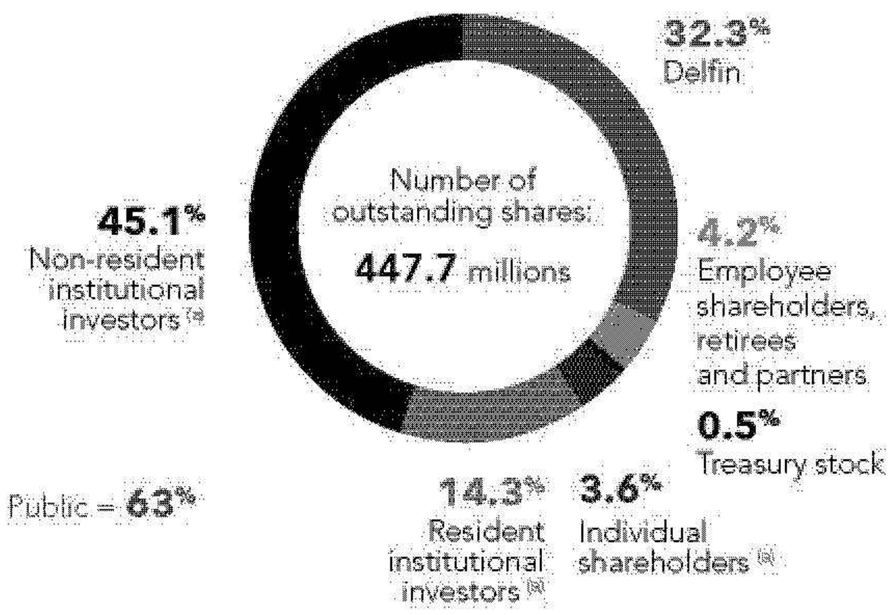
Breakdown of share capital as at December 31, 2023



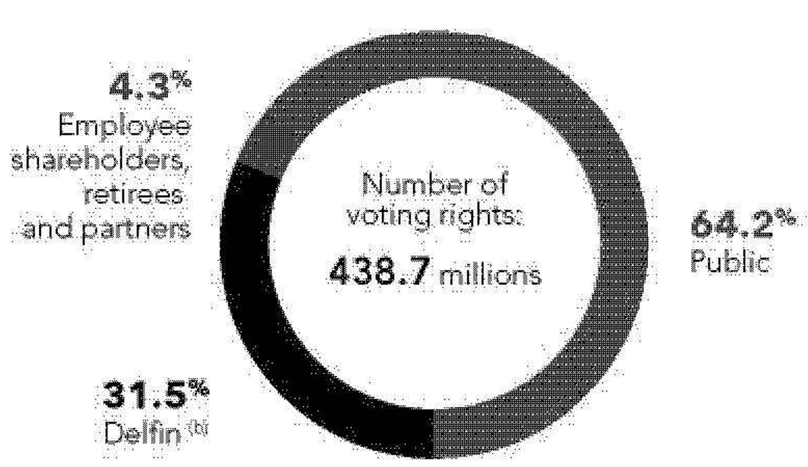
Distribution of voting rights as at December 31, 2023



Breakdown of share capital as at December 31, 2022



Distribution of voting rights as at December 31, 2022



(a) Estimates as at December 31 of the year.
(b) Please refer to Section 6.1.8, paragraph *Voting rights* for information on restrictions applying to Delfin.

Maximum dilution at year-end

Taking into account all the shares that will potentially give access to capital after December 31, 2023 regardless of the exercise price of the underlying option, the maximum dilution of the share capital would be as follows:

As at December 31, 2023	In number of shares	%	In number of voting rights	%
Share capital position at the end of the year	453,847,215		444,586,804	
Options for subscription of existing shares	29,064	0.01%	29,064	0.01%
Outstanding rights to performance shares	0	0.00%	0	0.00%
TOTAL POTENTIAL DILUTION	**29,064**	**0.01%**	**29,064**	**0.01%**
Total diluted share capital at the end of the year	453,876,279		444,615,868	

The breakdown of changes in share capital in 2023 is presented in Note 10 to the Financial statements of EssilorLuxottica (Section 4.3 of this Universal Registration Document).

The 2022 and 2021 breakdown of share capital and changes in share capital over the last five years are described in Section 6.8.

6.2.2 Financial authorizations giving access to the share capital

The purposes of the financial authorizations in force granted to the Board of Directors which are detailed in the table of the currently valid delegations (see Section 3.2.3 of this Universal Registration Document) are the following:

Associate employees with the performance of the Company

The Shareholder's Meeting of May 21, 2021 approved the delegation of authorities granted to the Board of Directors by the Company Shareholders' Meeting for a period of 38 months, to award existing performance shares to Group employees and Executive Corporate Officers to increase the latter's engagement in the Company's performance.

It is proposed to the Shareholders' Meeting of April 30, 2024 to renew this authorization for a new period of 38 months, *i.e.* until June 29, 2027.

The engagement of employees through multiple mechanisms, especially the capital increase reserved for members of a company savings plan, along with the allocation, transfer or sale of treasury shares acquired by EssilorLuxottica under the share buyback program authorized by the Shareholders' Meeting of May 17, 2023 to deliver bonus shares and, to a lesser extent, stock options is a key component of EssilorLuxottica's governance structure.

The Company Shareholders' Meeting of May 17, 2023 renewed its delegation of authority to the Board of Directors for the purpose of deciding capital increases reserved for members of a Company Savings Plan (French *plans d'épargne d'entreprise* or PEE) without preferential rights in the limit of 0.5% of the share capital, for a period of 26 months. (*i.e.*, until July 16, 2025).

It is proposed to the Shareholders' Meeting of April 30, 2024 to renew this authorization for a new period of 26 months, i.e. until June 29, 2026.

Allow the Board of Directors to decide upon certain capital increases

The Company's Shareholders' Meeting of May 17, 2023 renewed the delegation granted to the Board of Directors to:

- increase share capital by capitalization of reserves, profits or premiums within a limit of €500 million, for a period of 26 months *i.e.* until 16 July 2025;
- issue shares and securities entailing a capital increase with preferential subscription rights of the shareholders, within the limit of €4 million (around 5% of the Company's share capital as of December 31, 2022), for a period of 26 months *i.e.* until July 16, 2025.

The Company's Shareholders' Meeting of May 17, 2023 granted to the Board of Directors a new delegation of authority to issue, with cancellation of existing shareholders' preferential subscription rights, securities giving access to the share capital by way of an offer to the public as provided for in Article L 411 2, 1°, of the French Monetary and Financial Code, within the limit of €4 million (around 5% of the Company's share capital as of December 31, 2022), for a period of 26 months *i.e.* until July 16, 2025.

The following resolutions will be submitted to the Shareholders' Meeting of April 30, 2024:

Nber of the resolution	Nature of the authorization	Duration	Authorized amount (par value amount or % of share capital)
26	Delegation of authority to be granted to the Board of Directors to issue, by means of public offerings (other than those referred to in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code), ordinary shares, and/or equity securities giving access to other equity securities or that confer rights to the allocation of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights but with the option of granting a priority right	26 months	€4 084 624 (representing 5% of the share capital at February 14, 2024) for equity[a] €2 billion for debt[b]
27	Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or securities giving access to other equity securities or that confer rights to the allocation of debt securities, and/or securities giving access to equity securities to be issued, without preferential subscription rights, by means of public offering referred to in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code (i.e through a private placement to qualified investors or a restricted circle of investors)	26 months	€4 084 624 (representing 5% of the share capital at February 14, 2024) for equity[a] €2 billion for debt[b]
28	Delegation of authority to be granted to the Board of Directors to raise the number of securities to be issued in connection with capital increases, either with or without preferential subscription rights for shareholders	26 months	15% of initial issuance (legal max)[a][b]

Nber of the resolution	Nature of the authorization	Duration	Authorized amount (par value amount or % of share capital)
29	Delegation of authority to be granted to the Board of Directors to issue, up to a maximum of 5% of the share capital, ordinary shares or equity securities giving access to other equity securities of the Company or that confer rights to the allocation of debt securities in consideration for the contributions in kind to the Company of equity securities and/or securities giving access to equity securities to be issued, granted to the Company	26 months	5% of share capital for equity[a] €2 billion for debt[b]
30	Delegation of authority to be granted to the Board of Directors to issue ordinary shares and/or equity securities giving access to other equity securities or that confer rights to the allocation of debt securities and/or securities giving access to equity securities to be issued in consideration for securities tendered to any public exchange offer initiated by the Company	26 months	€4 084 624 (representing 5% of the share capital at February 14, 2024) for equity[a] €2 billion for debt[b]
31	Determination of the overall limit for capital increases to be carried out immediately or at a future date pursuant to delegations of authority		€4 084 624 (representing 5% of the share capital at February 14, 2024) for equity €2 billion for debt This does not include the % for PEE and performance shares
32	Increase in share capital reserved to employees (members of a Company savings plan)	26 months	0.5% of the share capital
33	Bonus share award (performance shares) for the benefit of employees and executive corporate officers	38 months	2.5% of the share capital

(a) Up to the overall ceiling of 4,084,624 euros (representing 5% of the share capital at February 14, 2024) provided for in the 31st resolution.
(b) Up to the overall ceiling of 2 billion euros provided for in the 31st resolution.

6.2.3 Share cancellations and capital reductions

The Company's Shareholders' Meeting of May 17, 2023 authorized the Board of Directors to reduce the share capital by cancelling some or all of the treasury shares held by the Company, provided that the number of shares cancelled during any 24-month period does not exceed 10% of the total share capital at the date of cancellation. The Company did not cancel any shares under this authorization in 2023. This authorization is valid for a period of 26 months, *i.e.* until July 16, 2025.

It is proposed to the Shareholders' Meeting of April 30, 2024 to renew this authorization for a new period of 26 months, *i.e.* until June 29, 2026.

6.3 Share buyback

6.3.1 Board of Directors' Report on share buybacks

On May 17, 2023, the Shareholders' Meeting renewed the Board of Directors' authorization to buy back its own treasury shares representing up to 10% of the Company's share capital on the date of purchase, in accordance with Articles L.22-10-62 et seq. of the French Commercial Code, for a term of 18 months expiring on November 16, 2024.

The Shareholders' Meeting of April 30, 2024 will be asked to renew this authorization.

In application of the provisions of Article L. 225-211 of the French Commercial Code, the Board of Directors indicates that, during the 2023 fiscal year, it used the authorization granted by the Shareholders' Meeting of May 25, 2022 and May 17, 2023, the main objectives of which were to cover the employee share ownership programs.

In keeping with the previous authorization (granted by the Shareholders' Meeting of May 25, 2022) , the main objectives of the program as approved by the Shareholders' Meeting of May 17, 2023 are as follows:

- to award or transfer shares to employees and Corporate Directors of the Company and affiliated companies, under the terms and conditions stipulated by French or foreign law, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and any employee share ownership plan (employee stock ownership plan or any similar plan governed by foreign regulations);
- to cancel shares by reducing share capital (particularly to offset the dilution created by the free awarding of performance shares, by the exercise of stock options by the Group's employees and corporate officers, and by capital increases reserved for employees);
- to potentially hedge debt securities that can be converted into or exchanged for Company shares, by buying shares for delivery (when existing shares are delivered when the conversion right is exercised) or by buying shares for cancellation (when new shares are issued when the conversion right is exercised);
- to ensure the liquidity of the Company's shares under a liquidity contract in accordance with Commission Delegated Regulation (EU) no. 2016/1052 of March 8, 2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buyback programs and stabilization measures;
- the subsequent use of the shares in exchange or presentation as consideration for future external growth operations up to a maximum of 5% of the share capital;
- to implement any permitted market practice that may be acknowledged by regulations or the AMF or any other objective allowed by the Law.

The Shareholders' Meeting decided to set the maximum purchase price per common share at €230 (excluding transaction costs), and specified that the price and number of shares will be adjusted as necessary in the event of capital transactions.

Share buybacks in 2023

On September 23, 2022, EssilorLuxottica has granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from September 23, 2022 until March 31, 2023, in accordance with the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

In 2023, 120,000 shares have been repurchased for an average price of €160.30.

On July 27, 2023, EssilorLuxottica has granted a mandate to an investment services provider for the purchase of up to 3,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from July 27, 2023 until March 31, 2024, in accordance with the 13th resolution approved by the Annual Shareholders' Meeting of May 17, 2023.

1,681,923 shares have been repurchased for an average price of €173.42.

All information relating to the shares repurchased is available on EssilorLuxottica's website.

Liquidity contract

The Company was not a party to any liquidity contracts in 2023.

Cancellation of shares in 2023

There were no cancellation of shares during 2023.

Transfer of shares in 2023

1,822,042 shares have been transferred in 2023, pursuant to the definitive acquisition of shares in the context of the acquisition of performance shares or Stock options decided by the Board of Directors.

466,926 shares have been transfered in 2023, pursuant to the acquisition of shares in the context of the international employee shareholding plan (Boost 2023).

Shares held by the Company and its subsidiaries as of December 31, 2023

The shares held under the buyback programs may not represent more than 10% of the Company's share capital at any given time. As at December 31, 2023, EssilorLuxottica held 1,803,854 treasury shares, representing 0.4% of share capital. The par value of these shares was € 324,693.72 and their book value was €312 million (i.e., an average net cost of € 173.12 per share).

Pursuant to applicable law, these shares do not have any voting rights, nor any right to dividend.

Reallocation to other purposes decided in 2023

In 2023, the shares held by the Company have not been reallocated to purposes other than the purpose initially decided at the time of their purchase.

Modalities of the share buyback and use of derivatives

No use has been made of derivatives in the framework of the share buyback programs decided by the Shareholders meetings of May 25, 2022 and May 17, 2023.

Share buyback transactions

In accordance with the provisions of Article L. 225-211 of the French Commercial Code, no shares were reallocated in 2023.

	2023 Treasury shares
NUMBER OF SHARES AT START OF PERIOD – JANUARY 1	**2,360,650**
Purchase options exercised	(69,767)
Delivery of performance shares	(1,822,042)
Sale of shares to employees (Boost plan)	(466,910)
Conversions of convertible bonds with delivery	-
Cancellation of treasury shares	-
Purchase of treasury shares	1,801,923
NUMBER OF SHARES AT END OF PERIOD – DECEMBER 31	**1,803,854**
Position as at January 31, 2024	
Percentage of capital held directly or indirectly	0.4%
Number of shares canceled in the preceding 24 months	-
Number of shares held in the portfolio	1,790,529
Book value of the portfolio *(in €)*	€310,170,659.71
Market value of the portfolio[a] *(in €)*	€326,413,436.70

(a) Based on the closing price at January, 31, 2024 (€182.3)

6.3.2 Description of the share buyback program in application of articles 241-1 *et seq.* of the AMF general regulation

Legal framework

On May 17, 2023, the Shareholders' Meeting renewed the Board of Directors' authorization to buy back its own treasury shares representing up to 10% of the Company's share capital on the date of purchase, in accordance with Articles L. 22-10-62 *et seq.* of the French Commercial Code, for a term of 18 months expiring on November 16, 2024.

The Shareholders' Meeting of April 30, 2024 will be asked to renew the authorization given to the Board of Directors, in accordance with Articles L. 22-10-62 *et seq.* of the French Commercial Code, to purchase the Company's own shares for a further period of 18 months, *i.e.* until October 29, 2025, up to a limit of 10% of the share capital.

Implementation of this share buyback program, which is covered by Articles L. 22-10-62 et seq., L. 225-213 of the French Commercial Code, Articles 241-1 *et seq.* of the General Regulation of the AMF, and the provisions of Regulation (EU) no. 596/2014 on market abuse, is subject to approval by the Shareholders' Meeting on April 30, 2024, under the proposed resolution, which reads as follows:

24th resolution

(Authorization to be granted to the Board of Directors to proceed with the purchase of the Company's own ordinary shares)

The Shareholders' Meeting, acting under the conditions of quorum and majority required for ordinary shareholders' meetings and having reviewed the report of the Board of Directors, authorizes the Board of Directors, in accordance with the provisions of Articles L.22-10-62 and subsequent of the French Commercial Code, to proceed with the purchase of ordinary shares of the Company representing up to 10% of the number of shares in the Company's capital on the purchase date, with the understanding that the Company may under no circumstances hold more than 10% of its own capital.

The Shareholders' Meeting resolves that these purchases may be carried out for the following purposes:

- awarding, or selling them to employees and corporate officers of the Company and its associated companies, under the conditions and modalities provided for by French or foreign law, including in the context of participation in the fruit of the Company's expansion, awards of free shares and performance shares, awards of stock-options giving right to purchase shares, and any employee shareholding plans (Group savings plan and any similar plan, as the case may be, governed by foreign laws);

- cancellation to reduce the Company's capital (in particular, to compensate for the dilutive effect resulting from the vesting of free performance shares, the exercise of share subscription options by employees and corporate officers of the Group, and from increases of capital reserved for employees);
- cover for debt securities that can be converted into or exchanged for Company shares by purchasing shares for delivery (in the event of delivery of existing securities when conversion rights are exercised) or by purchasing shares for cancellation (in the event of the creation of new securities when conversion rights are exercised);
- supporting the share price within a liquidity contract in accordance with the Delegated European Regulation no. 2016/1052 of March 8, 2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures;
- ultimately swapping or using them as payment in the context of external growth transactions, up to 5% of the capital;
- implementing any accepted market practice recognized by the regulations or the AMF or for any objective permitted in compliance with applicable law.

The Shareholders' Meeting resolves to fix the maximum purchase price per ordinary share at €250 (excluding any purchase fees).

The previously stated share price and number are subject to adjustments as a result of any possible transactions in connection with the Company's capital.

The Shareholders' Meeting resolves that the purchase, disposal or transfer of shares may be paid for and effected by any means and, in particular, on any regulated, free, or OTC market and on any multilateral trading system (including by simple repurchase, by financial instruments or derivatives, or by putting in place option strategies). These transactions may also take the form of blocks of securities which achieve the entire share repurchase program.

This delegation cancels the unused portion of the prior delegation given to the Board of Directors by the Shareholders' Meeting dated May 17, 2023 in its 13th resolution.

This authorization is granted for a maximum period of eighteen (18) months from this day, specifying, for the record that it cannot be used fully or partially during periods of public offerings relating to the Company's shares.

All necessary powers are therefore granted to the Board of Directors, with powers to sub-delegate, as permitted by law and the Articles of Association, to effect this resolution including to finalize any programs, send orders to the Stock Exchange, conclude agreements, make any statements and complete any formalities with the AMF and any organs indicated by the authorities, or generally, do whatever is necessary.

Conditions

Subject to approval of the 24th resolution to be submitted to the Shareholders meeting of April 30, 2024, the conditions of the share buyback program would be as follows:

Maximum share capital to be purchased and theoritical maximum cost allocated

The maximum number of shares that may be purchased under the authorization submitted to the Shareholders' Meeting on April 30, 2024, may not exceed 10% of the total number of shares composing the capital, with this limit applying to an amount of share capital that will be adjusted, if necessary, to include transactions affecting the share capital subsequent to this Shareholders' Meeting. Purchases made by the Company may under no circumstances result in the Company holding more than 10% of the share capital, either directly or indirectly through subsidiaries.

The maximum purchase price per common share is set at €250 (excluding transaction costs), it being specified that the price and number of shares will be adjusted as necessary in the event of capital transactions.

Based on the maximum purchase price, in theory, the maximum cost of buying 10% of the current share capital would amount to €11,346.2 million (45,384,721 shares x €250).

Modalities

The purchase, sale or transfer of the shares may be paid for and carried out by any appropriate method, and in particular on any regulated, free or OTC market, or on any multilateral trading facility (including through straight purchases, or the use of financial instruments or derivatives or the implementation of options strategies). The entire share buyback program may be carried out through a block purchase.

Full authority is granted to the Board of Directors, with the option to sub-delegate such powers within the limits set by law and the bylaws, to carry out this transaction and/or to approve all programs, place all stock market orders, enter into any agreement, carry out all declarations and formalities with the AMF and all bodies of their choice and, more generally, take any measures considered necessary.

The authorization may not be used, in whole or in part, during public offers periods for the Company's stock.

Duration of the share buyback program

The authorization is valid for a maximum period of eighteen (18) months from April 30, 2024 up to October 29, 2025.

Transactions carried out under the previous program

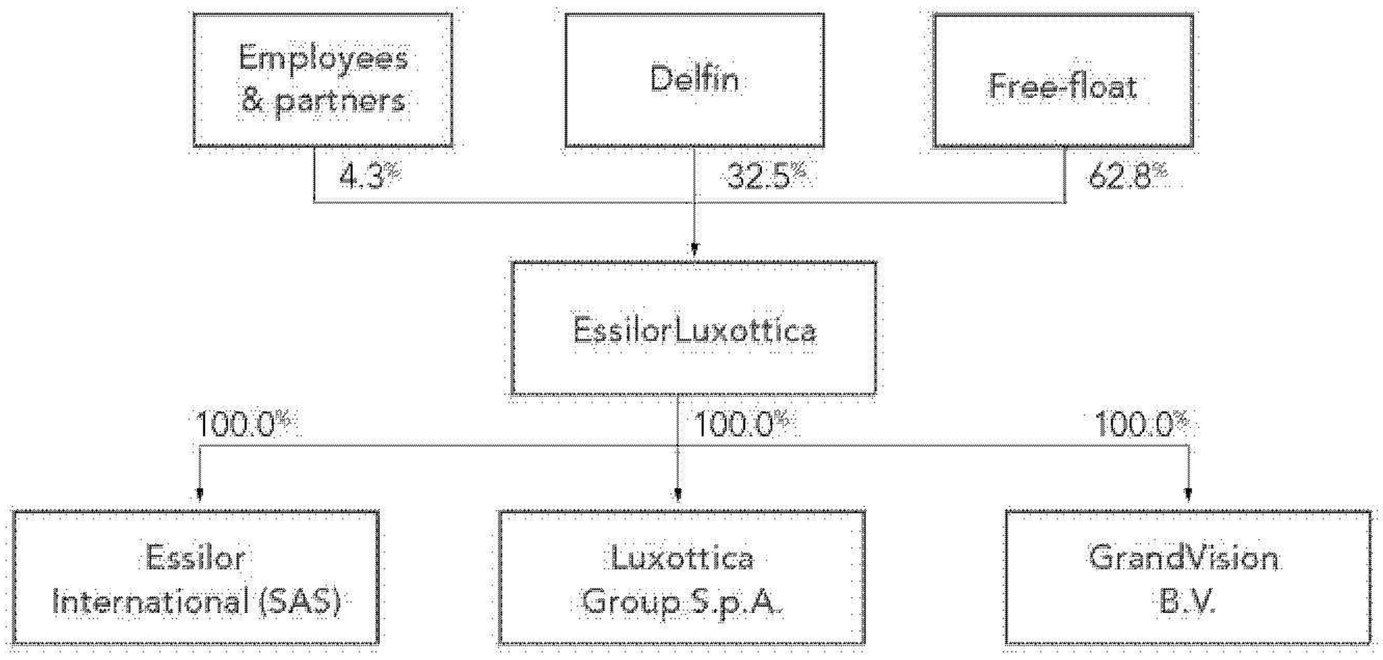
Transactions carried out under the previous program are listed in the special report of the Board of Directors on share buybacks (refer to paragraph 6.3.1 of this Chapter).

6.4 Shareholding

As a result of the completion of the Combination effective October 1, 2018, Delfin, the holding company of the family of Leonardo Del Vecchio, has become the main shareholder with more than 30% of the share capital and voting rights. Following the death of Mr. Leonardo Del Vecchio on June 27, 2022, Delfin remains the holding company of the Del Vecchio family and its share capital is held in equal parts by the widow and the descendants ("*ayants droit*") of Mr. Del Vecchio (based on publicly available information in the Luxembourg business registers).

Group structure as at December 31, 2023

AS OF DECEMBER 31, 2023



Treasury stock accounted for 0.40% of capital.

- **Standstill Undertaking:** pursuant to the terms of the Combination Agreement, Delfin has agreed not to file a public offer for EssilorLuxottica shares for a period of ten (10) years from the date of the signature of the Combination Agreement, provided that no third party – acting alone or in concert – comes to hold, directly or indirectly, more than twenty percent (20%) of the share capital or voting rights of EssilorLuxottica or announces its intention to file a public offer for EssilorLuxottica shares (the "Standstill Undertaking").

Notwithstanding the provisions of the last paragraph of Article L. 22-10-46 of the French Commercial Code, as of October 1, 2018, EssilorLuxottica bylaws provide for the exclusion of double voting rights to protect the rights of minority shareholders. The bylaws also exclude the casting vote of the Chairman of the Board of Directors, and place a 31% limit on voting rights for any shareholder, based on a formula described in the EssilorLuxottica bylaws and reproduced in Section 6.1.8, paragraph *Voting rights* as well as in the following paragraph.

Summary of the key provisions of EssilorLuxottica's bylaws

The bylaws of EssilorLuxottica include the following key provisions:

1. the exclusion of double voting rights.

   As an exemption to the provisions of the last paragraph of Article L. 22-10-46 of the French commercial code, no double voting rights are conferred on the shares of the EssilorLuxottica;

2. a 31% limit on voting rights for any shareholder, based on a formula described in the EssilorLuxottica bylaws and reproduced below:

   The EssilorLuxottica bylaws provide for a 31% limit on voting rights for any shareholder, based on a formula contained in the bylaws (see Section 6.1.8, paragraph *Voting rights*). Consequently, no shareholder may express, whether personally or through a proxy holder, with respect to the voting rights attached to the shares he or she directly or indirectly holds, more than 31% of the total number of EssilorLuxottica voting rights, computed as indicated in the aforementioned Section 6.1.8.

Theoretical calculation of Delfin voting rights as at December 31, 2023

a	Total number of shares	[N]	453,847,215
b	Treasury shares	[P]	1,803,854
c	Shares exceeding 34% of the share capital	[D]	-
d	Shares held by Delfin		147,589,999
e = 31% (a-b-c)	Cap on voting rights	31% (N-P-D)	140,133,442
f = d-e	Non-exercisable voting rights		7,456,557
g = a-b-f	Total number of voting rights		444,586,804

Shares held by Delfin

$$\frac{147,589,999}{453,847,215} = 32.5\%$$

Delfin voting rights

$$\frac{140,133,442}{444,586,804} = 31.5\%$$

For the purposes of this statutory clause limiting voting rights, it is specified that all current or former employees of EssilorLuxottica or of its subsidiaries or interests and/or the assigns of these persons and/or the asset management companies whose entire capital is exclusively held by the latter (the "Employees and Employee Entities"), acting alone or in concert with other Employees and Employee Entities or with an entity (including any mutual funds) the entire capital or units of which are held by Employees and Employee Entities (an "Authorized Entity") will not be taken into account for the calculation of the number of natural persons or corporate entities holding more than 10% of the capital or voting rights of EssilorLuxottica provided that (i) these Employees and Employee Entities and/or Authorized Entities do not act in concert with any third party other than the Employees and Employee Entities and/or Authorized Entities, (ii) the Employees and Employee Entities and/or Authorized Entities are not represented by a third party not appointed from among the Employees and Employee Entities; it being however specified that this exclusion will only apply insofar as the Employees and Employee Entities and/or any Authorized Entity hold less than 15% of the share capital or voting rights of EssilorLuxottica.

The limit provided for in the above paragraphs has no effect on the calculation of the total number of voting rights that are attached to EssilorLuxottica's shares that must be taken into account for the application of legal, regulatory or statutory provisions that impose particular obligations by reference to the number of existing voting rights in EssilorLuxottica or the number of shares bearing voting rights.

The limit provided for in the above paragraphs automatically lapses, without the necessity for a new decision of the Extraordinary Shareholders' Meeting, whenever a natural person or corporate entity, acting alone or in concert with one or more natural persons or corporate entities, holds at least two thirds of the total number of shares and voting rights of EssilorLuxottica following a takeover bid targeting all the shares of EssilorLuxottica. The Board of Directors notes that the lapse has occurred and carries out the corresponding statutory amendment formalities.

For more information, please refer to Section 6.1.

Crossing of legal and statutory thresholds in 2023

In 2023, EssilorLuxottica received the following notifications:

- from BlackRock (notifications dated April 17, April 18, April 21, April 26, April 27, April 28, May 1, May 2, May 3, May 5, May 9, May 17, May 25, June 1, June 8, June 13, June 15, June 19, November 28, November 29, 2023):
  - On April 17, BlackRock notified the Company that *"As at 14 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.02% (18,002,988 votes) and a capital basis is 4.02% (18,002,988 shares)."*
  - On April 18, BlackRock notified the Company that *"As at 17 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.99% (17,872,441 votes) and a capital basis is 3.99% (17,872,441 shares)"*.
  - On April 21, BlackRock notified the Company that *"As at 20 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.03% (18,043,517 votes) and a capital basis is 4.03% (18,043,517 shares)"*.
  - On April 26, BlackRock notified the Company that *"As at 25 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.97% (17,754,460 votes) and a capital basis is 3.97% (17,754,460 shares)"*.
  - On April 27 BlackRock notified the Company that *"As at 26 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.01% (17,944,400 votes) and a capital basis is 4.01% (17,944,400 shares)"*.
  - On April 28, BlackRock notified the Company that *"As at 27 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.99% (17,877,407 votes) and a capital basis is 3.99% (17,877,407 shares)"*.
  - On May 1, BlackRock notified the Company that *"As at 28 April 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.00% (17,920,091 votes) and a capital basis is 4.00% (17,920,091 shares)"*.
  - On May 2, BlackRock notified the Company that *"As at 01 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.98% (17,821,272 votes) and a capital basis is 3.98% (17,821,272 shares)"*.
  - On May 3, BlackRock notified the Company that *"As at 02 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.04% (18,082,101 votes) and a capital basis is 4.04% (18,082,101 shares)"*.
  - On May 5, BlackRock notified the Company that *"As at 04 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.98% (17,829,316 votes) and a capital basis is 3.98% (17,829,316 shares)"*.
  - On May 9, BlackRock notified the Company that *"As at 08 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.03% (18,055,594 votes) and a capital basis is 4.03% (18,055,594 shares)"*.
  - On May 17, BlackRock notified the Company that *"As at 16 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.96% (17,729,402 votes) and a capital basis is 3.96% (17,729,402 shares)"*.
  - On May 25, BlackRock notified the Company that *"As at 24 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.04% (18,081,979 votes) and a capital basis is 4.04% (18,081,979 shares)"*.
  - On June 1, BlackRock notified the Company that *"As at 31 May 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.89% (17,418,384 votes) and a capital basis is 3.89% (17,418,384 shares)"*.
  - On June 8, BlackRock notified the Company that *"As at 07 June 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.02% (17,987,609 votes) and a capital basis is 4.02% (17,987,609 shares)"*.

- On June 13, BlackRock notified the Company that *"As at 12 June 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.99% (17,869,450 votes) and a capital basis is 3.99% (17,869,450 shares)"*.
- On June 15, BlackRock notified the Company that *"As at 14 June 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.00% (17,910,432 votes) and a capital basis is 4.00% (17,910,432 shares)"*.
- On June 19, BlackRock notified the Company that *"As at 16 June 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.95% (17,702,695 votes) and a capital basis is 3.95% (17,702,695 shares)"*.
- *On November 28, BlackRock notified the Company that "As at 27 November 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 4.00% (18,152,644 votes) and a capital basis is 4.00% (18,152,644 shares)"*.
- *On November 29, BlackRock notified the Company that "As at 28 November 2023 BlackRock, Inc.'s holding in EssilorLuxottica on a voting basis is 3.98% (18,049,810 votes) and a capital basis is 3.98% (18,049,810 shares)"*.

• from Bank of Montreal (notifications dated May 19, May 26, 2023):

- On May 19, Bank of Montreal (BMO) notified the Company that *"pursuant to an increase in our shareholding, BMO crossed above the 1% threshold in relation to the number of voting rights of the Company. As at 18, May 2023 BMO held 4,764,824.50 voting shares in the Company. The exposure to 4,764,824.50 shares in the Company represents 1.064% of the Company's voting rights"*.
- *On May 26,* Bank of Montreal (BMO) notified the Company that *"pursuant to a decrease in our shareholding, BMO crossed below the 1% threshold in relation to the number of voting rights of the Company. As at 25, May 2023 BMO held 1,741,364.50 voting shares in the Company. The exposure to 1,741,364.50 shares in the Company represents 0.388% of the Company's voting rights"*.

• from Caisse de Dépôts et consignations ("CDC") (notification dated June 6, 2023):

- On June 6, CDC notified the company that *"on June 1, 2023, the Caisse des Dépôts et Consignations (The "CDC"), has directly and individually crossed upwards the statutory thresholds of 2% of the capital and voting rights of the EssilorLuxottica Company. These threshold crossings result from the acquisition of securities on the Market, by CDC directly. The CDC Group, which has not crossed any threshold, now holds directly and indirectly through through CNP Assurances and LBP Prévoyance 10,793,060 shares and voting rights of the Company representing 2.41% of the capital and voting rights"*.

• from AKO Capital LLP (notification dated June 7, 2023):

- On June 7, AKO Capital LLP notified the Company that as at 06 June 2023, AKO Capital LLP held 4,711,322 shares of EssilorLuxottica, representing 1.05% of issued share capital.

6.5 Employee shareholding

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 the Company's culture and has been a key factor in its performance since the very beginning. This employee shareholding culture continues to be a key feature of the newly combined Group. Employee shareholding is regarded as a key inviolable principle and was deployed throughout the EssilorLuxottica group from 2019 onwards through the first international plan, renewed every year since, reaching an increasing number of employees.

The significant level of employee shareholding boosts the Company's competitiveness and is a source of pride among all EssilorLuxottica employees. It means that Group employees have the opportunity to be fully engaged in creating value and achieving success for the Group as a result of their substantial stake in its share capital.

In keeping with EssilorLuxottica's employee shareholding culture and governance model, Valoptec Association, a French non-profit association representing current and former EssilorLuxottica employees, is the single body that represents all of the new Group's employee shareholders on EssilorLuxottica's Board of Directors.

This atypical form of governance, built on trusted dialog with the Company's management team, aims to encourage the involvement of almost 190,000 employees in defining the Company's strategy.

In addition to aligning the interests of employee shareholders with those of other shareholders, the Company's governance structure strengthens employees' sense of belonging to the Group as well as their commitment to its strategy.

Following the success of the international employee shareholding plan in 2017 and 2018, offered to Essilor International employees, EssilorLuxottica launched the new Group's first employee shareholding initiative in 2019. This international plan has gradually enabled Luxottica employees to co-invest in the Company by buying Group shares on advantageous terms. In 2023, close to 64,000 EssilorLuxottica employees participated in 80 countries.

Despite the challenging context of the past year, the subscription rate in Boost 2023 reached 67% of eligible employees, which is considerably above the market average and well in line with the previous "Boost" initiatives. Specific plans rolled-out at local level complemented the global initiative and contributed to its overall success.

As a result of these mechanisms, more than 92,000 employees[1], of the Group are EssilorLuxottica internal shareholders as at the end of 2023. They represent 4.3% of the share capital and 4.4% of the voting rights.

(1) Formers and retired employees.

6.5.1 Performance shares

Rights to performance shares are presented below:

	As at December 31, 2023	Of which in 2023	In January 2024
Rights granted	9,575,775		
Rights canceled	985,055	497,401	30,512
Rights exercised	1,849,362		
• Shares issued through a capital increase			
• Treasury share account		1,822,042	
Rights outstanding[a]	6,741,358		6,710,846

(a) *i.e.* 1.49% of the share capital as at December 31, 2023.

If the rights to performance shares are exercised, grantees will be granted existing ordinary EssilorLuxottica shares.

The decision was preceded by an assessment of the benefits of this type of plan. The conclusions from this assessment were as follows:

- the potential dilutive impact of performance shares granted is less than half that of stock subscription options offering an equivalent potential gain;
- the grant system makes it easier for grantees to keep their shares, unlike stock subscription options (or purchase) options, the financing of which by the holders results in almost all cases to a partial or total transfer;
- the terms of the performance share awards are designed to ensure that the potential gain for grantees is as close as possible to that for holders of stock options. Lastly, the performance shares are subject to vesting conditions based on growth in the Company's share price to ensure that the interests of grantees converge with those of shareholders.

6.5.1.1 Vesting conditions and lock-up period

EssilorLuxottica's long-term compensation plans were designed to encourage the alignment of the interests of employee shareholders and external shareholders.

Performance shares granted between 2006 and 2023 inclusive are governed by performance share plan regulations, the conditions of which have changed since 2006.

The vesting of performance shares is dependent on:

- a performance condition based on the progress of the trading price of the share, in accordance with the seventh resolution approved by the Shareholders' Meeting of November 29, 2018 and the fifteenth resolution approved by the Shareholders' Meeting of May 21, 2021;
- an employment condition in order to guarantee the long-term commitment of the grantees and their loyalty to the Company;
- a lock-up period for vested shares, subject to a decision by the Board of Directors, to strengthen the convergence between the interests of employee shareholders and those of external shareholders;
- stricter conditions for corporate officers.

Shares from 2020 (French resident and non resident) have been fully delivered.

Performance condition

Starting from the 2017 plan: the vesting of shares and the number of shares vested are subject to a performance condition based on the annualized growth of the Essilor share price over a period of between three and six years (from Y+3 to Y+6) from their award date.

The Initial Reference Share Price (corresponding to the average of the 20 opening prices preceding the award date) is determined at the time they are granted.

Three years after the award (Y+3), an Average Share Price is calculated, corresponding to the average opening share price for the three months preceding the date of the third anniversary of the award.

If the increase between the Average Share Price and the Initial Reference Share Price is:

- **22.5% or more** (i.e. annualized growth of 7%), all shares initially granted will vest provided that the employment condition is met (see details in paragraph *Employment condition*).

  Starting from the 2015 plans: Calculation formula: (Average Price/Initial Price) (1/Y) - 1 where Y is the number of years between the award and the performance measurement date. Y = 3 then, if the performance condition is not achieved, 3.25 and so on up to a maximum of six;

- **6.1% or more, but less than 22.5%** (corresponding to annualized growth[1] of 2% or more but less than 7%), some of the shares initially granted will vest provided that the employment condition is also met (see details in paragraph *Employment condition*);
- **less than 6.1%** (i.e. annualized growth of less than 2%), no shares will vest. In this case, a further performance assessment will be carried out three months later with annualized share price benchmarks of between 2% and 7%. This measurement of performance may be repeated until the sixth anniversary of the award date (Y+6).

The first time that the annualized increase between the Average Share Price and the Initial Reference Share Price crosses the 2% threshold (as annualized growth) is when the number of shares vested is determined, even if the annualized increase subsequently rises. The more time that passes, the greater the minimum threshold (increase in the trading price) that must be achieved to receive a minimum number of EssilorLuxottica shares: 6.1% in Y+3, +8.2% in Y+4 *etc.* and +12.6% in Y+6.

If, at the end of Y+6, the minimum threshold of a 12.6% increase in the trading price has not been achieved, the plan becomes null and void and the employees will not receive any EssilorLuxottica shares.

From 2020 plan, the vesting of shares and the number of shares vested are subject to a performance condition based on the annualized growth of the Essilor share price over a period of three years from their award date.

Three years after the award (Y+3), an Average Share Price is calculated, corresponding to the average opening share price for the three months preceding the date of the third anniversary of the award.

If the increase between the Average Share Price and the Initial Reference Share Price is:

- **22.5% or more** (i.e. annualized growth of 7%), all shares initially granted will vest provided that the employment condition is met (see details in paragraph *Employment condition*);
- **greater than or equal to the the trigger threshold, but less than 22.5%** (corresponding to annualized growth[2] greater than or equal to the trigger threshold, but less than 7%), some of the shares initially granted will vest provided that the employment condition is also met (see details in paragraph *Employment condition*);
- **less than trigger threshold**, no shares will vest, employees will not receive any EssilorLuxottica shares. The trigger thresholds are 6.1% (corresponding to annualized growth of 2% per year) for plans allocated from 2020 to 2022 and 0% for plans allocated in 2023.

Performance shares allocated to executive Corporate Officers are subject to specific performance conditions, described each year in Chapter 3.

Employment condition

For the plans from 2017 to May 2018, for French tax residents, the vesting of shares is contingent on the grantee still being employed in the Group on the date that the performance condition is met, which may occur between the third and the sixth anniversary of the award.

For the plans from 2017 to May 2018, for non-French tax residents, the employment condition is set:

- on the fourth anniversary of the award if the achievement of the performance condition occurs between the third and fourth anniversary;
- on the date that the performance condition is met, if that day occurs after the fourth anniversary of the award.

Starting from the November 2018 plan, the vesting of shares is contingent on the grantee still being employed in the Group on the date that the performance condition is met, which may occur between the third and the sixth anniversary of the award.

From October 2020 plan, Performance Shares will be delivered to each beneficiary subject to the satisfaction of the Performance Condition of the Plan (3 years after grant), provided that the Beneficiary holds, throughout the entire duration of the Vesting Period, an employment contract or corporate office within the Group.

The employment condition is waived in the event of the grantee's death, disability, retirement or dismissal economic grounds for some plans and under certain conditions.

Lock-up period

For the previous plans in effect as at the Combination Date, the Board of Directors established a lock-up period once the performance condition is met. French tax residents may sell the shares acquired no earlier than the fifth anniversary of the initial award. All shares acquired are only available to non-French tax residents after the fourth anniversary of their initial award.

For the plans introduced after the Combination Date, in accordance with the seventh resolution approved by the Shareholders' Meeting of November 29, 2018 and the fifteenth resolution approved by the Shareholders' Meeting of May 21, 2021, the Board of Directors may impose a share lock-up period on grantees, it being specified that Executive Corporate Officers are required to hold a certain number of shares for the duration of their term of office.

From the November 2018 plans, the Board of Directors decided not to impose a lock-up period.

(1) Starting from the 2017 plan: Calculation formula: (Average Price/Initial Price)^(1/N)-1 where N is the number of years between the award and the performance measurement date. N = 3 then, if the performance condition is not achieved, 3.25 and so on up to a maximum of six.
(2) From 2020 plan: Calculation formula: (Average Price/Initial Price)^(1/N)-1 where N is the number of years between the award and the performance measurement date. N = 3. If the performance condition is not achieved, no shares will be delivered.

6.5.1.2 Rights to performance shares outstanding

Grant date	Number of rights granted	Of which corporate officers	Initial reference share price (useful for evaluating performance) *(in €)*	Number of rights outstanding as at December 31, 2023	Number of rights outstanding as at January 31, 2024
October 28, 2021	2,817,295	85,000	165,80	2,410,684	2,396,974
October 28, 2021 Collective	83,016		165,80	71,838	71,406
October 6, 2022	2,092,725	85,000	145,84	1,948,275	1,940,175
October 6, 2022 Collective	81,288		145,84	74,484	73,980
October 2, 2023	2,187,234	105,000	171,16	2,154,213	2,147,473
October 2, 2023 Collective	82,566		171,16	81,864	80,838
TOTAL	**7,344,124**	**275,000**		**6,741,358**	**6,710,846**

6.5.1.3 Board of Directors members' rights to shares

Position as at December 31, 2023	Paul du Saillant	Francesco Milleri	Virginie Mercier Pitre	Margot Bard	Sébastien Brown
Rights to performance shares					
• October 28, 2021	35,000	50,000	3,541	441	71
• October 28, 2021			18	18	18
• October 6, 2022	35,000	50,000	1,500	441	124
• October 6, 2022			18	18	18
• October 2, 2023	35,000	70,000	2,041	441	241
• October 2, 2023			18	18	18

6.5.2 Stock options

The position regarding stock options is presented below.
Information is provided only for those award plans for which options are currently outstanding.

	Before the Combination[a]		
	As at December 31, 2023	Of which in 2023	In January 2024
Options granted[(a)]	251,408		
Options canceled	103,797	11,657	
Options exercised[(a)]	118,547	28,445	3,960
Options outstanding[(a)(b)]	29,064		25,104

(a) Plans from September 22, 2016 to October 3, 2017: before Combination.
(b) *i.e.* 0.01% of the share capital as at December 31, 2023.

	After Combination[a]		
	As at December 31, 2023	Of which in 2023	In January 2024
Options granted[(a)]	495,724	0	
Options canceled[(a)]	58,250	8,261	0
Options exercised[(a)]	120,595	69,767	13,325
Options outstanding[(a)(b)]	316,879		303,554

(a) Plans from November 29, 2018 to October 28, 2021: after Combination.
(b) *i.e.* 0.07% of the share capital as at December 31, 2023.

Stock options exercisable on the Combination Date, if exercised, trigger the issue of new ordinary Company shares.

As at December 31, 2023, the total number of shares likely to be issued by exercising stock options was 29,064.

Stock options granted after the Combination Date will be delivered through treasury shares.

The subscription/purchase price is equal to the average of the opening prices quoted for the Company's shares over the 20 trading days preceding the Board of Directors' decision to grant the options.

Under capped plans, the maximum profit that can be made by each grantee is capped at 100% of the value of the options granted.

Capped performance plans are, in addition, subject to the share price reaching a certain level (in the same way as the performance shares described in Section 6.5.1) and can be canceled if the target is not met.

Grant date[a]	Number of options granted	Subscription/ purchase price[b] (in €)	Number of options outstanding as at December 31, 2023	Number of options outstanding as at January 31, 2024
September 22, 2016	119,392	114.88	0	0
October 3, 2017	132,016	105.80	29,064	25,104
November 29, 2018	133,203	116.74	49,320	47,506
October 3, 2019	127,117	131.52	73,111	67,433
October 1, 2020	113,536	110.79	81,439	75,606
October 28, 2021	121,868	165.80	113,009	113,009
TOTAL	**747,132**		**345,943**	**328,658**

(a) Plans prior to October 3, 2017 no longer have share subscription options outstanding.
(b) Starting from the November 29, 2018 plan, delivery of treasury shares.

6.5.3 Stock option awards and exercises during the year

Award and exercise:

- stock subscription options;
- share purchase options;
- rights to performance shares;
- granted to Non-Corporate Directors and Officers.

	Total number	Average weighted price (in €)	Maturity date	Related plans
No options granted during the 2023 fiscal year	0	-	-	-
Rights to performance shares granted during the 2023 fiscal year by the issuer and by any company included within the scope options granted, to the ten employees of the issuer and of any company included in this scope, of which the number of rights thus granted is the highest (general information)	169,077	171.16	10/06/2026	10/06/2023
Options held on the issuer and the companies referred to above, **exercised during the 2023 fiscal year** by the ten employees of the issuer and of these companies, of which the number of purchase or subscription options thus exercised is the highest (general information)	28,646	119.59		09/22/2016 11/29/2018 10/03/2019 10/01/2020

6.6 Dividend distribution

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.

2024 dividend in respect of fiscal year 2023

The Board of Directors of February 14, 2024 decided to submit to the Shareholders' Meeting to be held on April 30, 2024 a dividend of €3.95 per ordinary share for the year 2023.
Subject to the approval by the Shareholders' Meeting the dividend will be paid as from June 3, 2024, in cash or in shares, at the shareholder's discretion.

History of the overall dividend distribution and growth

Total dividends for 2023 and the previous six years were as follows:

€ million	Net income Group share	Amount distributed	Pay out ratio	Net dividend *(in €)*	Pay out date
2023	2,946[a]	1,786[b]	60%[b]	3.95[b]	06/03/2024[b]
2022	2,860[c]	1,438	50%	3.23	06/13/2023
2021	2,206[d]	1,104	50%	2.51	06/21/2022
2020	788[e]	977[f]	123%[g]	2.23[g]	06/21/2021[f]
2019	1,938[e]	-[g]	-[g]	-[g]	-[g]
2018	1,871[h]	887	50%[i]	2.04	05/23/2019
2017	833	333	40%	1.53	04/30/2018

(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, 2024 (excluding treasury shares) and subject to the decision of the Annual Shareholders' Meeting on April 30, 2024.
(c) 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 the 2022 Universal Registration Document.
(d) 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.
(e) 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.
(f) An interim dividend of €1.15 per share (for a total cash-out of €503 million) has been paid on December 28, 2020.
(g) 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.
(h) Corresponding to the *pro forma* adjusted Net profit as presented in Section 3.6 of 2018 Registration Document.
(i) Pay-out ratio applied on *pro forma* adjusted Net profit attributable to owners of the parent.

Dividends not claimed within five years will lapse, in accordance with the law.

Institution paying the Company's dividends

UPTEVIA, 90 - 110 Esplanade du Général de Gaulle - 92931 Paris La Défense Cedex, France.

6.7 Key stock market data

6.7.1 EssilorLuxottica shares

The EssilorLuxottica share trades on Euronext Paris – Euronext – Local stocks – Compartment A. Its ISIN and Euronext code is FR0000121667. The shares are eligible for the deferred settlement service (SRD).

The EssilorLuxottica share is included in the following main indices: CAC 40, CAC Large 60, CAC All Shares, CAC Health Care Indices, EURO STOXX 50, EURO STOXX Health Care Indices, FTSE Euro 100 Index, MSCI Euro Index.

The EssilorLuxottica share is included in the following main sustainability indices: FTSE4Good Indices, MSCI ESG and SRI Indices, S&P Global 1200 ESG Index, EURO STOXX 50 ESG-X Price, EURO STOXX 600 ESG and ESG-X indices.

In 2023, EssilorLuxottica received a rating of "AA" in the MSCI ESG Ratings assessment, a "Medium Risk" ESG Risk Rating from Sustainalytics and 52/100 as Overall ESG Score from Moody's Analytics.

The shares are freely transferable and cannot be jointly owned.

6.7.2 Key stock market data over 10 years

(Source: Reuters, Bloomberg)

	Share price *(in €)*				
	Session High	Session Low	Closing price	Number of outstanding shares at December 31	Market capitalization at December 31 *(€ million)*
2023	**188.84**	**155.15**	**181.60**	**453,847,215**	**82,419**
2022	192.40	132.70	169.20	447,688,233	75,749
2021	195.00	116.40	187.24	442,442,920	82,843
2020	145.00	86.76	127.55	439,005,894	55,995
2019	142.70	95.50	135.80	437,564,431	59,421
2018	129.55	105.35	110.45	426,777,218	47,138
2017	122.15	100.60	114.95	219,125,439	25,188
2016	124.55	93.41	107.35	218,507,701	23,457
2015	125.15	88.72	115.05	216,456,440	24,903
2014	93.26	70.51	92.68	215,892,528	20,009

6.7.3 Share prices and trading volumes over the past 16 months

(Sources: Bloomberg and Reuters)
Stock markets: Euronext Paris, Turquoise, Bats Europe, Equiduct, London Stock Exchange, Acquis Exchange

	Volume of transactions *(millions of shares)*	Volume of transactions, incapital *(€ millions)*	Market price *(in €)*: In session Higher	Market price *(in €)*: In session Lower
2022				
October	19.50	3,026	166.95	137.7
November	16.98	2,896	178.55	156.5
December	19.47	3,420	184.7	168.45
2023				
January	18.83	3,232	178.65	166.15
February	18.50	3,170	186.56	164.4
March	22.38	3,618	179.38	157.2
April	18.31	3,230	187.2	163.3
May	22.09	3,928	187.108	167.7
June	29.38	4,985	185.24	165.4
July	17.14	2,995	184.58	168.7
August	14.74	2,583	184.4	173.1
September	17.57	3,010	184.7	161.9
October	17.16	2,838	178.6	161.7
November	16.19	2,857	180.531	169.5
December	13.41	2,445	185.96	177.5
2024				
January	17.61	3,169	185.715	174.2

6.8 Historical data

6.8.1 Breakdown of the share capital in 2021 and 2022

Breakdown of share capital in 2022

As at December 31, 2022	Number of shares	%	Number of voting rights	%
Delfin	**144,685,679**	**32.3%**	**138,051,551**	**31.5%**[c]
• Shareholding EssilorLuxottica FCPE	4,137,210	0.9%	4,137,210	0.9%
• Valoptec International FCPE	3,146,104	0.7%	3,146,104	0.7%
• Funds outside France (Trust US, SIP, ...)	1,017,366	0.2%	1,017,366	0.2%
• EssilorLuxottica FCPE	1,137,287	0.3%	1,137,287	0.3%
• Pure registered shares or administered shares held by employees	9,117,227	2.0%	9,117,227	2.1%
• Pure registered shares or administered shares held by partners	343,240	0.1%	343,240	0.1%
Internal shareholding (current, former and retired employees) and partner shareholding[a][b]	**18,898,434**	**4.2%**	**18,898,434**	**4.3%**
Treasury shares	**2,360,650**	**0.5%**		
Free-float	**281,743,470**	**63.0%**	**281,743,470**	**64.2%**
TOTAL	**447,688,233**[d]	**100%**	**438,693,455**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 1.92%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form resulting of performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1 and 6.4.
(d) Corresponding to 447,647,330 shares delivered and registered in 2022 and 40,903 shares delivered but not registered.

Breakdown of share capital in 2021

As at December 31, 2021	Number of shares	%	Number of voting rights	%
Delfin	**142,056,173**	**32.1%**	**136,728,649**	**31.4%**[c]
• Shareholding EssilorLuxottica FCPE	4,367,553	1.0%	4,367,553	1.0%
• Valoptec International FCPE	3,224,926	0.7%	3,224,926	0.7%
• Funds outside France (Trust US, SIP, ...)	968,108	0.2%	968,108	0.2%
• EssilorLuxottica FCPE	899,838	0.2%	899,838	0.2%
• Pure registered shares or administered shares held by employees	9,668,576	2.2%	9,668,578	2.3%
• Pure registered shares or administered shares held by partners	343,240	0.1%	343,240	0.1%
Internal shareholding (current, former and retired employees) and partner shareholding[a][b]	**19,472,241**	**4.4%**	**19,472,241**	**4.5%**
Treasury shares	**1,382,761**	**0.3%**		
Free-float	**279,531,745**	**63.2%**	**279,531,745**	**64.1%**
TOTAL	**442,442,920**[d]	**100%**	**435,732,635**	**100%**

(a) The partner shareholding designates the portion of EssilorLuxottica shares held by employees, directors, and any former employees and former managers of the companies in which EssilorLuxottica held an interest that was thereafter fully divested.
(b) The portion of capital held by employees within the meaning of Article L.225-102 of the Commercial Code is 1.81%. This includes shares held by active employees in the Actionnariat EssilorLuxottica FCPE and all shares held in the Valoptec International FCPE and EssilorLuxottica FCPE. It does not include shares held in pure or administered registered form as they are the result of performance shares granted under a resolution adopted at a Shareholders' Meeting prior to the August 6, 2015 Act.
(c) Exercise of the Delfin voting rights is capped according to the formula described in Sections 6.1 and 6.4.
(d) Corresponding to 441,925,033 shares delivered and registered in 2021 and 517,887 shares delivered but not registered.

6.8.2 History of the share capital

Change in the share capital over the last five years *€ thousands*	Number of shares	Nominal	Issue premium	Successive amounts of nominal share capital	Cumulative number of shares of the Company
Share capital as at December 31, 2018				**76,820**	**426,777,218**
Recognition of completion of the mandatory exchange offer	9,259,224	1,667	1,016,466[a]	78,487	436,036,442
Delivery of performance share plans	1,206,509	217	-	78,704	437,242,951
Share subscription reserved for the Essilor group mutual funds	249,635	45	27,322,551	78,749	437,492,586
Exercise of stock subscription option	40,930	7	3,508,219	78,756	437,533,516
Share capital as at December 31, 2019				**78,756**	**437,533,516**
Delivery of performance share plans	1,078,950	194	-	78,950	438,612,466
Share subscription reserved for the Essilor group mutual funds	316,961	57	28,635	79,007	438,929,427
Exercise of stock subscription option	71,221	13	7,045	79,020	439,000,648
Share capital as at December 31, 2020				**79,020**	**439,000,648**
Delivery of performance share plans	30,782	6	-	79,026	439,031,430
Share subscription reserved for the Essilor group mutual funds	177,863	32	26,226	79,058	439,209,293
Exercise of stock subscription option	28,055	5	559	79,063	439,237,348
Dividend payment in newly issued shares	2,687,685	484	334,671	79,547	441,925,033
Share capital as at December 31, 2021				**79,547**	**441,925,033**
Delivery of performance share plans	630,729	113	-	79,660	442,555,762
Share subscription reserved for the Essilor group mutual funds	232,868	42	30,648	79,702	442,788,630
Exercise of stock subscription option	69,506	13	7,457	79,715	442,858,136
Dividend payment in newly issued shares	4,789,194	862	648,553	80,577	447,647,330
Share capital as at December 31, 2022				**80,577**	**447,647,330**
Share subscription reserved for the EssilorLuxottica group mutual funds	221,455	40	30,508	80,617	447,868,785
Exercise of stock subscription option	56,053	10	6,522	80,627	447,924,838
Dividend payment in newly issued shares	5,909,082	1,063	949,767	81,690	453,833,920
SHARE CAPITAL AS AT DECEMBER 31, 2023[b]				**81,690**	**453,833,920**

(a) The gross amount of the issue premium related to the completion of the public tender offer and mandatory squeeze-out procedure amounts to €1,017 million before deduction of €0.7 million corresponding to the total net amount of transaction costs associated to these operations (see Section 3.10 of 2019 Universal Registration Document).

(b) Does not include 13,295 shares delivered but not yet registered at December 31, 2023 for a nominal value amounting to €2,393.1 and issue premium amounting to €1,488,725.46.

6.8.3 History of awards of stock subscription options and rights to performance shares

With regard to performance shares, please also see Section 6.5.1.

Plan	11/25/2014	12/02/2015
Date of Shareholders' Meeting	May 11, 2012	May 5, 2015
Date of Board of Directors' Meeting	November 25, 2014	December 2, 2015
Type of plan	Capped performance stock subscription option plan[a]	Capped performance stock subscription option plan[b]
Total number of shares that can be subscribed or purchased	Maximum 121,505	Maximum 100,023
By corporate officers		
• Hubert Sagnières		
• Laurent Vacherot		
By the top 10 employee beneficiaries	59,900	43,459
Starting point for exercising options	November 25, 2016[c]	December 2, 2018[d]
Date plan ends	November 25, 2021	December 2, 2022
Subscription price or purchase price *(in €)*	87.16	121.32
Number of grantees	256	283
Exercise conditions[c]	Non-residents and residents: cannot exercise until performance is achieved. Then 50% in the third year and the balance in the following years. Cancellation possible.	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.
Number of shares subscribed as at December 31, 2023	104,487	68,985
Stock subscription options or rights to performance shares canceled	17,018	31,038
Stock subscription options or rights to performance shares remaining	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) Capped performance plan. The 2015 capped performance plans are no longer subject to performance conditions.
(c) Options may be granted when the calculated annualized average is 2% higher than the price of €87.16.
(d) Options may be granted when the calculated annualized average is 2% higher than the price of €121.32.

Plan	09/22/2016	09/22/2016	12/19/2016
Date of Shareholders' Meeting	May 5, 2015	May 5, 2015	May 5, 2015
Date of Board of Directors' Meeting	September 22, 2016	September 22, 2016	December 6, 2016
Type of plan	Capped performance stock subscription option plan[a]	Rights to performance shares[b]	Rights to performance shares (France Collective Plan)[b]
Total number of shares that can be subscribed or purchased	Maximum 119,392	Maximum 1,372,233	Maximum 67,830
By corporate officers		67,005	15
• Hubert Sagnières		35,000	
• Laurent Vacherot		32,005	15
By the top 10 employee beneficiaries	24,281	169,932	75
Starting point for exercising options	September 22, 2019[c]	September 22, 2019	December 19, 2019
Date plan ends	September 22, 2023	September 22, 2022	December 19, 2022
Subscription price or purchase price *(in €)*	114.88	NS[d]	NS[d]
Number of grantees	810	11,227	4,523
Exercise conditions	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.	Non-residents: award subject only to employment condition. 100% saleable on award at September 22, 2020. Residents: 100% saleable as from September 22, 2021.	No non-residents on this plan. Residents: award subject only to employment condition. 100% saleable for registered shares starting Sunday, December 19, 2021, and for the company savings plan (PEE) as from December 19, 2024 or 2026
Number of shares subscribed as at December 31, 2023	60,077	1,175,993	59,865
Stock subscription options or rights to performance shares canceled	59,315	196,240	7,965
Stock subscription options or rights to performance shares remaining	-	-	-

(a) Capped performance plan. The 2016 capped performance plans are no longer subject to performance conditions.
(b) The 2016 performance shares plans are no longer subject to performance conditions.
(c) Options may be granted when the calculated annualized average is 2% higher than the price of €114.88.
(d) If performance shares are granted, they will be issued through a capital increase.

Plan	10/03/2017	10/03/2017	12/21/2017
Date of Shareholders' Meeting	May 5, 2015	May 5, 2015	May 5, 2015
Date of Board of Directors' Meeting	October 3, 2017	October 3, 2017	December 6, 2017
Type of plan	Capped performance stock subscription option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 132,016	Maximum 1,481,219	Maximum 91,200
By corporate officers		82,045	
• Hubert Sagnières		50,000	
• Laurent Vacherot		32,045	
By the top 10 employee beneficiaries	23,583	151,604	60
Starting point for exercising options	October 3, 2020[c]	October 3, 2020[d]	December 21, 2020[e]
Date plan ends	October 3, 2024	October 3, 2023	December 21, 2023
Subscription price or purchase price *(in €)*	105.8	NS[b]	NS[b]
Number of grantees	786	12,112	4,560
Exercise conditions	No residents on this plan. Non-residents: subject to employment conditions: 100% after three years. Then, maximum 100% in the fourth year. Cancellation possible.	Non-residents: award subject to the employment and performance conditions. Cancellation possible. 100% saleable on award at October 3, 2021. Residents: award subject to performance. Cancellation possible. 100% saleable as from October 3, 2022 depending on the final award date.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from December 21, 2022, and for the company savings plan (PEE) as from December 21, 2025 or 2027 depending on the final award date.
Number of shares subscribed as at December 31, 2023	58,470	738,408	56,710
Stock subscription options or rights to performance shares canceled	44,482	742,811	34,490
Stock subscription options or rights to performance shares remaining	29,064	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If performance shares are granted, they will be issued through a capital increase.
(c) Options may be granted when the calculated annualized average is 2% higher than the price of €105.80.
(d) Shares may be granted to residents when the calculated annualized average is 2% higher than the price of €105.80.
(e) Shares may be granted to residents when the calculated annualized average is 2% higher than the price of €107.14.

Plan	5/23/2018	11/29/2018	11/29/2018	11/29/2018
Date of Shareholders' Meeting	May 5, 2015	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	May 23, 2018	November 29, 2018	November 29, 2018	November 29, 2018
Type of plan	Rights to exceptional performance shares	Capped performance stock option plan [a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 316,638	Maximum 133,203	Maximum 1,565,862	Maximum 93,180
By corporate officers			100,000	
• Hubert Sagnières			50,000	
• Leonardo Del Vecchio			50,000	
By the top 10 employee beneficiaries	90	12,896	166,580	200
Starting point for exercising options	May 23, 2021 [f]	November 29, 2021 [d]	November 29, 2021 [e]	November 29, 2021 [e]
Date plan ends	May 23, 2024	November 29, 2025	November 29, 2024	November 29, 2024
Subscription price or purchase price *(in €)*	NS [b]	116.74	NS [c]	NS [c]
Number of grantees	35,182	789	13,379	4,659
Exercise conditions	Non-residents: award subject to the employment and performance conditions. Cancellation possible. 100% saleable on award at May 23, 2021. Residents: Award subject to performance. Cancellation possible. 100% saleable starting May 23, 2022 depending on the final date of award.	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at November 29, 2021.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 29, 2021, and for the company savings plan (PEE) as from November 29, 2026 or 2028 depending on the final date of award.
Number of shares subscribed as at December 31, 2023	199,441	63,198	1,346,976	81,980
Stock subscription options or rights to performance shares canceled	117,197	20,685	218,886	11,200
Stock subscription options or rights to performance shares remaining	-	49,320	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If performance shares are granted, they will be issued through a capital increase.
(c) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(d) Options will be granted provided that the estimated annualized average price is 2% higher than €116.74.
(e) The shares may be granted to residents when the calculated annualized average is 2% higher than the price of €116.74.
(f) The shares will be granted to residents provided that the estimated annualized average price is 2% higher than €114.62.

Plan	03/07/2019	10/03/2019	10/03/2019	11/28/2019
Date of Shareholders' Meeting	November 29, 2018	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	March 7, 2019	October 3, 2019	October 3, 2019	November 28, 2019
Type of plan	Rights to restricted shares[b]	Capped performance stock option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 801,400	Maximum 127,117	Maximum 2,228,446	Maximum 94,520
By corporate officers			80,000	
• Hubert Sagnières			40,000	
• Leonardo Del Vecchio			40,000	
By the top 10 employee beneficiaries	287,800	29,129	190,109	200
Starting point for exercising options	March 7, 2021	October 3, 2022[c]	October 3, 2022[d]	November 28, 2022[e]
Date plan ends	March 7, 2021	October 3, 2026	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	NS	131.52	NS[b]	NS[b]
Number of grantees	111	775	14,087	4,726
Exercise conditions	Non-residents and residents: award subject to employment condition. Cancellation possible. 100% saleable on award at March 7, 2021	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 3, 2022.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 28, 2022, and for the company savings plan (PEE) as from November 28, 2027 or 2029 depending on the final date of award.
Number of shares subscribed as at December 31, 2023	780,750	38,643	1,461,666	61,570
Stock subscription options or rights to performance shares canceled	20,650	15,363	766,780	32,950
Stock subscription options or rights to performance shares remaining	-	73,111	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €131.52.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €131.52.
(e) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €137.63.
(f) Award of free existing shares (without any performance condition) to Luxottica group's employees, replacing cash retention bonuses approved by Luxottica Board of Directors at the end of December 2017.

Plan	10/01/2020	10/01/2020	11/26/2020
Date of Shareholders' Meeting	November 29, 2018	November 29, 2018	November 29, 2018
Date of Board of Directors' Meeting	October 1, 2020	October 1, 2020	November 26, 2020
Type of plan	Capped performance stock option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 113,536	Maximum 2,138,851	Maximum 92,800
By corporate officers		110,045	
• Hubert Sagnières		20,000	
• Leonardo Del Vecchio		20,000	
• Paul du Saillant		35,045	
• Francesco Milleri		35,000	
By the top 10 employee beneficiaries	28,560	136,260	200
Starting point for exercising options	October 1, 2023[c]	October 1, 2023[d]	November 26, 2023[e]
Date plan ends	October 1, 2027	According to vesting date	According to vesting date
Subscription price or purchase price *(in €)*	110.79	NS[b]	NS[b]
Number of grantees	687	13,889	4,640
Exercise conditions	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 1, 2023	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from November 26, 2023, and for the company savings plan (PEE) as from November 26, 2028 or 2030 depending on the final date of award.
Number of shares subscribed as at December 31, 2023	18,754	1,764,627	78,500
Stock subscription options or rights to performance shares canceled	13,343	374,224	14,300
Stock subscription options or rights to performance shares remaining	81,439	-	-

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €131.52.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €110.79.
(e) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €113.85.

Plan	10/28/2021	10/28/2021	10/28/2021
Date of Shareholders' Meeting	May 21, 2021	May 21, 2021	May 21, 2021
Date of Board of Directors' Meeting	October 28, 2021	October 28, 2021	October 28, 2021
Type of plan	Capped performance stock option plan[a]	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 121,868	Maximum 2,817,295	Maximum 83,016
By corporate officers		85,000	
• Hubert Sagnières			
• Leonardo Del Vecchio			
• Paul du Saillant		35,000	
• Francesco Milleri		50,000	
By the top 10 employee beneficiaries	46,706	176,118	180
Starting point for exercising options	October 28, 2024[c]	October 28, 2024[d]	October 28, 2024[d]
Date plan ends	October 28, 2028	October 28, 2024	October 28, 2024
Subscription price or purchase price *(in €)*	165.80	NS[b]	NS[b]
Number of grantees	618	14,031	4,612
Exercise conditions	Non-residents and residents: subject to employment conditions: maximum 100% in the fourth year. Cancellation possible.	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 28, 2024.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from October 28, 2024, and for the company savings plan (PEE) as from October 28, 2029 or 2031.
Number of shares subscribed as at December 31, 2023	-	2,987[e]	774[e]
Stock subscription options or rights to performance shares canceled	8,859	403,624	10,404
Stock subscription options or rights to performance shares remaining	113,009	2,410,684	71,838

(a) Capped performance plan. The capped performance plans are in addition subject to an additional stock market performance condition (like performance shares) and may be canceled if the condition is not reached.
(b) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(c) Options will be granted provided that the estimated annualized average price is 2% higher than €165.80.
(d) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €165.80.
(e) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

Plan	10/06/2022	10/06/2022
Date of Shareholders' Meeting	May 21, 2021	May 21, 2021
Date of Board of Directors' Meeting	October 6, 2022	October 6, 2022
Type of plan	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 2,092,725	Maximum 81,288
By corporate officers	85,000	
• Leonardo Del Vecchio		
• Paul du Saillant	35,000	
• Francesco Milleri	50,000	
By the top 10 employee beneficiaries	150,158	180
Starting point for exercising options	October 6, 2025[a]	October 6, 2025[b]
Date plan ends	October 6, 2025	October 6, 2025
Subscription price or purchase price *(in €)*	NS[a]	NS[b]
Number of grantees	14,928	4,516
Exercise conditions	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 6, 2025.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from October 6, 2025, and for the company savings plan (PEE) as from October 6, 2030 or 2032.
Number of shares subscribed as at December 31, 2023	1,844[c]	630[c]
Stock subscription options or rights to performance shares canceled	142,606	6,174
Stock subscription options or rights to performance shares remaining	1,948,275	74,484

(a) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(b) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €145.84.
(c) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

Plan	10/02/2023	10/02/2023
Date of Shareholders' Meeting	May 21, 2021	May 21, 2021
Date of Board of Directors' Meeting	October 2, 2023	October 2, 2023
Type of plan	Rights to performance shares	Rights to performance shares (France Collective Plan)
Total number of shares that can be subscribed or purchased	Maximum 2,184,234	Maximum 82,566
By corporate officers	105,000	
• Leonardo Del Vecchio		
• Paul du Saillant	35,000	
• Francesco Milleri	70,000	
By the top 10 employee beneficiaries	169,000	180
Starting point for exercising options	October 2, 2026[a]	October 2, 2026[b]
Date plan ends	October 2, 2026	October 2, 2026
Subscription price or purchase price *(in €)*	NS[a]	NS[b]
Number of grantees	14,733	4,587
Exercise conditions	Non-residents and residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable on award at October 2, 2026.	No non-residents on this plan. Residents: award subject to employment and performance conditions. Cancellation possible. 100% saleable for registered shares as from October 2, 2026, and for the company savings plan (PEE) as from October 2, 2031 or 2033.
Number of shares subscribed as at December 31, 2023	-	-
Stock subscription options or rights to performance shares canceled	33,021	702
Stock subscription options or rights to performance shares remaining	2,154,213	81,864

(a) If the performance shares are granted, they will be produced and taken from the treasury shares held by the Company.
(b) Shares will be granted to residents provided that the estimated annualized average price is 2% higher than €171.16.
(c) Shares become fully vested in the event of death or disability and are taken from the treasury shares held by the Company.

7

Chapter 7

Additional information on the Universal Registration Document

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IN BRIEF

Company name

The company's name is EssilorLuxottica, hereinafter the "Company" or, together with its subsidiaries, the "Group".

Market-related information

Unless otherwise stated:

- information on market positions is based on volumes sold;
- marketing information relating to the market and the ophthalmic industry or EssilorLuxottica's positions comes from EssilorLuxottica and from internal assessments and studies, which may be based on external market surveys.

Third-party information

When information comes from a third-party, it has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by such third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Person responsible

Francesco Milleri

Chairman and Chief Executive Officer

Statutory Auditors

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine

Mazars

61, rue Henri-Regnault

92075 Paris-La Défense Cedex

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7.1 Person responsible

7.1.1 Person responsible for the Universal Registration Document

Francesco Milleri, Chairman and Chief Executive Officer, is the person responsible for the information given in the Universal Registration Document.

7.1.2 Statement by the person responsible for the Universal Registration Document

I declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission that might affect its significance.

I declare that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and earnings of the Company (as well as those of the companies forming part of the consolidated Group) and that the information presented in the Management Report, which is detailed in the concordance table in Section 7.4.1 presents fairly the changes in business, results and financial position of the Company and the consolidated Group, as well as a description of their principal risks and contingencies.

Paris, March 8, 2024

Francesco Milleri

7.2 Statutory Auditors

7.2.1 Incumbent and alternate Statutory Auditors

Incumbent

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine
First appointed: June 14, 1983.
Reappointed by the Shareholders' Meeting of May 16, 2019 for a legal period of six years.

PricewaterhouseCoopers Audit is represented by Stéphane Basset and Pierre-Olivier Etienne (registered members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*).

The Alternate Auditor for PricewaterhouseCoopers Audit is Patrice Morot (registered member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*), appointed by the Shareholders' meeting of May 16, 2019 for a legal period of six years.

Mazars

61, rue Henri Regnault
92075 Paris-La Défense Cedex
First appointed: May 11, 2007.
Reappointed by the Shareholders' Meeting of May 16, 2019 for a legal period of six years.

Mazars is represented by Jean-Luc Barlet and Guillaume Devaux (registered members of the *Compagnie Régionale des Commissaires aux comptes de Versailles*).

The Alternate Auditor for Mazars is Gilles Magnan (registered member of the *Compagnie Régionale des Commissaires aux comptes de Versailles*), appointed by the Shareholders' meeting of May 16, 2019 for a legal period of six years.

7.2.2 Resignation or non-renewal

No auditors resigned in 2023.

7.3 Publicly available documents

The bylaws and other corporate documents are available for consultation at the Company's registered office (147, rue de Paris – 94220 Charenton-le-Pont – France).

Paper copies of the last three years' Registration Documents and Annual Reports are available on request from the Investor Relations & Financial Communications Department at the Company's registered office. The printed versions of the Universal Registration Document and the 2023 Annual Report, or a copy of those documents, will be available at the Shareholders' Meeting called to approve the financial statements for the fiscal year, to be held on April 30, 2024.

EssilorLuxottica regularly provides its shareholders with transparent, accessible information about the Group, its activities and its financial results via a large range of resources.

Information published by the Company in the past year

Documents published in the BALO may be viewed at https://www.journal-officiel.gouv.fr/pages/balo/

The Group's website www.essilorluxottica.com also contains the following public information.

Regulatory information as defined by the *Autorité des Marchés Financiers* (AMF):

- AMF filings that are required to be published on the Company website;
- analyst presentations and webcasts of analyst meetings, when available;
- financial press releases and, when available, audio webcasts of conference calls;
- Annual Reports, Universal Registration Documents and Registration Documents (containing historical financial information about the Company) for the last five years;
- information on Shareholders' Meetings, including notices of meeting, draft resolutions, instructions on how to attend meetings and the results of voting on resolutions;
- information on sustainable development.

7.4 Cross-reference tables

7.4.1 Universal Registration Document

The following regulated information described in Article 221-1 of the AMF's General Regulations is provided in this document:

- the Annual Financial Report;
- the information concerning Statutory Auditors' fees;
- the description of the share buyback program.

The cross-reference table below identifies the main information provided for in Annex 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) no. 809/2004.

1	**Persons responsible**	**Pages**	**Sections**
1.1	Persons responsible for the information given in the Universal Registration Document	411	Section 7.1.1
1.2	Declaration by those responsible for the Universal Registration Document	411	Section 7.1.2
1.3	Name, business address, qualifications and material interest of person acting as expert	N/A	N/A
1.4	Confirmation regarding information sourced from a third party	410	In Brief Chapter 7
1.5	Statement without the prior approval of the competent authority	1	N/A
2	**Statutory auditors**		
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8.5	Anticipated source of financing	N/A	N/A
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19.2	Memorandum and articles of association		
19.2.1	Register and corporate purpose	377	Section 6.1.5
19.2.2	Description of the rights, preferences and restrictions attaching to each class	N/A	N/A
19.2.3	Absence of provisions of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	387	Section 6.4
20	**Material contracts**		
20.1	Summary of materials contracts *(other than contracts entered into in the ordinary course of business)*	N/A	N/A
21	**Documents available**		
21.1	Statement on the documents available	412	Section 7.3

7.4.2 Annual Financial Report

Statement by the persons responsible for the document	411	Section 7.1
Management Report		
Operating and financial analysis	81	Chapter 2
Risk factors	55	Section 1.6
Information about internal control procedures	76	Section 1.7
Information relating to share buybacks (Art. L.225-211, paragraph 2 of the French Commercial Code)	383	Section 6.2.3
Appendix to the management report: Report on the Corporate Governance	101	Chapter 3
Financial statements		
Annual financial statements	267	Section 4.3
Statutory Auditors' report on the annual financial statements	290	Section 4.5
Consolidated financial statements	193	Section 4.1
Statutory Auditors' report on the consolidated financial statements	262	Section 4.2
Statutory Auditors' fees	255	Section 4.1.6 Note 29

7.4.3 Cross-reference table for the registry of the Court[1]

Management Report	Pages	Sections
Activity report	21	Section 1.4
Status and activity of the Company during the year	86, 90, 93	Sections 2.2, 2.3 and 2.4
Research and development	23	Section 1.4.2
Operations	32	Section 1.4.3
Acquisitions and partnerships	95	Section 2.5
Financial information for the year and profit allocation	86, 90, 93 and 289	Section 2.2, 2.3, 2.4 and 4.6.3
Description of principal risks and uncertainties	55	Section 1.6
Subsequent events	96	Section 2.7
Evolution and future prospects	98	Section 2.8
Information relating to Share Capital, its evolution, employee shareholding and shares buyback	380, 383, 387 and 389	Sections 6.2, 6.3, 6.4 and 6.5
Non-Financial Statements, including the vigilance plan	295	Chapter 5
Appendix to the Management Report		
Report on the Corporate Governance	101	Chapter 3
Profit (and other characteristic items) of the last five fiscal years	289	Section 4.4.3
Financial statements		
Annual financial statements	267	Section 4.3
Statutory Auditors' Report on the annual financial statements	290	Section 4.5
Consolidated financial statements	193	Section 4.1
Statutory Auditors' Report on the consolidated financial statements	262	Section 4.2

(1) As per Article L.232-23 of the French Code of Commerce *(Code de commerce)*.