

Eyes on the Planet, EssilorLuxottica's sustainability program

The Company committed to continuously monitoring the transportation market to find new and alternative solutions to reduce carbon emissions working closely with its logistics partners. In an effort to add sustainable development to the selection criteria for carriers, a specific chapter was integrated into requests for quotations and contracts from EssilorLuxottica global forwarders and local carriers. This Report includes a questionnaire dedicated to the carrier's low carbon supply chain strategy, program and KPIs enabling measurement of the different actions to decrease carbon footprint. The main actions to consider are part of the criteria for the final supplier selection process and include initiatives such as increasing carbon free solutions for last mile and inner-city transportation and introducing carbon neutral services.

EssilorLuxottica's low-carbon supply chain projects include:

- reducing logistics emissions through shifts in transportation modes, notably from air freight which is the Group's main source of logistics carbon emissions concerning international flows. For example, the ratio of air freight for lens transportation within Asia and from Asia to Europe and to the US decreased by switching from air to ground or from air to ocean; a test has also been performed for finished frames replenishment shipments;
- nearshoring/reshoring not only reduces transportation distance, but also allows switching from air to ground transportation for certain flows. For example, serving 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;

- partnerships with local providers to use alternative fuel solutions and green vehicles where available, including using LNG trucks for the middle mile (from distribution center to carrier warehouse or to airport) and electric vehicles for the last-mile in city centers;
- in 2021, EssilorLuxottica joined the carbon neutral shipment programs of its top logistic providers in North America and Europe for certain activities such as its e-commerce platforms. These services tend to maximize ground transportation to reduce environmental impact, and moreover the residual emissions are compensated with selected carbon reduction projects; in 2021, approximately 1,900 tCO₂e were compensated;
- comprehensive mapping of logistics packaging, with the main goal to eliminate plastics from shipping boxes worldwide. To advance on this front, the Company invested in brand new machines and technologies that will eliminate plastic tape and switch from plastic void fill to paper solution; both projects are planned to go live in the main distribution centers in 2022.

Meanwhile, in 2021 the supply chain team improved the mapping of all logistics flows, allowing it to better assess the carbon footprint for each of the Group's activity segments.

The table below shows EssilorLuxottica's scope 3 GHG emissions associated with the transportation of products.

	2021 (ex. GV)	2020	2019
SCOPE 3 EMISSIONS ASSOCIATED WITH TRANSPORTATION (tCO₂eq)	293,958	194,955	239,753
International flows	211,770	149,696	184,050
2020 perimeter	189,245	149,696	184,050
2021 new perimeter	22,525	/	/
Local flows	82,188	45,259	55,703
2020 perimeter	45,278	45,259	55,703
2021 new perimeter	36,910	/	/

Note: GHG emissions associated with transportation are provided on scope excluding GrandVision as further alignment of definitions and rules of reporting is needed.

In 2021, the Company extended its mapping all its logistics flows and further aligned its GHG reporting methodology for transportation. GHG emissions associated with transportation are reported under two categories: 1) international replenishments between plants, laboratories and distribution centers and 2) local distribution flows.

The emission factors for transportation are based on the GLEC database. For more information on reporting methodology please refer to Section 4.

In 2021, the Company continued its efforts towards lower carbon emission solutions such as:

- modal shift within the eyecare activities (e.g. from air to ocean and from air to road);
- nearshoring of production organization to reduce distance from manufacturing sites to customers;
- use of alternative fuel trucks and green last mile for local distributions.

However, GHG emissions for transportation increased significantly mainly due to:

- the important extension of the reporting perimeter, notably the inclusion of international flows for marketing materials, components and equipment, and increased local distribution reporting for North America, Asia-Pacific and Latin America;
- the positive volume effect after the activity slowdown in 2020 due to Covid-19.

3. Engaging all employees on the climate journey

EssilorLuxottica's employees are the ultimate contributors to all climate actions. Initiatives aiming to raise awareness and share practices around climate change and environmental sustainability were continued, expanded and initiated in 2021 to embark employees on the climate journey.

E-learning modules on water and energy saving and on the protection of the environment were integrated into Leonardo platform.

In addition, the climate change awareness workshops, designed to increase awareness on climate change consequences and engage employee actions, expanded their deployment during the year and reached 1,600 employees across 41 countries for a total of 400 workshops delivered since their initiation in 2020.

In 2021, a specific project was launched in conjunction with the COMET talent program to design a more comprehensive employee engagement and contribution plan for climate change.