

**Report
of the Board of Directors
to the Ordinary and Extraordinary
General Meeting of Stockholders
of Luxottica Group S.p.A.**

April, 29 2016

Dear Stockholders,

You have been invited to the Ordinary and Extraordinary Meeting to consider and vote upon the following Agenda:

Ordinary Part

1. The approval of the Statutory Financial Statements for the year ended December 31, 2015.
2. The allocation of net income and the distribution of dividends.
3. Authorization to buy back and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code.
4. An advisory vote on the first section of the Company's Remuneration Report in accordance with article 123-*ter*, paragraph 6 of Legislative Decree no. 58/1998.
5. The appointment of a director.

Extraordinary Part

1. Amendments to articles 12, 19 and 30 of the By Laws.

ORDINARY PART

1. THE APPROVAL OF THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015.

Dear Stockholders,

We hereby present the Statutory Financial Statements for the year ended December 31, 2015 for your approval, which closed with net income of Euro 541,170,762. We kindly ask you to refer to the Annual Financial Report and draft Statutory Financial Statements included herewith for any additional and useful information on this item, and we inform you that the report will be published within the time limits provided for by law.

We recommend that you adopt the following resolution:

“The General Meeting of Luxottica Group S.p.A., having examined the draft Statutory Financial Statements for the fiscal year ended December 31, 2015, the management report of the Board of Directors, the Board of Auditors’ report, the Independent Auditor’s report and the report of the Board of Directors on the items on the agenda, all of which within the time limits prescribed by law are made available at the headquarters of the Company, at the authorised storage mechanism "eMarket Storage" at the address www.emarketstorage.com, and published on the Company website www.luxottica.com, under the Company/Governance/General Meeting section,

resolves

- to approve the Statutory Financial Statements as of and for the year ended December 31, 2015, reflecting net income of Euro 541,170,762.”

2. THE ALLOCATION OF NET INCOME AND THE DISTRIBUTION OF DIVIDENDS.

Dear Stockholders,

The Board of Directors, in consideration of its expectations for future income and growth prospects of the Group, recommends that you adopt the resolution approving the distribution of dividends in the amount of Euro 0.89 per Ordinary Share, and hence per American Depository Receipt (“ADR”, each representing one ordinary share), based on the net income of the 2015 fiscal year.

Having taken into consideration the number of shares currently issued, namely 483,668,583, and the 2,459,331 shares directly held by the Company on the date of this Report (260,193 of which bought under the liquidity enhancement activity), the total amount to be distributed would be equal to Euro 428.3 million.

The dividend will be paid out net of Euro 18,621 to be set aside for the legal reserve in order to reach one fifth of the issued share capital as of the date of the General Meeting.

The balance following the withdrawal of funds for the distribution would be allocated to the extraordinary reserve.

It is to be specified that the amount to be set aside for the legal reserve and for the distribution of dividends may vary due to the possible issue of new shares following the exercise of stock options. In any case, in the event that all the exercisable stock options are in fact exercised and new shares issued by the record date, the maximum amount to be allocated for the distribution of dividends, assuming that the number of treasury shares of the Company remains unchanged, would be equal approximately to Euro 429.7 million.

We recommend that the payment date of the dividend be set for May 25, 2016, with an ex-dividend date for the Ordinary Shares of May 23, 2016, established according to the Borsa Italiana calendar, and a record date (namely, the date on which entries in the records count for the purpose of determining the right to receive payment of dividends) set for May 24, 2016.

Regarding the ADRs listed on the New York Stock Exchange, the record date will be May 24, 2016 whereas the payment date by Deutsche Bank Trust Company America (“DB”), the depositary bank for the ADRs that has been authorized to make the applicable payment, is expected to be in U.S. Dollars June 2, 2016 based on the Euro/U.S. Dollar exchange rate as of May 25, 2016.

We therefore call upon you to pass the following resolution:

“The General Meeting of Luxottica Group S.p.A., having taken into consideration the net income for the fiscal year as set forth in the Statutory Financial Statements for the year ended December 31, 2015, in consideration of the Group’s expectations for future income and growth prospects and having acknowledged the Report of the Board of Directors,

resolves

1. to allocate a portion of the net income for the fiscal year, equal to Euro ___¹, to the legal reserve in order to reach one fifth of the subscribed share capital on the date of the General Meeting, in accordance with article 2430 of the Italian Civil Code;
2. to distribute a dividend of Euro 0.89 per Ordinary Share, and therefore per ADR (each ADR representing one Ordinary Share), based on the net income for the 2015 fiscal year, following the allocation stated in point 1;
3. to set aside to the extraordinary reserve the amount remaining after the allocation and distribution said above;
4. to set the payment date for the dividend on the Ordinary Shares for May 25, 2016, with an ex-dividend date of May 23, 2016 and a record date of May 24, 2016, being specified that for ADRs listed on the New York Stock Exchange, the record date will coincide with the dates fixed for the ordinary shares (namely May 24, 2016), whereas the payment date by Deutsche Bank Trust Company America (“DB”), the depositary bank for the ADRs that has been authorized to make the applicable payment, is expected to be set by DB for June 2, 2016 in US\$ at the Euro/US\$ exchange rate as of May 25, 2016.”

The information on the tax treatment applied to the dividend distributions is reported in Annex A of this report.

¹ This amount is to be determined based on the share capital on the date of the meeting.

3. AUTHORISATION TO BUY BACK AND DISPOSE OF TREASURY SHARES

Dear Stockholders,

the authorization to purchase and dispose of treasury shares approved at the general meeting held on 24 April 2015 will expire with the General Meeting convened to approve the financial statements as of December 31, 2015. In line with the proposal approved last year, we propose to renew the authorization to purchase and dispose of treasury shares under the terms described below.

3.1 *Reasons for the request for authorization to buy back and dispose of treasury shares*

The share buyback for which authorization has been requested at this meeting is aimed at:

- (a) setting up of a reserve of shares that can be used:
 - (i) to replace financial resources in order to carry out any extraordinary finance transactions; or
 - (ii) in order to implement the 2013-2017 Performance Shares Plan approved by the Meeting of Stockholders on April 29, 2013, which provides for awarding Luxottica Group shares (at no cost) to beneficiaries; or in order to implement other compensation plans based on financial instruments that may be approved in the future (hereinafter, the “Plans”); and
- (b) carrying out any liquidity support and stabilization activities related to the Company’s Ordinary Shares, facilitating the exchange thereof and backing regular market-related trends.

Furthermore, in consideration of the above, the shares acquired by the Company may, *inter alia*, be:

- 1. used as payment or in exchange in relation to, or in any case for the purpose of carrying out, extraordinary transactions, such as the purchase of corporate stocks or in other capital or financing transactions;
- 2. transferred (through the sale, exchange, award or any other act or transaction) on the market or off-market in blocks, for the purposes, using the methods and under the conditions that - in compliance with the authorization granted at the General Meeting and which may be established from time to time by the Board of Directors;
- 3. awarded or transferred, or, made available to subsidiaries of the Luxottica Group so that they may be awarded and/or transferred to employees of the Company and the subsidiary companies that are beneficiaries of the Plans or that will be beneficiaries of compensation plans that may be approved in the future.

3.2 *Maximum number of shares that can be bought back, category and nominal value of the shares to which the authorization refers*

This authorization request regards the purchase of a maximum of 10,000,000 ordinary shares of the Company, each with a nominal value of Euro 0.06 and representative of 2.068% of the share capital, in one or more tranches.

The authorization to dispose of shares covers both shares previously bought back by the Company, in the fulfilment of resolutions adopted at previous Meetings of Stockholders, as well as those that will be bought back in fulfilling the authorization at the Meeting of Stockholders requested herein.

3.3 Information useful for the evaluation of compliance with the provisions laid down in article 2357, paragraph 3, of the Italian Civil Code

On the present date, (i) the subscribed and paid-up share capital of Luxottica Group is 29,020,114.98 Euros, represented by 483,668,583 ordinary shares; (ii) the Company holds 2,459,331 of its shares directly (260,193 of which bought under the liquidity enhancement activity), with a nominal value of 147,559.86 Euros, representing 0.508% of the share capital with such amount repurchased on the basis of previous authorizations issued at previously held Meetings of Stockholders; and (iii) no subsidiary company holds Luxottica Group shares.

Taking the above into account, this request for authorization to buy back and dispose of the Company held shares involves a number of shares whose nominal value is less than one fifth of the share capital, in compliance with the limits laid down in article 2357, paragraph 3 of the Italian Civil Code.

3.4 Duration of the requested buyback authorisation

If authorized at the Meeting of Stockholders, the Company may buy back shares, in one or several tranches, until the next general meeting convened to approve the statutory financial statements provided the authorization will not extend beyond a maximum of 18 months following the date the proposed resolution is adopted at the present meeting.

Notwithstanding the foregoing, the Company may dispose of treasury shares at any time.

3.5 Minimum and maximum payment

The shares will be bought back at a unit price that will be determined from time to time for each transaction, it being understood that this price cannot be greater or less than the reference market price of Ordinary Shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. ("MTA") on the day preceding the relevant purchase, increased or decreased by 10% (ten per cent), respectively.

The shares will be bought back within the limits of the available reserves and distributable profits as per the last approved financial statements. In this regard, it is to be highlighted that in the draft of the financial statements as at December 31, 2015 that will be presented for approval at the General Meeting concurrently with this authorisation, the extraordinary reserve, entirely available, stands at 1,001,708,454 Euros. The Company intends to use up to a maximum of 750,000,000 Euros in order to buy back the Company's Ordinary Shares, which are to be withdrawn from this extraordinary reserve.

The treasury shares will be disposed in accordance with the terms and conditions established from time to time by the Board of Directors or by the appointed competent bodies and in compliance with the stated purpose and terms expressed above.

3.6 Methods to be used in buying back the shares

If authorized at the General Meeting, the Company may execute the share buyback in one or several tranches.

The shares will be repurchased in accordance with one of the operating methods set forth under article 144-*bis*, paragraph 1 of the regulations adopted by CONSOB in deliberation 11971 dated May 14, 1999 (the “Regulations for Issuers”), which will be identified from time to time by the Board of Directors. In any case, any buybacks executed on the market will be carried out in accordance with the methods established by Borsa Italiana S.p.A., which does not permit the direct combination of offers to buy with predetermined offers to sell and, in any case, in compliance with the market practices allowed by CONSOB according to resolution n. 16839 adopted on March 19, 2009 and with further laws and regulations applicable to this type of transaction.

Finally, in accordance with article 132, paragraph 3 of the Italian Legislative Decree no. 58/1998, the operating methods stated above may not be applicable to the purchase of shares owned by employees of the Company or subsidiary companies that have been awarded to the aforesaid employees in compliance with articles 2349 and 2441 of the Italian Civil Code, or those resulting from compensation plans that have already been approved or that will be approved at a General Meeting of Stockholders in compliance with article 114-*bis* of Italian Legislative Decree no. 58/1998.

3.7 Further information, in the event that the buyback transaction is instrumental in the reduction of share capital through the cancellation of the purchased treasury shares

The share buyback subject of this request for authorization is not instrumental in the reduction of the share capital of the Company.

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We therefore invite you to pass the following resolution:

“The General Meeting of Luxottica Group S.p.A.

resolves

1. pursuant to articles 2357 et seq. of the Italian Civil Code and article 132 of Italian Legislative Decree no. 58/1998, to authorize the buyback of a maximum of 10,000,000 Luxottica Group shares, in one or more tranches until the next general meeting convened to approve the statutory financial statements and provided such authorization will not extend beyond a maximum of 18 months following the date the proposed resolution is adopted, with the specification that: (a) the shares will be bought back at a unit price that cannot be greater or less than the reference price on the MTA in the stock exchange session on the day preceding the relevant purchase,

increased or decreased by 10% (ten per cent), respectively; (b) the Company may use up to a maximum of 750,000,000 Euros to buy back the shares, to be withdrawn from the extraordinary reserve, (c) the treasury shares will be bought back in accordance with one of the operating methods set forth in article 144-bis, paragraph 1 of the Regulations, which will be identified from time to time by the Board of Directors, where it is clearly understood that any buybacks performed on the market will be carried out in accordance with the methods established by Borsa Italiana S.p.A., which does not permit the direct combination of offers to buy with predetermined offers to sell and, in any case, in compliance with the market practices allowed by CONSOB according to resolution n. 16839 adopted on March 19, 2009 and in compliance with further laws and regulations applicable to this type of transaction;

2. pursuant to article 2357-ter, Italian Civil Code, to authorize the Board of Directors to perform all actions with respect to Luxottica Group shares that are to be purchased on the basis of the resolution stated in the previous item or that have been purchased by virtue of previous authorizations granted at the Company's General Meetings, also in tranches and without time limits, and in accordance with the purposes and methods indicated in the relevant Board of Directors' report;
3. to grant the most extensive powers to the Board of Directors and to the Chairman and the Chief Executive Officer, severally, on its behalf, including the power to sub-delegate, in order to implement this resolution, including as an example the power to determine the operating mechanics to purchase and sell the shares, to determine the prices of purchases and sales in accordance to the present resolution as well as the power to grant, suspend and revoke mandates to intermediaries and other parties in order to buy back and dispose of the treasury shares stated in the previous items, as well as to fulfil all necessary notice obligations prescribed by law;
4. to ensure that the buyback transactions which are the subject of this authorization are to be included within the available reserves and distributable profits as per the latest financial statements approved at the time of the relevant transaction and to ensure that the necessary accounting entries are made at the time of the buyback or disposition."

4. AN ADVISORY VOTE ON THE FIRST SECTION OF THE COMPANY'S REMUNERATION REPORT IN ACCORDANCE WITH ARTICLE 123-TER, PARAGRAPH 6 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

Dear Stockholders,

In accordance with article 123-*ter*, paragraph 6 of Italian Legislative Decree no. 58/1998, we hereby submit the first section of the remuneration report prepared by the Company for your consultative vote, in which the remuneration policy of Luxottica Group S.p.A. and its subsidiary companies is explained (the "Remuneration Policy"). The Remuneration Policy, approved by the Board upon the proposal of the Human Resources Committee on March 1, 2016 is reported in Annex B of this report.

We wish to inform you that the full remuneration report will be made available to the public within the time limits set forth in article 123-*ter*, paragraph 1 of Italian Legislative Decree no. 58/1998.

If you agree with the content of the document reported in the annex, we call upon you to pass the following resolution:

"The Stockholders' Meeting of Luxottica Group S.p.A., having taken the first section of the remuneration report prepared by the Company into consideration,

resolves

- in accordance with paragraph 6 of article 123-*ter* of Legislative Decree no. 58/1998 and for all other legal purposes, to vote in favour of the contents of the aforesaid report".

5. APPOINTMENT OF A DIRECTOR

Dear Stockholders,

on March 1, 2016, according to article 18 of the By Laws, the Board of Directors co-opted Francesco Milleri whose office ends with this stockholders meeting.

We propose to appoint as director until the approval of the financial statements for the fiscal year ending on December 31, 2017, Francesco Milleri, whose curriculum vitae is available on the website www.luxottica.com under the Company/Governance/Board of Directors section, with the same base remuneration of the other directors.

We call upon you to pass the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A,

resolves

- to appoint as director until the approval of the financial statements for the fiscal year ending on December 31, 2017 Francesco Milleri, born in Città di Castello (PG) on December 21, 1959, with base remuneration on a parity with existing members of the Board of Directors.”

EXTRAORDINARY PART

1. AMENDMENTS TO ARTICLES 12, 19 AND 30 OF THE BY LAWS

Dear Stockholders,

We have convened the extraordinary meeting to submit for your approval amendments to articles 12, 19 and 30 of the By-Laws.

We propose to amend the articles as follows. Amendments are also shown in the chart below.

Article 12

Reference to the Ministerial Regulation regarding the electronic version of the proxy to exercise the voting rights in the General Meeting is deleted, since it is no longer effective.

Article 19

A new provision has been introduced to allow the appointment of one or more Deputy-Chairmen, instead of one single Deputy-Chairman, in order to give the Meeting of the Stockholders and/or the Board of Directors a wider choice to configure the governance structure of the Company.

Article 30

Reference to article 158 of Legislative Decree no. 58/1998 regarding early distributions of dividends is deleted, since it is no longer effective.

Current text	Proposed text
<p><i><u>Translation from the Italian which remains the definitive version</u></i></p> <p>Article 12) —Those with respect to whom the Company receives notices from the intermediaries adopting the centralized financial instruments management system according to the laws and regulations in force from time to time shall be entitled to attend a meeting of stockholders and to exercise the voting rights related to such stockholdings.</p> <p>Each party entitled to attend a meeting of stockholders may authorize another person to act for him by a written proxy in accordance with the law. The proxy can also</p>	<p><i><u>Translation from the Italian which remains the definitive version</u></i></p> <p>Article 12) —Those with respect to whom the Company receives notices from the intermediaries adopting the centralized financial instruments management system according to the laws and regulations in force from time to time shall be entitled to attend a meeting of stockholders and to exercise the voting rights related to such stockholdings.</p> <p>Each party entitled to attend a meeting of stockholders may authorize another person to act for him by a proxy in accordance with the law. The proxy can also be granted by</p>

<p>be granted by electronic means, in accordance with the requirements set forth in the Set of Rules of the Ministry of Justice. The electronic notice of the proxy can be given — in compliance with what is laid down in the call notice — either by using a specific section of the Company’s website, or — if contemplated in the call notice — by sending the document to the certified electronic mail address of the Company.</p> <p>The Chairman of a meeting of stockholders, who may avail himself of ad hoc assistants, shall verify that such meeting is duly convened, check the identity and right of participation of the attendees, run the course of such meeting and attest to the results of the voting.</p> <p>Article 19) -If the stockholders’ meeting did not appoint the Chairman in compliance with article 17 above, the Board of Directors shall appoint a Chairman from among its members and, if it deems it convenient, it will also appoint a Deputy Chairman.</p> <p>The Board of Directors may also appoint and determine the powers of one or more Managing Directors.</p> <p>The Board may delegate some of its functions to an Executive Committee. The Executive Committee is composed of a minimum of five and a maximum of seven members of the Board of Directors.</p> <p>The functions set forth in Articles 2420-ter, 2423, 2443, 2446, 2447, 2501-ter and 2506-bis of the Civil Code, cannot be delegated.</p> <p>The Company’s managing bodies have a duty to timely report to the Board of Directors and the Board of Statutory Auditors, at least quarterly, on the general business trend, the modalities of exercise of</p>	<p>electronic means, in accordance with the requirements set forth in the Set of Rules of the Ministry of Justice. with applicable Law. The electronic notice of the proxy can be given — in compliance with what is laid down in the call notice — either by using a specific section of the Company’s website, or — if contemplated in the call notice — by sending the document to the certified electronic mail address of the Company.</p> <p>The Chairman of a meeting of stockholders, who may avail himself of ad hoc assistants, shall verify that such meeting is duly convened, check the identity and right of participation of the attendees, run the course of such meeting and attest to the results of the voting.</p> <p>Article 19) -If the stockholders’ meeting did not appoint the Chairman in compliance with article 17 above, the Board of Directors shall appoint a Chairman from among its members and, if it deems it convenient, it will also appoint a Deputy Chairman one or more Deputy Chairmen.</p> <p>The Board of Directors may also appoint and determine the powers of one or more Managing Directors.</p> <p>The Board may delegate some of its functions to an Executive Committee. The Executive Committee is composed of a minimum of five and a maximum of seven members of the Board of Directors.</p> <p>The functions set forth in Articles 2420-ter, 2423, 2443, 2446, 2447, 2501-ter and 2506-bis of the Civil Code, cannot be delegated.</p> <p>The Company’s managing bodies have a duty to timely report to the Board of Directors and the Board of Statutory Auditors, at least quarterly, on the general business trend, the modalities of exercise of</p>
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<p>the proxies conferred and the most relevant transactions from an economic, financial and balance sheet point of view, made by the Company and its subsidiaries.</p> <p>The Board of Directors may set up one or more Committees and give to such Committees those powers as it considers appropriate, not the least in order to implement codes of conduct drawn up by companies managing regulated markets or industry associations.</p> <p>The Board of Directors may also appoint and determine the duties of a Secretary, who does not need to be a member of the Board of Directors.</p> <p>Moreover, the Board of Directors will—by such ordinary majorities as provided for by these by-laws—appoint the executive in charge of drawing up corporate accounting records, subject to the mandatory but not binding opinion of the Board of Statutory Auditors, pursuant to art. 154-bis of Legislative Decree No. 58/1998, and will give him/her adequate powers and resources to exercise the duties attributed to him/her by law. The executive in charge of preparation of the corporate and accounting records shall have the following professional qualifications: qualified experience in administration and control, or in the performance of executive or consultancy functions at publicly traded companies and/or at a related group of companies of material size and importance also with reference to the functions of drafting and control of corporate and accounting records</p> <p>Article 30) -The Company’s fiscal year shall end on December 31 (thirty-one) of each year. At the end of each fiscal year the Board prepares the financial statements to be drafted in accordance with law provisions.</p> <p>Upon approval of the financial statements,</p>	<p>the proxies conferred and the most relevant transactions from an economic, financial and balance sheet point of view, made by the Company and its subsidiaries.</p> <p>The Board of Directors may set up one or more Committees and give to such Committees those powers as it considers appropriate, not the least in order to implement codes of conduct drawn up by companies managing regulated markets or industry associations.</p> <p>The Board of Directors may also appoint and determine the duties of a Secretary, who does not need to be a member of the Board of Directors.</p> <p>Moreover, the Board of Directors will—by such ordinary majorities as provided for by these by-laws—appoint the executive in charge of drawing up corporate accounting records, subject to the mandatory but not binding opinion of the Board of Statutory Auditors, pursuant to art. 154-bis of Legislative Decree No. 58/1998, and will give him/her adequate powers and resources to exercise the duties attributed to him/her by law. The executive in charge of preparation of the corporate and accounting records shall have the following professional qualifications: qualified experience in administration and control, or in the performance of executive or consultancy functions at publicly traded companies and/or at a related group of companies of material size and importance also with reference to the functions of drafting and control of corporate and accounting records</p> <p>Article 30) -The Company’s fiscal year shall end on December 31 (thirty-one) of each year. At the end of each fiscal year the Board prepares the financial statements to be drafted in accordance with law provisions.</p> <p>Upon approval of the financial statements,</p>
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<p>the stockholders' meeting resolves on the distribution of profits, in compliance with provisions of the law and consistently with the Company's needs.</p> <p>The Board of Directors may approve early distributions of dividends in the cases and according to the terms and conditions established by article 2433 bis of the Italian Civil Code and article 158 of Legislative Decree no. 58/1998.</p> <p>Dividends which are not collected within five years from the day in which they become available shall prescribe in favor of the Company.</p>	<p>the stockholders' meeting resolves on the distribution of profits, in compliance with provisions of the law and consistently with the Company's needs.</p> <p>The Board of Directors may approve early distributions of dividends, in the cases and according to the terms and conditions established by article 2433 bis of the Italian Civil Code and article 158 of Legislative Decree no. 58/1998 provided by the current provisions of law.</p> <p>Dividends which are not collected within five years from the day in which they become available shall prescribe in favor of the Company.</p> <p>(all other articles of the by-Laws are unchanged)</p>
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If you agree with the provisions stated above, please adopt the following resolution:

“The Stockholders’ Meeting of Luxottica Group S.p.A.

resolves

- to amend articles 12, 19 and 30 of the By-Laws in accordance with the text included in the Report of the Board of Directors;
- to grant the most extensive powers to the Board of Directors and to the President and the Chief Executive Officer, severally, on its behalf, in order to implement this resolution and in particular to fulfill all related necessary notice obligations, with powers to amend it or to include variations in order to register it in the Company Register or if requested by competent authorities.”

Milan, March 15, 2016

For the Board of Directors
The Chairman
Leonardo Del Vecchio

ANNEX A
INFORMATION ON TAX TREATMENT APPLIED TO DIVIDENDS

Dividend distribution

Tax Regime – Holders of ordinary shares

The gross amount of dividend paid to shareholders of Italian listed companies whose shares are registered in a centralized deposit system managed by Monte Titoli S.p.A, who are individuals and are Italian resident for tax purposes, will be subject to a 26 percent final substitute tax, provided the shareholding is not related to the conduct of a business and if these persons do not hold a “qualified” shareholding.

This substitute tax will be levied by the Italian authorized intermediary that participates in the Monte Titoli system and with which the securities are deposited, as well as by non-Italian intermediaries participating in the Monte Titoli system (directly or through a non-Italian deposit system participating in the Monte Titoli system), through a fiscal representative to be appointed in Italy.

The substitute tax is not applied in respect of individuals residing in Italy that, upon receipt of the dividends, declare to have a qualified holding or a shareholding assumed in the conduct of a business. In these cases, dividends are subject to ordinary taxation system in accordance with the rules and to the extent provided for by Presidential Decree December 22, 1986, No 917, as subsequently modified.

Italian resident individuals who timely declare that they hold a qualified shareholding or a shareholding related to the conduct of a business will receive the gross amounts of dividends paid and include dividends in their worldwide taxable income, subject to the ordinary income tax rules. The dividend paid to other subjects different from the above mentioned individuals, who are resident in Italy for tax purposes, including those companies subject to IRES/IRPEF and foreign companies with permanent establishment in Italy to which the shares are effectively connected, investment funds, pension funds, real estate investment funds and subjects excluded from income tax pursuant to Art. 74 of Presidential Decree No. 917/86, are not subject to substitute tax. Dividends paid to entities subject to IRES/IRPEF different from individuals holding a non qualified shareholding not related to the conduct of a business will be subject to the ordinary income tax rules.

Italian law provides for a 26 percent final substitute tax rate on dividends paid to Italian residents who are exempt from corporate income tax. Dividends paid to beneficial owners who are not Italian residents and do not have a permanent establishment in Italy to which the shares are effectively connected are generally subject to a 26 percent substitute tax rate. However, reduced rates of substitute tax on dividends are available to non-Italian resident beneficial owners who are entitled to such reduced rates and who promptly comply with procedures for claiming benefits under an applicable income tax treaty entered into by Italy or under the Italian domestic Law. Under the currently applicable Italy-U.S. Treaty, for example, an Italian substitute tax at a reduced rate of 15 percent may apply, in certain cases, to dividends paid by Luxottica Group to a U.S. resident entitled to treaty benefits who promptly complies with the procedures for claiming such benefits, provided the dividends are not effectively connected with a permanent establishment in Italy through which the U.S. resident carries on a business or with a fixed base in Italy through which the U.S. resident performs independent personal services. Moreover, under the currently applicable Italian domestic legislation,

(i) companies and entities subject to corporation tax and resident in countries that are members of the European Union (the “EU”) or participants in the European Economic Area (the “EEA”) and are included in the list provided for by Italian Ministerial Decree, September 4, 1996 (as amended and supplemented) (the “Decree”), are entitled to reduced tax rate of 1.375% on distributions of profits for the tax years ending after the tax year ended December 31, 2007; and (ii) pension funds established in a EU or EEA country included in the list provided for by the Decree, are entitled to reduced tax rate of 11%.

The substitute tax regime does not apply if ordinary shares representing a “non-qualified” interest in Luxottica Group are held by an Italian resident shareholder in a discretionary investment portfolio managed by an authorized professional intermediary, and the shareholder elects to be taxed at a flat rate of 26 percent on the appreciation of the investment portfolio accrued at year-end (which appreciation includes any dividends), pursuant to the so-called discretionary investment portfolio regime – regime del risparmio gestito.

Tax regime – Holders of ADRs

Dividends paid to Deutsche Bank Trust Company Americas, as depositary of the Ordinary Shares for which ADRs were issued, and afterward paid by Deutsche Bank Trust Company Americas to the ADR holders, who are not Italian residents and do not have a permanent establishment in Italy to which the ADRs are effectively connected, will be subject to the provisional 26% Italian substitute tax, through Deutsche Bank S.p.A., as Italian custodian of said ordinary shares on behalf of Deutsche Bank Trust Company Americas.

The Depositary has mailed to all ADR holders the documentation containing the detailed procedure for obtaining the full or partial refund of said substitute tax, where allowed. Full or partial refund of the substitute tax may be claimed by ADR holders (i) having residence for tax purposes in Italy or in countries which have entered into anti-double taxation treaties with the Republic of Italy allowing for application of reduced or nil tax rate; or (ii) which are companies or entities subject to corporation tax and resident in countries that are members of the EU or participants in the EEA and are included in the list provided for by Ministerial Decree of September 4, 1996 (as amended), and as such entitled to a reduced substitute tax rate of 1.375% on dividends from profits of the tax years ending after the tax year ended December 31, 2007; or (iii) which are pension funds established in an EU or EEA country included in the list provided for by Ministerial Decree of September 4, 1996 (as amended), and as such entitled to a reduced tax rate of 11%.

On or before September 16, 2016 ADR holders having residence for tax purposes in Italy and who are entitled to get the dividend gross of the Italian withholding tax, may thus submit to Deutsche Bank Trust Company Americas the documentation certifying the right to the application of no substitute tax under the applicable tax system (Form from A to G “Dividend beneficial owner's statement”).

On or before September 16, 2016 ADR holders not resident in Italy for tax purposes shall submit to Deutsche Bank Trust Company Americas the documentation – signed

before 25th May 2016 – stating the right of application of the reduced tax under any anti-double taxation treaties between that ADR holder Country of residence and Italy or under Italian domestic law - instead of the full 26% tax rate incurred upon payment (Form 6166 and Form A for US residents, Form A or Form DIV/EX 2 or Form DIV/EX 3, to be sent in any case along with a suitable residence certificate, and possibly a tax status certificate issued by the relevant tax authorities of the foreign State, for residents of other Countries).

As soon as the required documentation is delivered by Deutsche Bank Trust Company Americas to the bank in charge of payment, i.e. Deutsche Bank S.p.A., this bank shall endeavor to effect repayment to the ADR holder of the balance between the 26% withheld at the time of payment and the rate actually applicable under the Italian domestic law or under any anti-double taxation treaty between Italy and the shareholder's Country of residence. By way of example, Italy and the United States (as well as many other countries) are parties to a tax treaty which contemplates, in certain cases, the application of a 15% withholding tax on the dividends paid, if the necessary documentation is promptly submitted. Therefore, U.S. resident ADR holders covered by the treaty entitled to the 15% rate provided by the treaty have the opportunity of being repaid - by Deutsche Bank S.p.A., through Deutsche Bank Trust Company Americas - the difference between the 26% already withheld at the time of first payment, and the 15% withholding tax provided for by the Italy-United States tax treaty currently in force, thus receiving a further 11% gross dividend.

To the extent a refund of the Italian tax withheld is available to a U.S. holder under Italian law or under Italy-United States tax treaty, the amount of tax withheld that is refundable will not be eligible for credit against such U.S. holder's U.S. federal income tax liability.

In any case, since in the past many ADR holders were not able to supply the certificates required on or before the deadline (especially non Italian resident ADR holders, because foreign tax authorities may take more than two months to issue this documentation), Luxottica Group recommends to start in advance the procedure for obtaining the refund by sending the necessary forms – which are available on website www.luxottica.com - to Deutsche Bank Trust Company Americas (Form from A to G for Italian residents, Form 6166 and Form A for U.S. residents, Form A or Form DIV/EX 2 or Form DIV/EX 3, to be sent in all cases along with a suitable residence certificate and possibly a tax status certificate issued by the relevant fiscal authorities of the foreign State, for residents of other Countries) - such documents must be signed. The procedure applied by Deutsche Bank Trust Company Americas and Deutsche Bank S.p.A. contemplates that, as soon as Deutsche Bank Trust Company Americas receives the necessary documentation from ADR holders, it will transmit it to Deutsche Bank S.p.A. which, after performing the necessary checks, will communicate refund details to Deutsche Bank Trust Company Americas which in turn will actually effect payments through DTCs (Depository Trust Companies).

Please note that in order for non-Italian resident ADR holders to take advantage of the accelerated tax refund (Quick Refund), the necessary documentation must be signed by the respective Tax Authority on or before May 25, 2016 (the dividend payment date in Euros), and must be received by Deutsche Bank Trust Company Americas on or before September 16, 2016, or by Deutsche Bank S.p.A on or before September 26, 2016.

Luxottica Group recommends to all ADR holders who are interested in taking advantage of such refund to request more detailed information as to the exact procedure to be followed from Deutsche Bank Trust Company Americas (ADR Department, telephone +1-212-747-9100; fax +1-866-888-1120, attn. Emilie Kozol) or Deutsche Bank S.p.A. (Piazza del Calendario, 3 - 20126 Milano Mr. Michele Vitulli, Tel. +39-02-4024-3938 michele.vitulli@db.com or or Ms. Elena Geruntino, Tel. +39-02-4024-2627, elena.geruntino@db.com). or directly from Luxottica Group (Investor Relations Department, tel. +39.02.86334870; fax +39.02.86334092).

ADR holders are further advised that once the amounts withheld are paid to the Italian tax authority, the ADR holders who are entitled to a reduced tax rate may only apply to the Italian tax authority to receive the reimbursement of the excess tax applied to the dividends received from the Company. Such procedure customarily may take years before the reimbursement is actually made. Therefore, the above-mentioned procedure was established by Luxottica Group in the best interest of its stockholders.

ANNEX B

REMUNERATION POLICY

1. PROCEDURES USED FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

1.1 Process for the preparation and approval of the Remuneration Policy

1. The Remuneration Policy, which is submitted annually to the Board of Directors by the Human Resources Committee for approval, is the result of a clear and structured process that, consistent with the regulatory directions and suggestions to the Code of Conduct, proactively involves the following corporate bodies and functions: the Meeting of Stockholders, Board of Directors, Human Resource Committee and Human Resource Department.
2. The Human Resource Committee, based on its powers, submits proposals to the Board on the structure and content of the Remuneration Policy and - together with the entire Board - monitors the proper implementation of the Remuneration Policy with the support of specific corporate functions.
3. Once the Board of Directors has examined and approved the Remuneration Policy it is put to a consultative/advisory vote at the Ordinary Meeting of Stockholders.
4. The guiding principles of the Remuneration Policy, initially devised in 2012 with the involvement of consulting company Hay Group Italia, an independent expert, were subsequently developed and refined through updates and revisions made over time by the Board of Directors, upon the proposal of the Human Resources Committee.
5. For the purposes of the definition and revision of the Remuneration Policy, customary procedures and market remuneration levels, experience from the application of the Luxottica Remuneration Policy in previous years, regulatory provisions and CONSOB indications and, in general, regulatory framework and recommendations of the Code of Conduct on remuneration in force from time to time are constantly analyzed, monitored and evaluated.

1.2 The Governance of the Company and the Remuneration Policy

1.2.1 The Organizational System

1. The Group has adopted an organizational system aimed at ensuring consistency and transparency in relation to its remuneration policy, which is based on the role of direction, coordination and competitive alignment performed chiefly by the Group's Human Resources Department. The existing model in fact aims at guaranteeing appropriate control of standard remuneration practices in the Group, ensuring that informed decisions regarding remuneration are duly made at the appropriate level of the organization.

2. In order to fairly and consistently acknowledge the responsibilities assigned to, as well as the results obtained by, all relevant individuals, in addition to fostering actions and conduct in line with the corporate culture, decisions on remuneration for directors who are also employees of the Company or Group, executives with strategic responsibilities and senior managers are controlled by specific boards and functions of the parent company; on the other hand, for lower levels the regional and local Human Resource Departments, where present, are responsible for the proper application of the Remuneration Policy on a local level, yet in full compliance with the centrally defined remuneration systems and plans, and with an eye, in particular, to guaranteeing their consistency, transparency and sustainability.

RESPONSIBILITY	AREA CONCERNED	BENEFICIARIES
<i>Corporate</i>	<ul style="list-style-type: none"> ▪ Fixed remuneration ▪ Variable remuneration ▪ Medium to Long-term Incentive Plans 	<ul style="list-style-type: none"> ▪ Directors who are employees ▪ Other Executives with strategic responsibilities ▪ Senior managers
<i>Regions / Business</i>	<ul style="list-style-type: none"> ▪ Fixed remuneration ▪ Variable remuneration ▪ Benefits 	<ul style="list-style-type: none"> ▪ Other managers ▪ Employees of regional and local organizations

1.2.2 *The Human Resources Committee*

1. The Board of Directors, in accordance with the recommendations of the Code of Conduct, set up the Human Resources Committee in 2004.
2. The members of the Human Resources Committee in office, appointed by the Board of Directors on April 24, 2015, are the independent directors Andrea Zappia (Chairman) and Marina Brogi, and Mario Notari, a non-executive director. Until April 24, 2015, the Committee in office was made up of the independent directors Claudio Costamagna (Chairman), Anna Puccio and Marco Mangiagalli.
3. The Chairman Andrea Zappia and the directors Brogi and Notari have specific and adequate expertise on financial matters, which was evaluated by the Board of Directors at

the time of their appointment, in compliance with the requirements set forth in the Code of Conduct. Until April 24, 2015, the Chairman in office was Claudio Costamagna, who also had specific and adequate expertise in financial matters, as evaluated by the Board of Directors at the time of his appointment.

4. The Human Resources Committee performs advisory and supervisory functions, including making recommendations, in particular with respect to:
 - making proposals to the Board of Directors for the definition of the remuneration policy applicable to directors and executives with strategic responsibilities;
 - regularly assessing the adequacy, overall consistency and actual application of the Remuneration Policy;
 - making proposals or offering opinions to the Board of Directors on the remuneration of the Managing Director and the other directors holding particular positions;
 - defining the target market in which to assess the competitiveness of the remuneration of the directors, executives with strategic responsibilities and the management;
 - assessing the target positioning of the Company with regard to all the remuneration components (base salary, monetary incentive systems, non-monetary remuneration) and the best mix of these components;
 - reviewing the remuneration of the directors, executives with strategic responsibilities and the management, the criteria for the composition of the board of directors of significant subsidiaries and supervising their application;
 - assessing proposals for the introduction of short and long-term monetary and share incentive plans to be submitted to the Board of Directors for approval;
 - identifying the performance indicators necessary for guaranteeing the consistency of the generation of the amount and the reward systems; additionally, monitoring the application of the decisions made by the Board of Directors, checking in particular that performance targets have been reached;
 - reviewing the objectives that the short- and long-term incentive systems are based on, as well as the results achieved, and submitting them to the Board of Directors for approval.

5. Furthermore, the Committee reviews and approves the Human Resources management and development objectives and strategies and reviews the results achieved. In particular, the Committee:
 - assesses the results of internal surveys on the organizational environment and external surveys on the reputation of the Company;

- reviews the organizational requirements of the Company and actions taken to effectively assign key positions (known as succession plans); makes inquiries for the preparation and revision of succession plans adopted by Board of Directors;
 - assesses the results of the initiatives aimed at increasing the value of the key resources of the organization;
 - assesses the effectiveness of the strategic partnerships set up by the Company with Universities and Business Schools, as well as more general initiatives taken with regard to the labor market;
 - assesses the effectiveness of internal communication initiatives.
6. The Human Resources Committee is granted access to company information and functions deemed necessary for the performance of its own tasks and may also make use of external consultants and advisors in the performance of its duties, after having assessed that the latter parties are not in any situations that may compromise their fully independent judgment.
 7. The Committee has its own regulations and all Committee decisions are required to be adopted by the favorable vote of an absolute majority of its members who can express their vote also through means of telecommunication if they are not attending in person. The Chairman of the Board of Statutory Auditors, or another statutory auditor appointed by the latter, is invited to attend meetings of the Committee. The minutes of Committee meetings are duly recorded by the Group Human Resources Officer, who acts as the Secretary of the Committee. The Committee meets whenever the Chairman deems it necessary or upon the request of another Committee member, usually at the dates provided for by the annual schedule of the meetings approved by the Committee. If the Committee deems it appropriate, executives of the Company or external professionals may be invited to participate so that certain topics can be discussed in detail.
 8. The meetings of the Committee are called via a notice, to be sent, also by the Secretary, upon the order of the Chairman of the Human Resources Committee.
 9. No director shall take part in the meetings of the Human Resources Committee where proposals are discussed concerning his/her own remuneration.
 10. When the Board of Directors approved the Procedure for Related Parties, it granted the Human Resources Committee the power to review transactions with related parties which is limited to resolutions concerning the granting of remuneration and financial benefits to the members of management and control bodies and to other executives with strategic responsibilities.

1.2.3 The Board of Directors

1. Without prejudice to the functions of the Human Resources Committee, the Board of

Directors is responsible for: (i) approving the remuneration of directors performing special duties pursuant to article 2389, paragraph 3, of the Italian Civil Code; (ii) allocating the aggregate remuneration fixed for the directors at the Meeting of Stockholders, in the event this was not determined by the stockholders; and (iii) reviewing the incentive plans to be submitted for approval at the Meeting of Stockholders and the allocation of benefits thereunder annually, normally at the Meeting of Stockholders after approval of the financial statements.

2. With the assistance of the Human Resources Committee, the Board of Directors confirms that the Remuneration Policy has been implemented properly.

2. PURPOSES AND PRINCIPLES OF THE REMUNERATION POLICY

1. The Company's Remuneration Policy is based on the "pay for performance" principle, proactively promoting the establishment of an actual and verifiable link between an individual's remuneration and performance - both individual and of the Group - with the purpose of:
 - (a) aligning the management's interests with the medium- to long-term interests of shareholders and other stakeholders, assessing the performance not only on an annual basis, but in a longer time frame;
 - (b) increasing the value of the Company on a sustainable basis, i.e. helping to implement the strategy and objectives of both Luxottica and the Group over time, creating long-term value for all stakeholders and strengthening the Company's reputation;
 - (c) drawing and motivating qualified professional resources for the pursuit of the objectives of both Luxottica and the Group and motivating these resources to remain with the Group.
2. In particular, the principles which form the basis of decision making on remuneration are:
 - (a) closely correlating the remuneration opportunities to actual results - both individual and general - of the organization, reflecting and measuring the impact of individual performance on the creation of value for the Company and the Group;
 - (b) developing a global offer of remuneration opportunities, which can demonstrate the capacity to draw and retain key and deserving resources of the organization of today and tomorrow, according to the principles of equal opportunities, enhancement of individual knowledge and professional skills, equity and non-discrimination as provided for by the Group's Code of Ethics.
3. Global remuneration includes a balanced articulation of monetary components, both fixed and variable, and non-monetary, direct and deferred components, which guarantees that

pay-packages move over time alongside sustainable profitability levels.

4. The Remuneration Policy is consistent with the risk management policy of the Group. The full alignment of the Group's remuneration policies, the reference regulatory framework and best practices, as well as the full compliance with the corporate values of transparency and responsibility, are functional to the compliance with the interests of shareholders and also of all the other stakeholders, and also to the continuous strengthening of the Group's reputation and the removal of any conflict of interest. Adopting the Group's remuneration strategy based on the pay-for-performance principle, namely on a direct relationship between remuneration and results achieved, in fact guarantees that remuneration is not only fair, appropriate and stimulating, but its ultimate purpose is always guaranteeing the creation of medium- and long-term value for all stakeholders, in the perspective of full economic and social sustainability.

3. REMUNERATION COMPONENTS

3.1 Identification of the pay-mix

1. The remuneration available for executive directors (who are also employees of the Company or Group), general managers and executives with strategic responsibilities is comprised of (i) a fixed part (see para. 3.2 below); (ii) a short-term variable part (see para. 3.3 below); and (iii) a possible medium- to long-term variable component (see para. 3.4 below).
2. The guidelines for the composition of the fixed and variable elements of the remuneration package are defined by Human Resources management based on each segment of the employee population.
3. With specific reference to executive directors who are also Company employees, general managers (where appointed) and the executives with strategic responsibilities, the Human Resources Committee defines at the Group level the pay-mix structure, determining its composition in terms of fixed and variable components, consistently benchmarking its conclusions against market trends and internal analysis.
4. Set forth below are the principles on which the remuneration packages are based for the executive directors who are also Company employees and for executives with strategic responsibilities:
 - (a) balancing the fixed and variable components of the remuneration based on the Company's strategic objectives and consistently with its risk management policy, in addition to the creation of long-term value for all stakeholders and sustainable growth. The variable component normally exceeds the fixed portion;
 - (b) with reference to the variable component of remuneration:

- establishing a proportionate weighting of the variable remuneration, in order to guarantee the alignment of the actions of executive directors that are also company employees and executives with strategic responsibilities with business objectives, as well as the shareholders' interests. Therefore, performance assessment parameters linked to profitability and sustainable growth are preferred.
- binding the payment of variable remuneration:
 - (i) to the achievement of performance targets that must be predetermined, measurable and linked to the creation of value for shareholders in the medium and long term. In particular, in the case of qualitative objectives, the latter must be accompanied by an *ex-ante* indication of the objective parameters to be considered in the final evaluation, indicating the expected results and the estimator. Each step of the entire process must be written and documented; and
 - (ii) to the achievement of a threshold value of performance objectives, to be established *ex-ante* (the so-called gate);
- establishing maximum limits for allocation of the variable component of remuneration, usually not exceeding 2x the fixed remuneration;
- providing an adequate accrual period for the long-term variable component (see para. 3.4 below);
- (c) supplementing the remuneration package with an adequate offer of benefits, with reference to market standard practices;
- (d) minimizing the use of indemnities or other compensation to be stipulated *ex-ante* in the event of resignation, removal from a position, dismissal or termination of employment, without prejudice to the power of the competent boards to authorize agreements in this regard for specific cases;
- (e) monitoring and analyzing standard remuneration procedures and best practices implemented in the reference market with the objective of ensuring a total remuneration package that is both as competitive as possible and market aligned.

3.2 Fixed remuneration

The fixed remuneration component is essentially correlated to the significance of the position and therefore linked to professional specialization and the skills required of the individual, as well as related responsibilities and performance achieved over time. The Company consistently monitors market practice with respect to the fixed remuneration components, in order to align itself with best practices and also verifies that remuneration levels are being consistently applied across the Group. Normally, the fixed remuneration

component is determined at the time of hiring and, afterwards, any increase by merit for the same position can only be applied against a performance at least aligned with expectations. Executives with strategic responsibilities are also granted allowances for all domestic and foreign travel, in line with the provisions of the reference agreement for executives and the company's complementary agreements.

3.3 Short-term Variable remuneration

1. The variable remuneration component is aimed at rewarding the results achieved by establishing a direct connection between remuneration and short-term performance, consistently with sustainable growth and a risk management policy suitable for guaranteeing the creation of value for all stakeholders in the long term.
2. To strengthen the alignment between management's/employees' interests with those of the shareholders and the other stakeholders, the performance measurement is based on the actual results achieved by the Company or Group as a whole, the reference business unit and, of course, the individual.
3. The main instrument used in connection with variable remuneration is the Management by Objectives system ("MBO"), which is primarily, but not exclusively, used for Group management. Annual incentives reward the achievement of quantitative and qualitative performance objectives, and usually a variable bonus is paid in connection with them.
4. The so-called Key Performance Indicators, as well as the relevant associated performance objectives, are reviewed on a yearly basis by the Human Resources Department, assisted by the Management Control Department, and are submitted for the approval of the Human Resources Committee. These objectives are always defined using objective and measurable parameters, devised in such a way as to neutralize elements or events that may have distorting effects on the incentive system, such as, for instance, extraordinary components that may favor short-term objectives rather than long-term interests.
5. In particular, performance objectives can be linked both to business managerial targets (processes/projects) as well as to organizational development targets (skills, abilities). In any case, the assigned objectives must be:
 - **specific:** the goal of each objective that is to be attained must be clearly and factually stated and the expected results must also be identified;
 - **measurable:** the expected results are calculated through easily understandable indicators that are based on factual evidence;
 - **results-oriented:** objectives must be defined with reference to the Company's and Group's general strategy and long-term objectives;
 - **time specific:** intermediate steps and deadlines must be clearly and precisely defined.

6. Normally, the parameters that can be used focus on the Group's economic/financial and operating performance in terms of stability, efficiency, creation of value and sustainability; in particular, the following parameters stand out:
- (a) consolidated *Earnings per Share* (EPS): a measure resulting from the Group consolidated financial statements and equal to the net profit resulting from the relevant financial statements divided by the average number of the company's outstanding shares;
 - (b) *Free Cash Flow*: that is the difference between the monetary cash flow generated by the operations and the outgoing cash flows for investments. This measure is a measurement of the Group's self-financing capacity;
 - (c) *Net Sales*: that is the growth of the net turnover in terms of absolute value;
 - (d) *Sales Comp*: a typical business retail indicator, which enhances the LFL growth of net turnover under conditions of constant foreign exchange rates;
 - (e) DOP – *Divisional Operating Profit* and OI – *Operating Income*: both metrics are measurements of profitability, for the wholesale business and the retail business respectively, and are calculated considering the Group's operations only, i.e. including interest, taxes, depreciation and amortization on tangible and intangible assets;

These parameters can be used either individually or as a part of a mix, which can also vary for different managers according to individual roles and responsibilities.

It is also possible that, when defining performance objectives, specific function objectives are used - mostly in connection with the above-mentioned parameters - and also qualitative objectives linked to specific individual performance parameters, based on the specific characteristics of the various positions; this is in order to best align the characteristics of the MBO plan with the features and needs of the different functions in the Company and the Group.

7. Currently, the main performance objective used - which is applied to all executive positions - is the consolidated EPS, which can be supplemented with financial and/or business indicators, and also specific function objectives.
8. When assessing the achievement level of performance objectives, upon the proposal of the Human Resources Committee, restructuring costs from acquisition (if they are not budgeted), as well as costs of reorganization and extraordinary transactions not related to normal operations can be neutralized.
9. Evaluating the performance and communicating the achievement level of assigned objectives is an ongoing process marked by three key dates over twelve months:

- (a) definition and communication of the objectives for the year, normally by March of the reference year;
 - (b) interim performance assessment (normally, mid-reference year), for checking the achievement level of results in the first half of the year and taking any corrective actions;
 - (c) final performance assessment and communication of the achievement level of assigned objectives (generally, by March of the next year). Objectives are examined by the Human Resources Committee and then shared with the Board of Directors.
10. The payment of variable remuneration is subject to the achievement of a threshold of the pre-established performance objective, be it financial or in any case measurable through factual and objective data to be established ex-ante, and a ceiling on the issue of the variable component of the remuneration is also provided. This ceiling varies according to the role played by the individual in the Company and the Group, his/her skill at achieving results and the reference market. The variable remuneration target values for management may vary from 30% to 100% of the fixed remuneration. The pay-out ceiling can range from 45% to 200% of the above-mentioned target values. It is also pointed out that changes in the role and responsibility can entail a change in the target percentage.
 11. At the end of each fiscal year, the Group Human Resources Department checks the achievement level of assigned objectives based on the final results with the help of the Management Control Department. The variable remuneration level to be paid is normally determined by linear interpolation, in order to have a proportional and accurate growth or drop in the variable remuneration actually paid according to the achievement level of the assigned objective.
 12. When defining MBO plans, the Board of Directors can evaluate the introduction of forms to defer the payment of the variable remuneration component, where this is deemed suitable because of the role played by some key figures and their related responsibilities, and also following the approval of the Human Resources Committee.
 13. Currently, the variable remuneration component given based on MBO plans is paid the year after the reference year, after taking the final data into account in order to measure the achievement level of performance objectives and, then, to determine the variable remuneration level due to each beneficiary. Current MBO plans, therefore, do not include mechanisms to defer the variable remuneration component over several years. This choice has been taken, *inter alia*, based on the following considerations:
 - (a) on one hand, it has been considered that MBO plans already include suitable mechanisms - taking the segment of involved population into account - for guaranteeing, in general, the alignment of the beneficiaries' objectives and the medium- and long-term interests of shareholders and other stakeholders. First of all, by defining performance objectives based on current operations, neutralizing

extraordinary components that might favor short-term results. Secondly, by identifying a single performance objective (currently, consolidated EPS) to be used for all executive positions, of any organizational level, territory, segment and channel, which acts as the basic element of short-term incentives and medium-long-term incentives. In this way, the matching of interests and strategies among the various population segments is promoted in a longer time frame;

- (b) on the other hand, it has been considered that the application of the above-mentioned specific deferment mechanisms is particularly meaningful for the strategically most important top managers, for whom other ad hoc retention mechanisms are being applied (see para. 3.4 below).
14. When defining MBO plans, the Board of Directors can also evaluate the introduction of mechanisms or the closing of contractual agreements that specify and regulate the Company's right to claim the refund, in full or in part, of variable remuneration components that were determined based on data that have proved to be clearly wrong. Starting from the 2015 fiscal year, consistently with the recommendations of the Code of Conduct, specific claw-back mechanisms have been introduced for the short-term remuneration of General Directors and executives with strategic responsibilities. Therefore, if, subsequent to the payment of the short-term variable remuneration of the parties stated above, there are objective circumstances that suggest that the data on which the achievement of the objectives has been based is to be considered clearly wrong, the Company may ask the aforesaid parties, to the extent possible in accordance with applicable regulations, to refund all or part of any amounts paid as MBO. The Company will carry out the assessment regarding if and to what extent the claw-back right is to be exercised, based on: i) the existence of malicious actions or serious misconduct, without which the objectives would not have been reached or such as to compromise their achievement; ii) the seriousness of this conduct; iii) the degree of involvement of the beneficiaries in the events that led to an incorrect assessment of the achievement of the objectives. The claw-back right can be exercised: i) in the event of gross negligence, within and not exceeding three years from the payment of the variable remuneration; and ii) in the event of willful misconduct, within and not exceeding five years from the payment of the MBO.
 15. The incentive mechanisms of the Executive Responsible for drawing up corporate accounting documents and the Internal Audit Manager are consistent with the tasks assigned to them. In particular, specific quality parameters are used for the Internal Audit Manager: their definition and assessment is entrusted to the Control and Risk Committee, in order to guarantee full independence and to prevent potential conflicts of interest.
 16. It must also be noted that the Executive Responsible for drawing up corporate accounting documents does not receive any specific remuneration for the performance of the activities related to this position, and receives a single payment as Chief Financial Officer.

3.4 Medium to Long-term Variable Remuneration

1. The variable remuneration also has a medium to long-term component, which is mainly aimed at directing the actions of management towards achieving business objectives and retaining Group key personnel (“retention”).

Medium to long-term incentive plans recognize the organizational role in the Company or the Companies of the Group held by the beneficiaries, the individual performance results achieved by the beneficiary in the previous year and the potential for professional growth within the Group in the medium to long-term. More specifically, the following elements are assessed: (i) the ability of the single beneficiary to contribute to the development of the Company and the Group; (ii) the professional competence and the role held in the Company's organizational structure; (iii) the level of his/her total remuneration; and (iv) the specific retention needs.

In any case, in order to guarantee an adequate retention level and a proper alignment with the medium to long-term objectives of the Company and the Group, as well as of the shareholders and other stakeholders, it has been arranged that the medium to long-term variable remuneration is usually paid to the beneficiaries – both via incentive plans based on financial instruments and via monetary retention plans – only after an adequate accrual period has passed. For incentive plans based on financial instruments, shares are always allocated after a certain vesting period has passed, usually three years, from the allocation of the units or option rights.

2. The long-term incentives system can take the form of two categories:

I) Monetary or long-term retention plans: in consideration of the frame of reference, current market trends and the implementation of management policies of the Human Resources Department that are being aimed more and more at retaining and motivating high-value executives within the organization that stand out due to their high level of professionalism and their particular degree of criticality for the business, starting from 2016 the Company has reserved the right, subject to the approval of the Human Resources Committee and subsequently, for the executive Directors of the Company, the approval of the Board of Directors, to offer a long-term retention bonus with deferred payment, based on the assessment of particularly outstanding individual performance that is a key factor in the sustainability of results over time.

These bonuses, whose main objective is the pursuit of the retention of key resources within the organization and which are applied over a period of several years, therefore make a substantial contribution not only to the achievement of the mission of the Group over time, but also to the creation of long-term value for all company stakeholders, be they internal or external, and to the prevention of the assumption of excessive risk that could be caused by the pursuit of objectives and

approaches that are exclusively short-term, and thus guarantee the sustainability of company results.

It must also be noted that the remuneration from retention bonuses such as those described above must in any case be limited in number and total amount, in order to avoid compromising the financial solidarity of the Company and the Group through the assumption of excessive risk, also in the long-term.

Furthermore, all the extraordinary items that may favor short-term results rather than the creation of value in the medium to long-term will be neutralized in the structuring and subsequent allocation of monetary retention plans.

II) Remuneration plans based on financial instruments, whose objective is to align the interests of beneficiaries, shareholders and other stakeholders by rewarding the creation of long-term value. In particular, the Company has usually adopted the following tools from among the various types of remuneration plans:

- (a) Performance Shares Plan (called Stock Grant plans) granting units, that is the right to receive Luxottica shares based on the achievement profitability and solidity objectives of the Group accumulated over several years; and
- (b) Stock Option Plans granting option rights for the subsequent subscription of Luxottica shares.

Details about Luxottica's current plans are described in related documentation published as required by law.

When defining plans based on financial instruments, the Board of Directors can arrange the following, from time to time, for all or some of the beneficiaries:

- (a) the prohibition to transfer - for a predetermined period of time - the shares assigned to them; and/or
- (b) deferred payments systems; and/or
- (c) *ex post* correction systems.

On April 29, 2013, the Ordinary Meeting of Stockholders approved the Performance Shares Plan 2013-2017. This plan provides that beneficiaries, selected by the Board of Directors from among the employees of the Company and the Group, will be granted rights ("Units") for the free-of-charge allocation of Luxottica shares, provided that, consolidated EPS ("Earnings Per Share") targets defined by the Board of Directors are cumulatively reached over a three-year reference period. In the event of the failure to reach the minimum target level of performance objectives (the so-called "gate"), the beneficiary will accrue no right to be allocated any shares. If, instead, targets were overreached (the so-called "over-performance"), the ceiling of 120% of the fixed target would apply. According

to the Performance Shares Plan 2013-2017, the Board of Directors is allowed, from time to time, to forbid all or some of the beneficiaries from selling a portion of the allocated shares for a pre-determined period. This share retention mechanism was therefore applied starting from the allocation of the shares of the Performance Shares Plan 2013-2017, which occurred in 2015, and involved the units allocated to the Managing Directors and executives with strategic responsibilities. If, therefore, on the date of allocation of the Shares the beneficiary still holds the office of “executive director” or “executive with strategic responsibilities”, one third of the allocated shares will be subject to a non-transferability clause until the final date of termination of the mandate as executive director of the Company, including any renewals, and in the case of Executives with Strategic Responsibilities, until the third year subsequent to the allocation date.

On the other hand, no deferred payment mechanisms have been planned. In fact, it is considered that this plan already includes suitable retention and medium- to long-term interest alignment measures, since it provides for a three-year vesting for the allocation of shares to the Company and a method to calculate the consolidated EPS (matching the provisions of par. 3.3 above), which neutralizes extraordinary income components that may enhance short-term results.

For events not specifically regulated by the Regulations of the Performance Shares Plan 2013-2017, such as extraordinary transactions involving Company equity, for instance mergers, demergers and reduction in equity due to losses by cancelling shares, or legislative or regulatory amendments or other events, including managerial events, such as, by way of example, any amendments to the accounting principles used to draw up the financial statements, which may affect the EPS Target and/or the Plan, the Board of Directors, at its discretion and in any event within the limits permitted by the laws in force from time to time, will assess and therefore, if necessary, adopt the possible amendments and additions to be made to the Regulations and/or the Units allocated, including, for example, the EPS Target or assignable Shares, considered necessary or appropriate to ensure the substantial and economic content of the Plan is unchanged. To date, no further ex-post correction mechanisms have been planned.

Lastly, existing Stock Option Plans (in this connection, it is pointed out that the last Stock Option Plan was assigned by the Company in 2012): (a) generally provide for a suitable vesting period after which options may be exercised (not shorter than three years); (b) the exercise of options may also depend on the achievement of specific performance objectives defined according to the mid- and long-term objectives of the Company and the Group (such as consolidated EPS or Earnings per Share).

3. The Internal Audit Manager is not included in the long-term incentive plans based on financial instruments, be they Stock Option Plans or Performance Shares Plans, but rather in long-term incentive plans that consist of cash bonuses, deferred over a period of three years and unconnected with the Company’s results.

3.5 Benefits and insurance coverage (i.e. social security or pension schemes), in addition to compulsory coverage

With the objective of providing a global remuneration offer that is as competitive and aligned with the best practice available in the local markets as possible, the remuneration package of executive managers, other executives with strategic responsibilities and senior managers is supplemented with fringe benefits (like, for instance, a company car), with the purpose of supplementing the remuneration package with components in kind that are consistent with the status of the beneficiary, as well as complementary insurance policies (like, for instance, supplementary health insurance), whose aim is protecting the well-being of the beneficiary in a broad sense, i.e. the so-called perquisite. In addition to life insurance coverage and coverage against non-work related accidents as provided for by the National Collective Labor Agreement, the registration in a fund for the reimbursement of supplementary health expenses is offered, in addition to the fund provided for by the National Collective Labor Agreement. Then, additional fringe benefits, like, for instance, housing, schooling and so on, can be given in the case of specific tasks, like, for instance, missions abroad.

It is to be noted that non-monetary benefits, as well as insurance, social security and pension coverage, are also paid internationally according to market practice and in compliance with the local rules in force from time to time.

In line with best practices, a policy that covers civil liability against third parties of the corporate boards (including the Board of Statutory Auditors), General Managers, executives with strategic responsibilities, senior managers and other managers (the so-called D&O – Directors & Officers Liability) has also been stipulated. This is in order to hold the above-mentioned subjects harmless from any liability for damages resulting from the exercising of their respective functions (excluding the cases of fraud and serious misconduct).

3.6 Compensation in the event of resignation, dismissal or termination of the employment relationship

- 3.6.1 The Company may agree on special treatment with respect to the termination of office or employment for individual executive directors employed by the Company, or general managers (where appointed) or other executives with strategic responsibilities, if it is deemed appropriate in order to attract and retain particular professional resources, and also in connection with the important role played in the structure of the Company and/or the Group.
- 3.6.2 Any agreement must be prepared in accordance with reference benchmarks on the subject and within the limits defined by case law and the standard practices in the country in which the agreement is concluded.

3.7 Non-competition agreements and prohibition on solicitation

- 3.7.1 The Group provides for the possibility of entering into non-competition agreements or prohibitions on soliciting employees, partners and customers of the Company or other Companies of the Group with directors, general managers, executives with strategic responsibilities and senior managers at the end of their mandate or employment.
- 3.7.2 In accordance with case law and standard practice, these agreements may provide for payment of remuneration proportional to the Gross Annual Income ("GAI"), related to the duration and the extent of the restriction imposed by the agreement itself.
- 3.7.3 The non-competition obligation refers to the product sector in which the Group operates at the time of entering into the agreement as well as the geographic limits; the extent of the obligation also will vary depending on the position held by the individual at the time of termination of the employment relationship.
- 3.7.4 It is to be noted that the prohibition on solicitation is subject to a time limit, usually 24 months.

3.8 Other forms of discretionary, occasional and nonrecurring remuneration

Monetary bonuses that occasionally reward results or performance not included in the short- and long-term variable remuneration components may be provided for through discretionary, one-off bonuses and considerations. In a pay-for-performance perspective, it is, in fact, believed that the payment of one-off money considerations to particularly outstanding strategic managers, because of their exceptional individual contributions, is an important method of differentiation and merit-based selection and, therefore, a way of retaining high-value resources. The assessment of such results and the corresponding bonuses and considerations are subject to the prior examination of the Human Resources Committee and then, for Directors employed by the Company, of the Board of Directors.

4. THE REMUNERATION OF THE DIRECTORS

4.1 The basic remuneration of directors

In accordance with the law and the articles of association, the remuneration paid to directors for the positions they hold is determined by the Meeting of Stockholders, and may include either the aggregate amount of remuneration to be paid or specific details on how it is to be divided among the directors. The members of the Board of Directors are entitled to reimbursement of any expenses incurred by reason of their position.

4.2 The remuneration of directors performing special duties

1. The remuneration of directors performing special duties is determined by the Board of

Directors, on the proposal of the Human Resources Committee, at the time of their appointment or in the first meeting following their appointment, or in any case after their appointment.

2. In particular, the Board of Directors can decide, with the approval of the Board of Statutory Auditors, to award additional remuneration supplementing the fixed remuneration that is generally determined at the Ordinary Meeting of Stockholders for the directors performing special duties at the time of their appointment (see para. 4.1 above).
3. Therefore, the remuneration of directors performing special duties can be composed of: (i) an annual fixed component, which may take the special duties of the directors into consideration; and (ii) in the case of directors who are entrusted with specific tasks, a medium- to long-term variable component. For executive directors that are also employees of the Company, the variable remuneration component follows the above-mentioned provisions (see para. 3.3 and 3.4).
4. In several cases, special positions held in companies controlled by Luxottica involve the allocation of remuneration due to the commitment required.

4.3 The remuneration of non-executive directors

1. The remuneration of non-executive directors is not linked to the achievement of specific performance objectives on the part of the Company. Furthermore, these directors are not the recipients of medium to long-term incentive plans.
2. The non-executive directors that are members of the committees set up within the Board of Directors (namely, the Human Resources Committee and the Control and Risk Committee) receive additional remuneration for these positions, which is determined by the Board of Directors, subject to the approval of the Board of Statutory Auditors.
3. The additional remuneration allocated according to the above procedure is awarded on the recommendation of the Human Resources Committee, where it is clearly understood that in this case each director abstains from voting on the proposals regarding his/her own remuneration.

4.4 The remuneration of executives with strategic responsibilities

1. The identification of the most significant members of staff is carried out by the Board of Directors. The group of executives with strategic responsibilities includes the top managers in Italy and abroad.
2. For executives with strategic responsibilities, the annual variable remuneration (made up of MBO and LTI incentive plans, according to the statements above) represents a significant part of overall remuneration: as a general rule, the percentage represented by the variable remuneration of total remuneration may vary between 50% and 70%.

The Remuneration Policy set forth above differs slightly from the version submitted to the advisory vote of the General Meeting of Stockholders held on April 24, 2015, aimed at reducing the effect of medium to long-term variable remuneration on the allocation of financial instruments in favor of variable remuneration instruments based on the payment of monetary benefits.