



ESSILOR

SEEING THE WORLD BETTER

2018 ESSILOR SUSTAINABILITY

Extract of Chapter 4 of EssilorLuxottica
2018 Registration Document

ESSILOR SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

4.2	2018 Non-financial statement of Essilor International (SAS), a subsidiary of the EssilorLuxottica Group	308
4.2.1	Essilor's approach to Sustainable Development	308
4.2.2	Governance and management of Sustainable Development	314
4.2.3	Improving lives by improving sight	316
4.2.4	Caring for and engaging our people	322
4.2.5	Optimizing the environmental footprint	333
4.2.6	Working with society	342
4.2.7	Methodology note & correspondence tables	350

4.2 2018 Non-financial statement of Essilor International (SAS), a subsidiary of the EssilorLuxottica Group

Since October 1, 2018, Essilor International (SAS) has been part of the EssilorLuxottica Group.

This document is the Essilor International (SAS) Non-Financial Statement for 2018 in which the sustainable development program and all related social, environmental and societal information is presented.

It is a subpart of the EssilorLuxottica Non-financial Statement found in Chapter 4 of EssilorLuxottica's 2018 Registration Document.

As regards wording, the names "Essilor" and "the Group" refer to Essilor International (SAS). CSR is the acronym for Corporate Social Responsibility.

4.2.1 Essilor's approach to Sustainable Development

4.2.1.1 The Essilor value chain and stakeholders

Essilor's approach to sustainable development is based on consideration of the environmental, social and societal impacts of its business activities on the various stakeholders along the value chain.

Value chain

Throughout the Essilor value chain, from product design to marketing, the Group's business activities impact on the environment and on society at large. The nature and magnitude of these impacts differ according to the Group's five main business activities:

- *production plants*: the Group has 32 production plants in 17 countries. Each year, they produce more than 500 million lenses via lens polymerization or resin injection moulding. The production plants account for the majority of direct environmental impacts due to of the chemical products and raw materials that they use, the energy they consume, the emissions they generate and the waste they produce. Given the concentration of environmental impacts, Essilor places the emphasis on the management of water and energy and the processing of waste, as well as on occupational health and safety measures;
- *distribution centers*: Essilor has 14 distribution centers in 12 countries. Situated close to manufacturing units, the role of these centers is to coordinate the logistics flows between suppliers and customers. Most of the impacts of these centers are therefore felt in terms of greenhouse gas emissions from transportation (air and road freight, etc.). Furthermore, the high number of employees and the nature of their activities, requires extreme vigilance in terms of occupational health and safety;
- *prescription laboratories*: the Group has 481 laboratories, edging facilities and local distribution centers which are major sources of local employment. As the final link in the value chain, surfacing and coating finished lenses before they are marketed to

professional customers, prescription laboratories are crucial for ensuring product quality and conformity. The environmental footprint of the prescription laboratories is fragmented and limited, and derives primarily from the use of chemical products and the consumption of energy and water;

- *optical retailers and chains*: the Group supplies optical retailers and chains in over 100 countries and sells optical products online (contact lenses, prescription spectacles and sunglasses) through several local websites, serving a rapidly expanding global distribution channel. Information security, data protection and product promotion have been identified as major issues for the Group;
- *operational, R&D and administrative divisions*: a limited portion of the Group's employees work in the registered offices, R&D centers and operational and administrative divisions. While the social impact of these facilities is very significant, the environmental impact is low (energy from buildings, paper, greenhouse gas emissions associated with business travel, electrical and electronic waste, etc.).

(Note: EssilorLuxottica business model and strategy are presented in Chapter 1 of the EssilorLuxottica 2018 Registration Document.)

Ecosystem

Essilor has daily interaction with a whole host of stakeholders throughout the world. Engaging with them is therefore at the heart of the Group's sustainable development strategy. Essilor strives to understand each component of its value chain and to adapt to the constant evolution of its ecosystem. As the significance and handling of social and environmental issues differ between countries, relations with stakeholders are generally managed locally, under the responsibility of the senior management of the legal entities. Essilor has introduced a "guide to partnership" for its business partners that formalizes Essilor's role and responsibilities and those of the partner, facilitating transparent and effective working relations. Moreover, all employees are actively encouraged to apply the Essilor Principles and Values in their interactions with stakeholders.

Depending on the situation, interactions between stakeholders and Essilor may serve a range of different purposes:

- to listen, by setting up a consultation process for the purpose of anticipating business developments, the market and regulations, and also manage risks and identify opportunities;
- to hold discussions to involve stakeholders in strategic decisions: customer satisfaction surveys, employee opinion surveys, organization of forums, training sessions, etc.;
- to inform, by providing reliable factual data using different kinds of communication methods made available to the relevant stakeholders (brochures, website, annual reviews, questionnaire responses, various requests, etc.);

- to contribute to growth via partnership projects, particularly in the fields of health and the environment: support for patients' associations, humanitarian aid programs and partnerships with universities.

Stakeholder relations are therefore key for the Group, as they bring and create positive impacts. The new issues arising from their needs and viewpoints fuel the Group's strategy and operations. Essilor is aware of what is at stake and strives for continuous improvement to maintain a relationship of trust with its stakeholders. The Group documents and addresses its stakeholders' main concerns. The table below presents the key points.

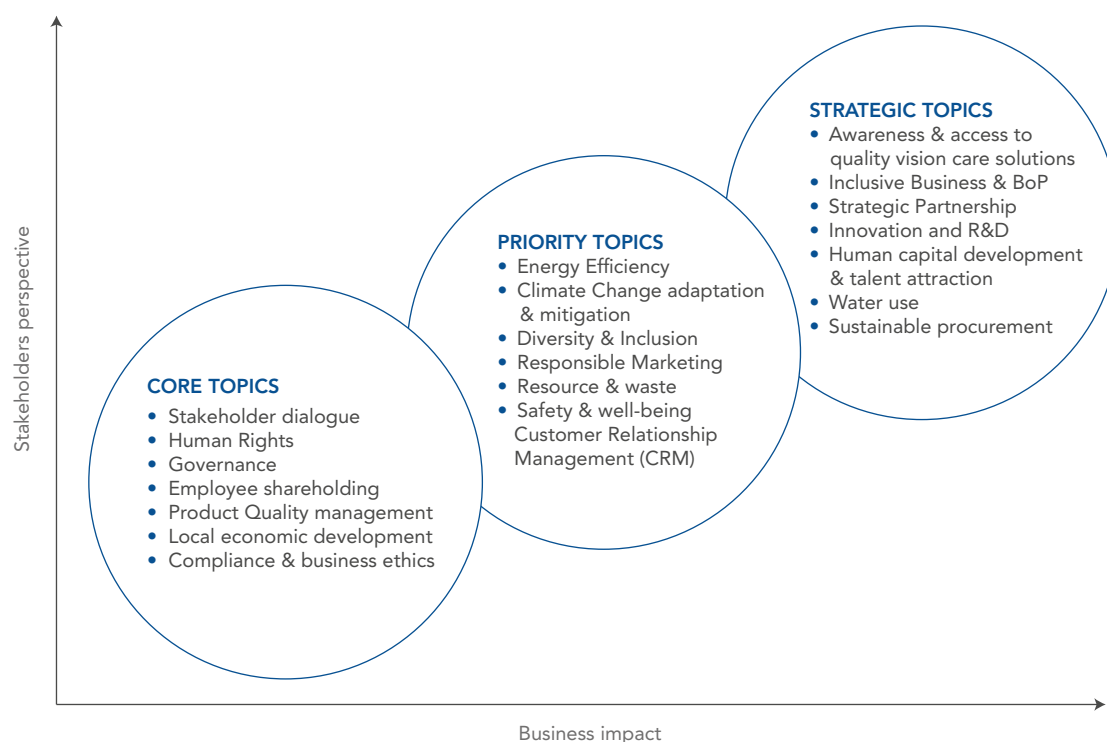
Main stakeholders	Main issues
Employees & representative organizations	Quality of working conditions Recruitment/Attracting and retaining talent Skills development Equal opportunities, diversity and inclusion
Business partners	Shared commitment to social and environmental concerns Collaboration on innovation and development Integrity in business relations
Clients & Prescribers	Offering high quality, innovative products Responsible marketing/Transparency and validation of the benefits of Essilor lenses Integrity in business relations Data protection Sustainable procurement
Consumers	Product quality and efficiency Responsible marketing Products meeting new visual health needs related to societal trends (digitalization, urbanization, etc.) Data protection
Shareholders, investors and rating agencies	Governance Transparency and evaluation of non-financial activity Management of CSR risks
Suppliers	Integrity in business and adherence to regulations Constructive collaboration/Co-innovation Sustainable procurement & supplier CSR audit
NGOs and consumer organizations	Dialogue & Partnership Communication – Transparency (on social initiatives, environmental footprint, product performance, etc.) Sponsorship & philanthropy
Educational institutions	Cooperation for research and innovation Attracting and developing talent
Public authorities & governments	Social and economic impact Contribution to visual health and the inclusive economy Fair business practices Dialogue & Education
Local Communities	Quality of life: provide quality vision for all Social and economic impact (jobs, support for the local economy and inclusive business) Raising awareness

4.2.1.2 Essilor's sustainable development priorities

Materiality assessment

The Group defines and develops its sustainable development strategy using a materiality assessment, so that it can continually assess and prioritize stakeholder requirements, identify new risks and opportunities related to social and environmental issues, focus non-financial reporting and publications on major issues and ensure the Group's reporting complies with international standards.

In recent years, regulatory changes and feedback from stakeholders (key account customers, investors, new UN development goals, etc.) have confirmed the priority and strategic dimensions of initiatives which directly aim to fulfil the Group's Mission, lead to a greater focus on sustainable procurement and the circular economy in the wider sense (see Section 4.2.5.5), and highlighted two major themes: climate change (see Section 4.2.5.4), and human rights (see 4.2.6.2). The Group has updated the materiality matrix below based on this information.



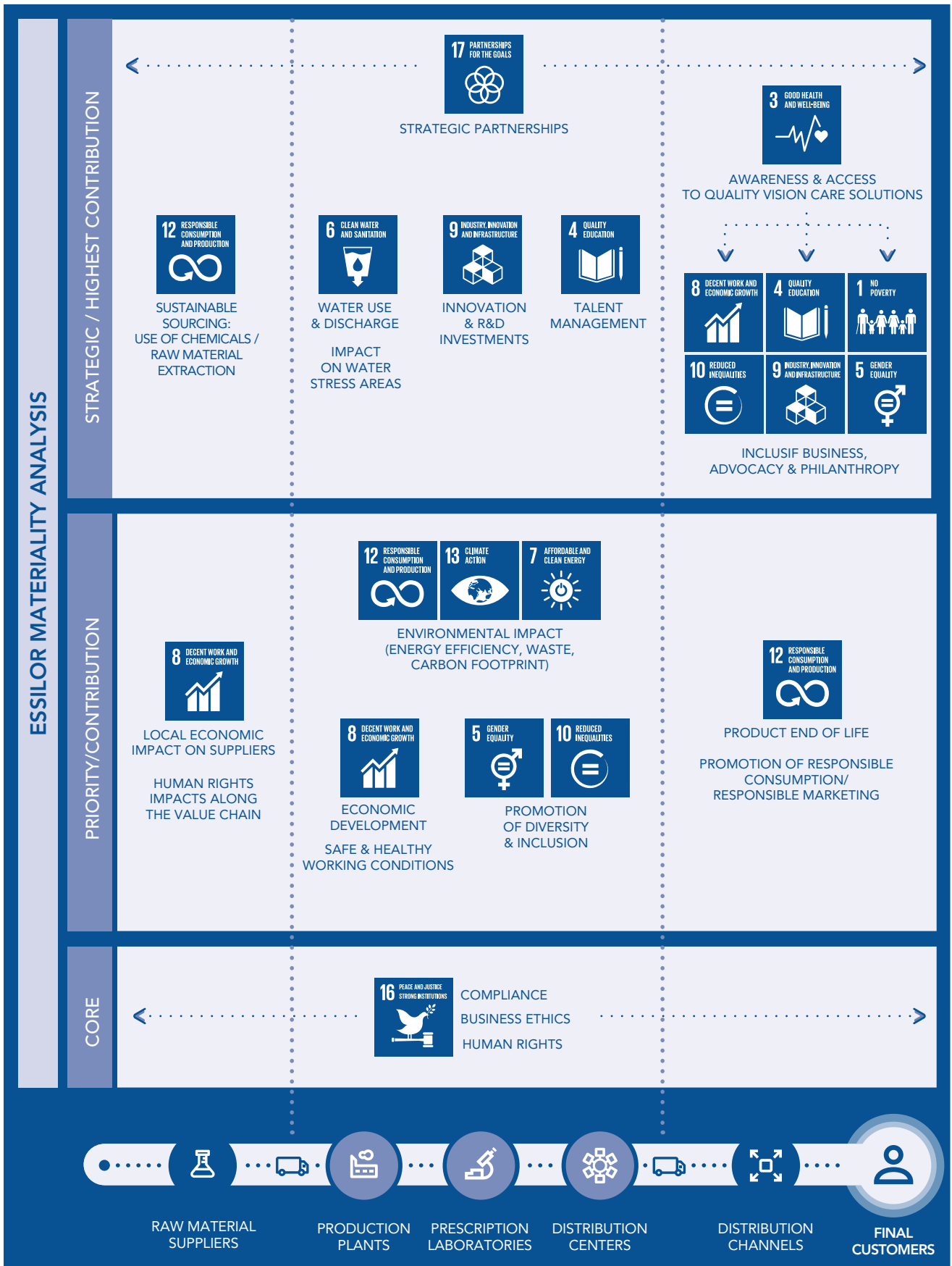
Note: Strategic: key themes linked to the development of Essilor business model.
 Priority: key subjects for Essilor's short, medium and long term value creation.
 Core: pillars of Essilor's business culture.

UN Sustainable Development Goals

At the end of 2015, 193 countries had adopted the United Nations 2030 Agenda for Sustainable Development. This Agenda has 17 core goals and 169 targets. The Sustainable Development Goals (SDGs), which entered into force in 2016, are a global call for action to eradicate poverty, protect the planet and ensure prosperity for all. The involvement of civil society, the private sector and ordinary citizens is crucial to the success of these goals.

Essilor is fully involved in this effort through its Mission. The Group has therefore assessed its contribution by mapping 13 SDGs according to two dimensions: the themes in its sustainable development program (see materiality matrix) and its value chain.

In 2017, Essilor published a specific report outlining the action plans and commitments it has entered into for each of the 13 selected SDGs. This document was updated in 2018. See Section "Sustainability" and "Mission" on www.essilor.com.



4.2.1.3 Sustainable development strategy driven by our Group Mission

On the basis of the materiality assessment, supplemented by an analysis of the Group's contribution to the SDGs, Essilor has strengthened its sustainable development strategy to serve the Group's Mission according to three supporting pillars, by specifying the actions it will take in certain key areas (see details on www.essilor.com/en/sustainability):

Group Mission: Improve lives by improving sight

The Group is committed to the global challenge of helping to correct, protect and prevent risks to the visual health of the planet's 7.4 billion inhabitants. To this end, Essilor has identified four key focus areas: raising awareness, product and service innovation, inclusive business and strategic giving. See Section 4.2.3.

1. Caring for and engaging our people

The Group's employees are the leading players in and contributors to Essilor's sustainable development. The Group's employee policy focuses on four areas: ensuring employee health and safety and providing quality working conditions; training, developing skills and talent; integrating employees and all forms of diversity; and finally, promoting employee shareholding along with their participation in the governance and employee consultation through social dialogue. See Section 4.2.4.

2. Optimizing the environmental footprint

Despite an environmental footprint that is fragmented and limited in comparison to industrial processing activities, Essilor strives to reduce its impacts. By continuously improving environmental management processes, the work focuses on reducing water use, improving energy efficiency, reducing the carbon footprint and adapting to climate change; and finally, reducing and recovering waste. See Section 4.2.5.

3. Working with society

As a leader in its sector, the Group has made a commitment to introducing preventive and vigilance mechanisms to ensure respect for human rights and the rules of integrity in the conduct of business. Essilor joins forces with its suppliers in its approach to sustainable development via a policy of sustainable procurement and also gets involved with local communities to contribute to their development. Furthermore, Essilor takes care to market products with stated levels of quality and performance that meet customers' needs most effectively. See Section 4.2.6.

4.2.1.4 Main objectives for 2020

Essilor has defined a "2020 roadmap" with specific internal objectives and is working on all levers of employee engagement. This approach enables the entire Group to be involved, with building of momentum, measuring of impacts and monitoring of progress. The Group published in 2017 the ten main objectives shown in the table below:

Aims	Ambition		Objectives for 2020	2018	% of progress to target
Creating wearers	Bring tangible social and economic benefits to individuals and their communities: "improving lives by improving sight"	1	Improve the lives of 50 million individuals "at the base of the pyramid" ^(a) (cumulative, reference year 2013)	+23 million	46%
		2	Create 25,000 primary vision care providers (cumulative, reference year 2013)	8,963	36%
		3	Invest €30 million in philanthropic visual health programs (reference year 2014)	€49 million	163%
Optimizing environmental footprint	Contribute to tackle climate change and its impacts through sustainable management of energy and water resources	4	Reduce water intensity by 20% compared to 2015 baseline ^(b)	-21%	107%
		5	Reduce energy intensity by 15% compared to 2015 baseline	-7%	45%
Caring for and engaging our people	Engage employees in the sustainable growth of our business & ensure a safe and rewarding working environment	6	Decrease by 30% work-related injury frequency rate (compared to 2015 baseline) towards a zero accident goal	-16%	53%
		7	Give 100% of employees access to Essilor University online training platform	63%	63%
		8	35% of employees as shareholders, with a longer-term ambition of 50%	68%	194%
Working with society	Lead sustainable business practices in our industry through responsible sourcing and procurement	9	100% of strategic suppliers undertake CSR assessments	78% ^(c)	78%
		10	100% of preferred suppliers acknowledge Essilor's Supplier Charter	95%	95%

(a) "Base of the pyramid" refers to underprivileged and high-risk populations characterized by high rates of poverty, living on less than \$2.50 a day.

(b) Objectives measured on each "good" lens produced by a selection of the upstream plants with the highest environmental footprint.

(c) In 2018, Essilor has increased its strategic supplier base to expand the scope of its Supplier Sustainability Program – see Section 4.2.6.3.

In addition, Essilor's compensation policy aims to contribute to the achievement of the Group's objectives and the deployment of its Mission. Hence, in 2017, Essilor introduced specific criteria linked to its Mission, its Principles & Values and its sustainable development program in calculating the annual variable salary component of the members of the Management Committee and the business committees, as well as the key managers in each entity of the Group.

Ratings and recognition

In 2018, Essilor was listed on the following non-financial indices: DJSI World & Europe, MSCI World ESG & World Low Carbon Leader, FTSE4Good, STOXX Global ESG Leaders, Euronext Vigeo Europe 120, ECPI indices, and Ethibel Excellence & Pioneer.

Essilor also participates voluntarily in CDP (formerly the Carbon Disclosure Project), an international, independent non-profit organization that assesses companies' efforts to measure and reduce their greenhouse gas emissions and water footprint. In 2018, the CDP recognized the continuous progress Essilor has been making in these areas, awarding it an A- rating for its response to climate change and an A- rating for water management.

US magazine Forbes also ranked Essilor among the World's 100 Most Innovative Companies for the eighth year running.

4.2.2 Governance and management of Sustainable Development

4.2.2.1 The Essilor CSR Committee

Set up in 2013, the CSR Committee reports directly to the Board of Directors. It is chaired by an Independent Director and comprises three members (the Chairman and Chief Executive Officer and two Directors). The Chief Mission Officer is also invited to attend meetings as a guest.

The CSR Committee met three times in 2018, with an attendance rate of 100%. In its supervisory role, it was consulted primarily on:

- the progress of the new innovative, inclusive socio-economic models, through the 2.5 New Vision Generation entity, the philanthropy and all awareness-raising initiatives;
- review of the Group's sustainable development roadmap and the key measures to be implemented;
- evaluation of the direct and indirect economic and societal impacts of Mission activities;
- changes in the way Essilor's non-financial performance is perceived by recognized raters;
- assessment of the main CSR risks;
- review of the reports published regarding sustainability topics, particularly as regards current regulatory obligations.

4.2.2.2 The Sustainable Development department

Essilor has chosen strong management support to drive environmental, social and corporate governance challenges. Accordingly, the Sustainable Development department reports to the Chief Mission Officer, who in turn reports directly to the Chairman and Chief Executive Officer.

The role of the Sustainable Development department is to guarantee actions are consistent and to coordinate initiatives deployed within the various functional teams (Environment, Health and Safety, R&D, Human Resources, Marketing, etc.) and the three main geographical areas: North America, Europe and the rest of the world (Latin America, Asia, Middle East, Russia & Africa), with the following main responsibilities to:

- define and deploy the Group's Sustainable Development program;
- steer non-financial reporting and lead the community of correspondents within various countries and functions;
- provide expertise to Group entities in their deliberations on sustainability, the implementation of associated action plans and respond to questions from key accounts or other stakeholders;
- coordinate several cross-functional topics such as management of CSR risks, climate change, dialog with stakeholders or human rights;

- communicate Essilor's initiatives, contribute to the public debate on sustainable development challenges and engage in dialogue with stakeholders;
- engage employees in the approach to sustainable development through training and employee recognition measures.

The Sustainable Development department oversees a Global Steering Committee that brings together all the major functional and geographic divisions to coordinate the deployment of the Group's sustainable development roadmap, report best practices and discuss cross-functional issues (e.g. Human rights, non-financial reporting, climate change, etc.).

The Sustainable Development department is also regularly consulted by the CSR Committee.

4.2.2.3 Management of CSR risks

Essilor conducts its business in an ever-changing environment and is exposed to environmental, social and governance risks that, were they to materialize, could have a negative effect on its activities, its growth or its profitability. To ensure its development and to achieve its objectives, the Group aims to anticipate and manage the risks to which it is exposed in its various areas of business. The Group gives priority to those CSR risks that may be damaging to the health and safety of its employees, consumers and other stakeholders, or that may lead to non-compliance with local or international laws, have an impact on the environment or damage the reputation of the Group and its Mission.

Essilor uses a continuous process ⁽¹⁾ to identify, assess and prioritize all its risks (financial, operating, legal, etc.). By means of this process, the main categories of CSR risk are specified under four types: strategic, operating, compliance, and reporting.

In 2018, the Sustainable Development department coordinated an exhaustive review of CSR risks. Dedicated governance was implemented to this end. Each of the Group's functional departments (EHS, Logistics, Human Resources, etc.) helped identify and assess their risks in connection with CSR. The overall analysis was then shared and discussed during quarterly sustainable development steering committees. Finally, the results were presented to the Group CSR Committee.

The approach was broken down into three steps:

- identification of the CSR risk universe based on the materiality assessment (see Section 4.2.1.2), dialog with stakeholders, the specific features of the Essilor business model, and regulatory monitoring;
- assessment of inherent risks via analysis of their impact and their probability of occurrence with each functional department in charge and the support of external experts;
- review of internal control and risk management measures.

(1) See Chapter 1 of the EssilorLuxottica 2018 Registration Document.

This analysis identified nine priority CSR risk topics:

- Business ethics;
- Supplier relations;
- Human rights;
- Talent management;
- Occupational health and safety;
- Water use;
- Climate change;
- CSR communication;
- Non-financial reporting.

Note: As required by Law L. 225-102-1, the themes of “fighting against food waste and food poverty”, “Means in favor of responsible, fair and sustainable food” and “the respect of animal welfare” were incorporated into the CSR risk assessment process. They were not selected as part of the Group’s priority CSR risks.

See in Section 4.2.7.2 correspondence table on priority CSR risks.

4.2.2.4 Organization of non-financial reporting

The aim of non-financial reporting is to provide Essilor with a tool for managing and measuring the effectiveness of its sustainable development program, as well as to ensure compliance with European Directive no. 2014/95, transposed into French law by the decree no. 2017-1265 of August 9, 2017.

Organization and protocol

To mitigate the risk that the Group cannot collect, consolidate and disclose relevant, reliable and accurate non-financial data, Essilor has put in place a robust global organization to manage its non-financial reporting.

Essilor collects its non-financial data once a year from all the Group subsidiaries, using a software application named “Sustain” that replicates the structure of the Group’s unified financial reporting system. “Sustain” has similar procedures for consolidating financial information, which provides interoperability between the two reporting processes. A network of contributors from a wide range of disciplines (human resources, environment-health-safety, supply chain etc.) reports information that is reviewed by the finance departments of each entity then checked and consolidated at Group level by the Sustainable Development department. A specific glossary outlining the indicators with their associated definitions, rules of reporting and consolidation, consistency checks and supporting documents, available in five languages (French, Chinese, English, Portuguese and Spanish), are shared across the Group.

The indicators and the glossary are reviewed and updated every year according to changes of reporting standards, stakeholders’ expectations and feedback on previous reporting campaign. In 2018, to take into account Essilor stakeholders expectations and to monitor the effectiveness of some of the top sustainability initiatives, a set of new indicators has been added on human rights, climate change, supplier sustainability and contribution to the Group Mission.

Scope of reporting

The reference scope of reporting is all Essilor entities and subsidiaries that are within the Group financial consolidation scope and have been in the Group for more than one year (as of June 30 of the reporting year). Against a backdrop of strong growth, the Group is continuing to gradually integrate recent financially consolidated companies to its non-financial reporting scope.

With a strong involvement of all the organization, this year non-financial reporting covers 100% ⁽¹⁾ of the Group entities for the second year in a row. The coverage rate for each indicator can vary and is specified in the disclosure for each indicator. Essilor plans to maintain 100% engagement of all entities on the annual non-financial reporting, as well as to keep increasing the coverage rate for each indicator.

Reporting period

To optimize the organization, coordination and integration of financial and non-financial reports, Essilor collected the majority of its social, environmental and societal information over a period of 12 months from October 1, 2017 to September 30, 2018. However, certain information was collected during the calendar year from January 1, 2018 to December 31, 2018; this is followed in the text or the indicator tables by a superscript at sign (@).

Compliance and standards

Essilor has made public its social, environmental and societal information since 2002, in accordance with the French NRE law of May 2001. Since the 2012 fiscal year, the Group was compliant with Article 225 of the French Grenelle 2 law. Starting from this year, the Group follows the principles defined by decree no. 2017-1265 concerning transposition into French law of the European directive on non-financial reporting. Meanwhile, Essilor continues to follow the guidelines of the Global Reporting Initiative (GRI) Standards. See Section 4.2.7 of this document.

The information presented in this chapter has been reviewed by PwC, an independent third-party organization, in accordance with the existing law, regulations and standards. See in Section 4.1.5 for the Report of the Independent Third-Party Organization.

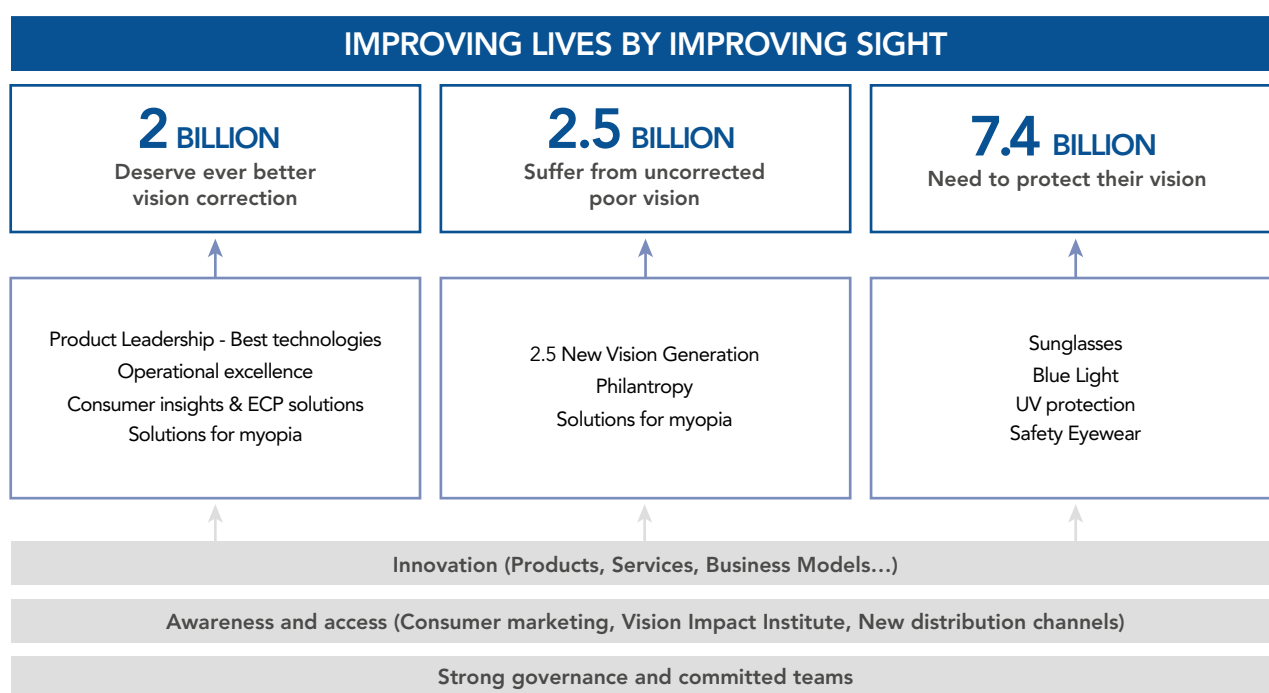
(1) Two entities were exempted from non-financial reporting in 2018. One entity in Japan experienced a fire at end of September and was in recovery process during the reporting campaign. One entity in Romania will participate in sustainability reporting starting from 2019. Given the specific cases above, Essilor considers that the 2018 non-financial reporting covers 100% of the Group’s entities and workforce.

Essilor mission

4.2.3 Improving lives by improving sight

Providing everyone, everywhere, with access to quality vision care is Essilor's biggest challenge in terms of sustainable development. This challenge lies at the crossroads between the Group's economic activity and its social contribution through the positive impact on quality of life better vision brings. The desire to meet this challenge drives the Group's strategy and involves all of the Group's employees.

Essilor designs, manufactures and sells a wide range of solutions to correct, protect and prevent visual health risks. While 2 billion people enjoy vision correction today, uncorrected poor vision remains the world's most widespread unaddressed disability. It indiscriminately affects 2.5 billion – 1 in 3 – people around the world, yet 80% of vision problems can be solved with a simple pair of eye glasses. In line with the Group's mission to improve lives by improving sight, Essilor has the ambition to eradicate poor vision by 2050.



In 2013, Essilor considerably accelerated its efforts to meet the needs of the 2.5 billion people living with uncorrected poor vision by addressing all barriers to vision care: access and awareness. Essilor's actions on four fronts help to fulfil this Mission:

1. make as many people as possible aware of the importance of good vision;
2. innovate responsibly for current and future customer needs;
3. develop inclusive business models; and lastly;
4. drive strategic giving initiatives.

4.2.3.1 Raising awareness of the importance of good vision

The main reason for large numbers of people lacking the visual correction they need can be primarily explained by a lack of awareness of vision problems. Many people have never had an eyesight test, or have never been able to see properly in their life.

To address this, Essilor is investing locally, nationally and internationally to raise awareness of the importance of visual health and of having regular eyesight tests. Different initiatives are taken:

- In March 2018, Essilor became one of the first strategic partners of the Vision Catalyst Fund, an ambitious multi-stakeholder initiative spearheaded by the Queen Elizabeth Diamond Jubilee Trust in the UK to raise \$1 billion for vision care. The Fund aims to provide sustainable solutions for eye health in the Commonwealth and around the world. Essilor committed the expansion of its inclusive business to create sustainable vision care infrastructure and employment opportunities for local communities and a first-of-its-kind donation of 200 million pairs of ophthalmic lenses to those most in need.
- In December 2018, Essilor signed Letters of Intent with the Royal Government of Bhutan and the Central Monastic Body to sustainably strengthen the country's vision care infrastructure. In line with the common ambition to eradicate unprotected and uncorrected poor vision, we will address the two biggest barriers to good vision, access and awareness, through training and capacity building, a philanthropic donation of 400,000 pairs of corrective and protective eyewear and awareness-raising.
- On World Sight Day 2018, Essilor's "Put Vision First™" campaign highlighted the importance of regular eyesight tests in 55 countries, screened over 80,000 people and provided a free online vision test as a first step to checking vision.
- In 2018, Essilor launched the "Road Safety Starts with Good Vision" campaign that served as a critical lever to create awareness on the importance of good vision for the safety of all road users (driver, biker, cyclist or pedestrian), reaching millions of people around the world. In partnership with the FIA, the campaign was deployed to global audiences through optical, sport and mobility events, including Mido, Formula 1, 24h Le Mans, Paris Motor Show, and the 1st African Road Safety Forum. As a high point, the Essilor World Sight Day campaign emphasized the crucial link between good vision and road safety, inviting all road users to adopt good behaviors to improve their sight on the road. In 2019, Essilor will continue launching new programs – such the collaboration announced in 2018 with TOTAL, a major player in mobility – in order to fight poor vision and improve road safety in Africa.
- Essilor continues to champion national public awareness raising campaigns, organized in partnership with industry players and other stakeholders such as:
 - "Think About Your Eyes™" in the United States,
 - "La Bonne Vue" – a consumer information website and dedicated social media channels in France to educate people on the importance of visual health.

Essilor supports initiatives to gather statistical data on the social and economic impact of poor vision to obtain government support to invest in visual health improvement programs. Examples include:

- Since 2016, Essilor has been part of the Eyelliance coalition and has been involved in drafting the World Economic Forum's Report, "Eyeglasses for Global Development: bridging the Visual Divide". This report demonstrated that investing in access to vision correction would lead to considerable gains in terms of economic and social development, entirely in line with the SDGs.
- In 2012, Essilor lent its support to the founding of the Vision Impact Institute (VII). The organization's mission is to raise awareness about the importance of vision correction and protection to make good vision a global priority. The Vision Impact Institute curates a unique database of scientific research, reports on the impact and prevalence of poor vision and advocates around the world to recommend changes to public health policy.
- The Institute is guided by an Advisory Board comprised of five independent international experts who inform the organization's strategic direction. The Institute's website – www.visionimpactinstitute.org – provides a single repository of 350 research studies and reports on numerous aspects of the impact of uncorrected vision and in 2018 more than 90 new studies were added. The website is available in five languages: English, French, Chinese, Spanish and Portuguese.
- In 2018 the Institute was actively engaged in raising awareness about the importance of good vision. The following two examples illustrate its work:
 - In India, the VII finalized a study with the Central Road Research Institute in four cities to evaluate the state of vision among a select group of commercial drivers. The results will be used to address policy change.
 - In the United States, is working with Optometry Giving Sight as founder of the Kids See: Success initiative to pass legislation in the state of New Jersey that requires a comprehensive eye exam for all children, aged six and under, entering school for the first time. Final adoption of the legislation is anticipated in early 2019.

4.2.3.2 Sustainable innovation for customers' current and future needs

Innovation at Essilor

Innovation is the linchpin of the Group's growth strategy and central to Essilor's model. It is a major differentiating factor and applies to products, services, business models and governance structure. As such, it characterizes the unique way the Group carries out its Mission.

Optical lenses are high-technology products. Although innovation is essential, it is also very important to continue working to improve existing solutions. This makes it possible to respond to all new needs which arise as a result of demographic and lifestyle changes.

Each year, Essilor devotes a significant part of its revenue for Research and Innovation, so that it can respond to market trends in visual health driven by several major social trends (ageing population, use of digital technology, new "Base of the Pyramid", or BoP, consumers, etc.). In that sense, the Group has notably step up its R&D efforts on Myopia by working on cause studies in collaboration with universities in different countries and associated control solutions.

In 2018, R&D investment amounted to €213 million before deduction of research tax credits.

Meeting consumer expectations

Innovation is everywhere within the Group, and it is now taking on new forms, combining technologies with an understanding of the whole range of consumer needs: across the following three dimensions: visual correction, eye protection and prevention of eye disease.

Essilor defines its innovation priorities by listening to consumers and paying attention to their unmet and specific needs, as well as their lifestyles.

In order to meet this challenge, marketing and innovation are inseparable. From the very beginning, the Group's Centers for Innovation and Technology work in direct contact with the markets. The centers detect "weak spots" by observing technology and competitors. Later on, researchers work with the marketing teams and the "Global Engineering" department to quickly make innovations available to consumers.

In order to place the consumer at the very heart of the innovation process, Essilor created in 2017 five "roadmaps" for different consumer types, each of which constitutes a specific market for the Company:

- Kids & teens;
- Young adults;
- Mid-life;
- Seniors;
- Next Generation Consumers.

Each "roadmap" is made up of multidisciplinary teams and uses Design Thinking methods to accelerate the ideation and innovation process. These roadmaps have started to deliver a high number of new ideas, some of them have been selected and are now included in the Consumer Innovation funnel, either in the concept or feasibility stages. After confirmation of the consumer benefit and the value creation, the best concept are converted into new product and services in the year to come.

A global organization

At Essilor, R&D is structured around four Centers for Innovation & Technologies, at the heart of major current and future markets and close to centers of international expertise. It operates as a collaborative, creative network, fostering synergies, speeding up execution and promoting the emergence of new applications.

This approach has resulted in Forbes magazine ranking Essilor as one of the 100 most innovative companies in the world since 2010.

Including sustainable development in innovation

Essilor has expanded its culture of global innovation through gradual integration of the challenges of sustainable development. For the Group, as well as being compliant with regulations, innovation must be:

- *Collaborative*. This means that stakeholders (universities, research centers, suppliers, customers, professional associations, etc.) can be involved from design through to the launch of the innovation. Essilor has forged over twenty partnerships with universities and public research bodies: *Institut de la Vision* in Paris, CNRS, Inserm, Polytechnique Montreal, Universities of Shanghai and Wenzhou in China, etc. Based on the results of the See Change Challenge open Innovation, a new solution for prescription measurement, Quickcheck, has been developed and will be launched in the year to come. The objective of QuickCheck is to be an affordable alternative to the retinoscope, and so give an approach value for the subjective refraction, that is done in general with trial lenses;
- *Eco-designed*. Essilor endeavors to develop products with an ever-decreasing impact on the environment by analyzing the product's life cycle, favoring eco-design, working with its subcontractors (purchasing raw materials with less environmental impact, etc.) and optimizing production processes. For example:
 - Essilor now only promotes lighter, more resistant and more environmentally-friendly corrective lenses that are manufactured from thermosetting resins or thermoplastic materials,
 - Costa brand has launched its "Untangle our oceans" initiative in partnership with the Bureo Company to create a collection of sunglasses with frames made from recycled fishing nets,

- The online optical group Clearly launched a new brand of environmentally-responsible glasses called “Main + Central”. The frames are made of a highly durable and biodegradable material called “Natura”, which can be returned to the Company for recycling when customers want to change their style.

Furthermore, no new chemical component requiring toxicology tests is used in the Group’s innovations. Lastly, as part of animal welfare considerations, Essilor does not conduct any tests on animals;

- *Transparent.* To guide end users in their choices as effectively as possible, Essilor is careful to provide high quality, relevant information on new products. By working with visual health professionals, training them and providing them with technical documentation and informative materials, Essilor ensures that its products are promoted in a compliant way. See Section 4.2.6.4 of this document;
- *Accessible to all.* For the Group, any innovation must support its Mission. New products are therefore developed to address specific or even local issues (such as population aging, the emergence of a middle class in high-growth countries, or the development of digital technology) and reach as many people as possible. To provide more complete protection against harmful blue light and UV, both of which contribute to age-related vision loss, the Group introduced the Eye Protect System™ innovation. This innovative system integrates filtering properties directly into the lens itself for maximum protection. For the 2.5 billion people without visual correction living mainly in emerging countries with limited visual health structures and complex logistics chains, Essilor has developed an improved version of Ready-to-Clip™. This new solution provides a larger selection of frames with symmetrical lens shape, pre-edged lenses, interchangeable Left & Right lenses which allows different spherical prescription. This enables consumers on low incomes to buy an affordable pair of glasses locally, immediately after their eye test, avoiding any issues with logistics and order tracking.

4.2.3.3 Developing inclusive business models

A large number of individuals suffer from poor vision because they cannot access eye care professionals in the rural communities or urban areas where they live.

Reaching people on low incomes, often designated as “Base of the Pyramid” (BoP) consumers, requires a totally different and innovative approach in terms of products, pricing and distribution. Training micro-entrepreneurs in primary vision care is one of the keys to expanding access to good vision. It also helps create local jobs and combat poverty.

The challenge is to find sustainable economic models that will continue to support communities as they develop and their correction needs evolve.

Since 2013, Essilor has put in significant resources to develop and roll out inclusive business solutions that involve skill building of local youth and creating infrastructure to dispense Primary Vision care.

These solutions demand close collaboration with local organizations, hence Essilor is co-constructing partnerships with NGOs, social entrepreneurs and regional or national governments for its inclusive business models. This provides the Group with a better understanding of local needs and obstacles to build a framework for ensuring long-term sustainability projects.

To this end, Essilor has created two dedicated complementary structures:

- the “BoP Innovation Lab”, the Innovation Laboratory for the Base of the Pyramid, supported by the Singapore Economic Development Board, is an internal incubator, accelerator and facilitator which works on inclusive business models with teams and foundations across the Group, to raise awareness and maximize impact. As an incubator, the Lab develops and evaluates inclusive business models tailored to the local context or customer needs. As an accelerator, the Lab provides strategic and operational support to on-site teams to implement the projects. As a facilitator, the Lab builds and strengthens relations with key partners, social enterprises, foundations and development agencies. It works in close collaboration with Essilor’s inclusive business entity, 2.5 New Vision Generation™ (see description below), to select programs, evaluate their social impacts, make any adaptations that may be necessary and develop new products, solutions and business models in line with the needs of BoP consumers. As part of the Lab’s efforts to develop a portable, robust and inexpensive tool to measure visual defects (the current devices like autorefractometers are expensive and complex), the team is developing a tool that will be able to provide primary vision care providers and NGOs working in the field the ability to conduct accurate measurements on-the-go. The device, developed in collaboration with startups that participated in an open innovation challenge in 2016-17, is expected to be available for launch in early 2019. On the product front, the team is also launching the next generation of its flagship Ready-2-Clip™ range of frames and lenses which allow for on-the-spot dispensing through pre-cut lenses and frames that can be assembled on the spot. The next generation of Ready-2-Clip™ will enable even better customization by allowing adjustments to pupillary distance and temple sizes. The Lab team is also working on new-age omnichannel business models that can leverage the rapid spread of mobile technology and e-commerce to bring sustainable vision care to the underserved;

- the “2.5 New Vision Generation™” (“2.5 NVG”) business division leverages dedicated sales and logistics teams in key geographical areas of Asia, Latin America and Africa. It focuses on the adaptation and local deployment of solutions for BoP customers so as to create an initial network of infrastructure and vision care micro-entrepreneurs (“Primary Vision Care Providers”). These poorly served communities often lack access to vision care facilities. Essilor’s goal is to create 25,000 primary vision care providers by 2020. At the end of 2018, the Group had created 8,963 primary vision care providers (more than 35% of its target) with solid plans in place to scale-up to the 2020 target numbers. This implies agile, scalable business models. For example, in India, where the 2.5 NVG structure originated, Essilor has developed the Eye Mitra™ (“friends of the eyes” in Sanskrit) program with the aim of training under-employed young people as vision technicians. They receive training and the equipment needed to start a “micro-business” carrying out eye exams and dispensing eyeglasses for the inhabitants of rural or semi-urban areas. In 2018, more than 6500 Eye Mitra™ partners have already been created to provide vision care services to their communities. An impact study conducted by the Dalberg practice highlighted the major socio-economic contributions this program has made (see Section 4.2.6.5). Inspired by the success of the Eye Mitra program in India, 2018 saw the flagship business model being expanded to Indonesia, Bangladesh, Kenya and China with other countries to follow.

Based on the expertise acquired from the Eye Mitra™ program, the 2.5 NVG teams also developed the Vision Ambassador™ program, which is designed to train individuals to screen for near-vision problems in adults over the age of 45 and sell over-the-counter reading glasses as a complementary business. At the end of 2018, this program had over 2,248 Vision Ambassador™ partners in nine countries: China, Brazil, India, Indonesia, Cambodia, Vietnam, Ivory Coast, Kenya and South Africa.

At the end of 2018, the 2.5 NVG products were being distributed in more than 50 countries. More than 8 million people were equipped with eyeglasses this year, majority of them first-time wearers, compared to almost 3.3 million people in 2017, 2.2 million in 2016, 1.2 million in 2015 and 300,000 in 2014.

4.2.3.4 Strategic Giving

Essilor continued to deploy its philanthropic initiatives around the world in 2018 providing disadvantaged communities and people, many of whom live below the international poverty line, with the vision care they need. Essilor’s philanthropic activities include awareness-raising campaigns, screening events, donations of lenses and frames and funding for vision care programs led in collaboration with partner organizations from the public and private sectors and NGOs. The partners include; Ordre de Malte in Africa, Lions Clubs International, Brien Holden Vision Institute, Optometry Giving Sight, the Samu (social humanitarian emergency service in Paris), le Secours populaire français

(a non-profit organization devoted to fighting poverty and discrimination in France and beyond), Emmaus Solidarité, the Rothschild Ophthalmology Foundation, Vision Aid Overseas, Sightsavers, Standing Voice and Orbis International.

To ensure the success of these initiatives, the Group established a Foundation (Essilor Vision Foundation), with legal entities in seven countries and in 2015 launched the Vision For Life™ funds in France and the United States. Endowed with €49 million Vision For Life™ finances philanthropic and sustainable programs to raise awareness and improve access to vision care in underserved regions. In 2018, the Group was involved in around 200 programs operating in 50 countries and over 3,000 employees volunteered for these initiatives. 3 million people got their eyes tested and 500,000 people were equipped with corrective glasses. The Group’s subsidiaries have donated over 1 million pairs of glasses to the NGO “Restoring Vision”, bringing the total number of people benefitting from a free pair of spectacles to over 1.5 million in 2018.

In 2016, Vision For Life™ co-founded Our Children’s Vision, a global coalition with over 80 partners, which has reached 30 million children through free eye care programs and equipped close to 2 million with a free pair of glasses by end of 2018.

Essilor Vision Foundation™

Following the creation in 2007 of the Essilor Vision Foundation in the United States, the Group increased its impact by setting up foundations in India, Singapore (covering ASEAN) and China. In 2016 the Foundation was established in Canada, Australia and New Zealand.

Essilor Vision Foundation’s activities in 2018 include:

- Essilor Vision Foundation US operates in every state through more than 175 NGO partnerships and has brought eye care to more than 20,000 schools. One of its flagship programs is Kids Vision For Life™, which allows students to be equipped with the glasses they need right on the spot thanks to mobile vision clinics. In 2018, Essilor Vision Foundation US launched three new programmes to increase its outreach:
- See Kids Soar, an awareness campaign with the objective to engage parents, patients and employees by providing them with the necessary marketing and communication assets to raise funds for the foundation;
- Changing Life through Lenses™, which allows eye doctors and charities to create an online account for no-cost prescription eyeglasses and access to resources for charitable engagement;
- A community grants program through sponsorship of the AOA Foundation’s Healthy Eyes Healthy Children program, offering up to \$5K per optometrist focused on vision services for youth.
- Through these three programs, Kids Vision For Life, Changing Life through Lenses and Healthy Eyes Healthy Children, have 354,389 children have received a free pair of spectacles.

- Essilor Foundation China continued implementing school eye care programs in almost 20 provinces, reaching over 400,000 children. A new partnership with the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the local government of Xing County in Shanxi Province, was launched to cover an additional 41 schools, reach 23,000 kids, and ultimately contribute to eradicating poverty in this province.
- Essilor Vision Foundation India together with 25 partners in 16 provinces, screened over 600,000 people. 50,000 of them were disadvantaged children who received a free pair for glasses. In the state of Karnataka, together with the local government, the foundation launched a first of its kind pilot project to eradicate poor vision in Doddaballapura Taluk. The project will provide free vision care to 300,000 people.
- Essilor Vision Foundation ASEAN rolled out programs with 40 partners in 10 countries, raising awareness and providing 400,000 people with free vision screenings. Over 80,000 people were equipped with glasses to correct their eyesight.
- In Australia and New Zealand, Essilor Vision Foundation provided over 5,000 students with free eye tests thanks to a school screening campaign. These initiatives were reported in local media and helped educate millions of people about how important good eyesight is for academic success.

Furthermore, under the global partnership between Essilor and Special Olympics, since 2002, the vision program Special Olympics Lions Clubs International Opening Eyes program has screened more than 430,000 children and adults with intellectual disabilities participating in Special Olympics. In 2018, a total of 160 events took place around the world, with more than 25,000 Special Olympics athletes screened of which over 13,000 athletes received prescription eye wear equipped with Essilor lenses.

Vision For Life™

Vision For Life™ administered by two nonprofit entities, the Essilor Social Impact Fund, a nonprofit corporation in the US and the "Essilor Social Impact fonds de Dotation" (endowment fund) in France was created in 2015, and aims to accelerate initiatives targeting poor vision through awareness-raising, capacity-building and the creation of basic vision care infrastructure.

Essilor made an initial contribution of €30 million to these two organizations, making it the world's largest strategic giving program dedicated to eliminating Uncorrected Refractive Error. In 2017, the Group made an additional donation totaling €19 million to roll out new eye care programs worldwide.

In France, these philanthropic initiatives fall into four categories:

- access to eye tests and basic optical equipment for underprivileged people. These initiatives are delivered in partnership with humanitarian organizations such as; the Secours populaire français, (a non-profit organization devoted

to fighting poverty and discrimination in France and beyond) Emmaus Solidarité, the Samu social, (a humanitarian emergency service) Médecins du Monde and public or private organizations such as the Assistance Publique – Hôpitaux de Paris (AP-HP) and the Rothschild Ophthalmology Foundation. Vision For Life™ was involved in setting up the first "PASS-O" unit in France, which provides access to ophthalmology care and eyeglasses for almost 5,000 people without medical insurance per year;

- initiatives for young people from disadvantaged communities, to raise awareness about the importance of visual health for their academic success and professional future. These initiatives reached over 20,000 young people, and over 5,000 received a free eye test;
- initiatives for refugees, at a refugee center in the Paris region, which offered free vision tests for 400 people, 200 of whom were equipped with glasses;
- a partnership with the French Ministry of Education, launched in 2017, to raise awareness and provide all involved parties with training on the importance of good eyesight for academic performance.

In Europe, Essilor launched multiple initiatives reaching more than 20,000 wearers. As an example in Kosovo, the Group started a program for school children in Kosovo in partnership with the Lions Club with the objective to screen 6,000 kids. This program will be continued in 2019 with a 2nd partnership to reach an additional 20,000 kids in 20 schools.

In 2018, a range of programs were implemented in Africa, including:

- renewal of a three year partnership in Ethiopia with the British NGO, Vision Aid Overseas, to provide 90,000 people with free eye care and equip 20,000 of them with glasses;
- in Ivory Coast Vision for Life entered into a new partnership with CBM International dedicated to children, to be continued in 2019. Vision for Life also contributed to the creation of an ophthalmology station in Kinbugo Hospital together with the organization Ordre de Malte;
- in Angola, together with Caritas, two new programs were launched with the objective to reach 800 people with free eye care;
- in Algeria, a large scale program was launched in the Cheraga district to be rolled out in 143 schools and reach 60,000 children. A first pilot to screen 10,000 children was completed in 2018 and the project will continue in 2019.

Combined impact of inclusive business and strategic giving initiatives

Essilor aims to improve 50 million lives at the base of the pyramid by 2020. At the end of 2018, the Group has reached more than 46% of its target, i.e. more than 23 million of people have been equipped with eyeglasses on a cumulative basis since 2013.

Social information

4.2.4. Caring for and engaging our people

Essilor's success is deeply intertwined with the 68,972 (full time equivalent) employees worldwide who, irrespective of their role and the work that they do, are committed to developing, producing and promoting the innovative products and services that contribute to the Group's Mission: to improve lives by improving sight.

With a history spanning 170 years, the Group has a unique corporate culture based on strong values established in all areas and subsidiaries of the business: entrepreneurship, respect for others and mutual trust, spirit of cooperation, diversity and innovation.

Essilor's employee shareholding structure is a key characteristic of the Group's social policy. It not only benefits employees but also shareholders by aligning their common interests

regarding the Company's performance and the value created as a result.

Through its human resources policy, Essilor also hopes to encourage the development and personal fulfilment of its employees, by offering them opportunities for growth as part of a global, diversified, multicultural Group in multiple locations. This aim entails a working environment that respects their physical and moral integrity and ensures equal treatment at all times.

Ensuring these conditions are met means that Essilor is able to attract and retain talent as well as to improve the employability of its staff – in particular, by facilitating access to training throughout their career and by broadening their roles and experience so as to encourage increased autonomy and responsibility.

Total workforce and breakdown of employees by geographical area, gender, function and age

As of December 31, 2018, Essilor had 68,972 employees worldwide according to the financial consolidation method. The average workforce for 2018 was 68,333 employees (according to the consolidated personnel costs for the period).

		2018	2017	2016
Total workforce (FTEs) at the end of the period		68,972 ^(a)	66,918 ^(a)	63,676 ^(a)
Average workforce (FTEs) for the year		68,333 ^(a)	66,118 ^(a)	63,107 ^(a)
Breakdown of the workforce (FTEs) by geographical area	North America	14,642 ^(a) (21.2%)	14,123 ^(a) (21.1%)	13,476 ^(a) (21.2%)
	Europe	11,887 ^(a) (17.2%)	11,934 ^(a) (17.8%)	12,141 ^(a) (19.1%)
	Latin America/Africa/Asia/Australia/Middle East/Russia	42,443 ^(a) (61.6%)	40,861 ^(a) (61.1%)	38,059 ^(a) (59.7%)

Note: FTE = Full Time Equivalent.

	2018	2017	2016
Reporting Coverage	100%	100%	91.9%
Workforce (headcount) covered by 2018 reporting (end of period)	70,382	69,400	61,995

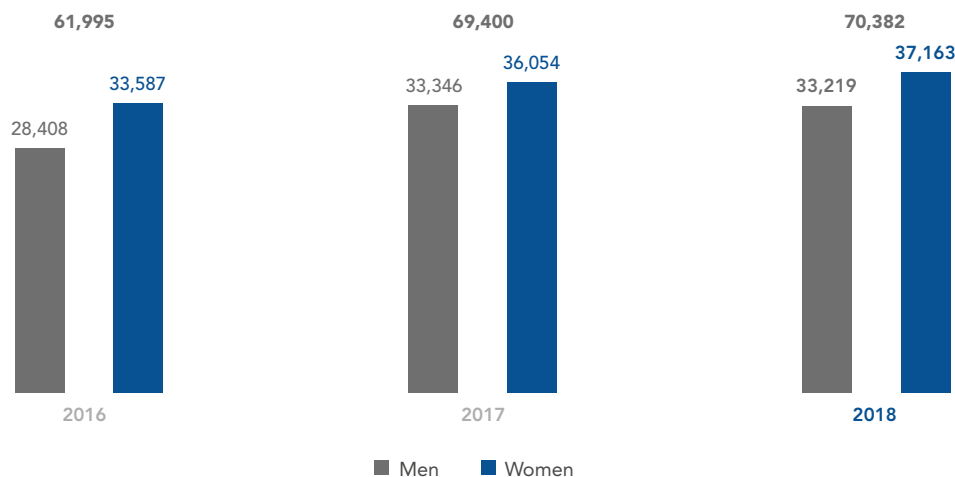
Note: Reporting coverage is calculated based on the workforce of the financial consolidation at end of 2018 and rule for scope of reporting (See in Section 4.2.2.4). The coverage is almost 100% for a second consecutive year thanks to strong engagement of all Essilor and partners teams. Two entities were exempted from non-financial reporting in 2018. One entity in Japan experienced a fire at end of September and was in recovery process during the reporting campaign. One entity in Romania will participate in sustainability reporting starting from 2019. Given the specific cases above, Essilor considers that the 2018 non-financial reporting covers 100% of the Group's entities and workforce.

Total number of employees reported has slightly increased by 1.4%, which is stable compared with last year.

Workforce breakdown by gender

		2018	2017	2016
Breakdown of the workforce by gender (based on the workforce covered by reporting)	Women	37,163 (53.0%)	36,054 (52.0%)	33,587 (54.2%)
	Men	33,219 (47.0%)	33,346 (48.0%)	28,408 (45.8%)

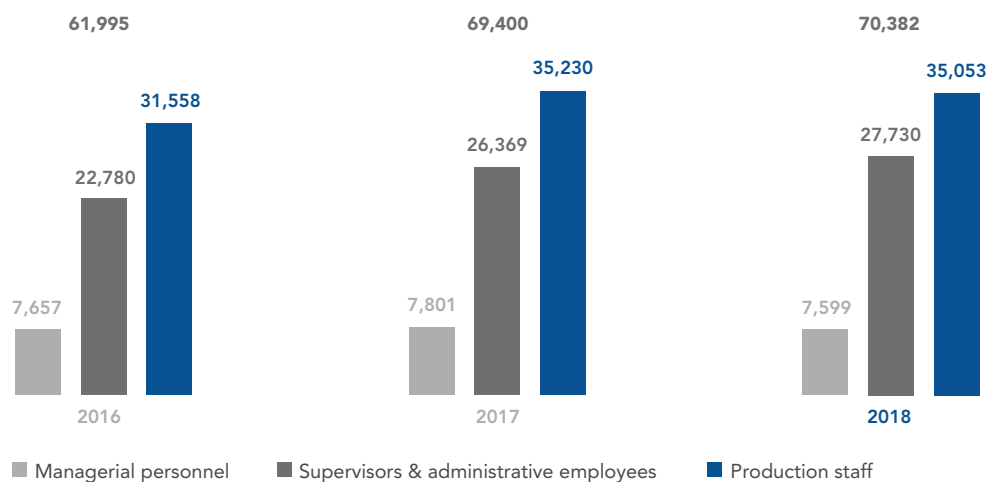
Note: There is no significant changes in distribution of employees by gender compared with previous year.



Workforce breakdown by function

		2018	2017	2016
Breakdown of the workforce by function (based on the workforce covered by reporting)	Production staff	35,053 50.0%	35,230 50.8%	31,558 50.9%
	Supervisors and administrative employees	27,730 39.0%	26,369 38.0%	22,780 36.7%
	Managerial personnel	7,599 11.0%	7,801 11.2%	7,657 12.4%

Note: According to the Group's definition, the "production staff" category includes employees working at production plants; "Supervisors and administrative employees" includes individuals who have management responsibility and/or are employed in an office. Lastly, "Managerial personnel" comprises Executive Directors, managers and experts. There is no significant changes in distribution of employees by category compared with previous year.



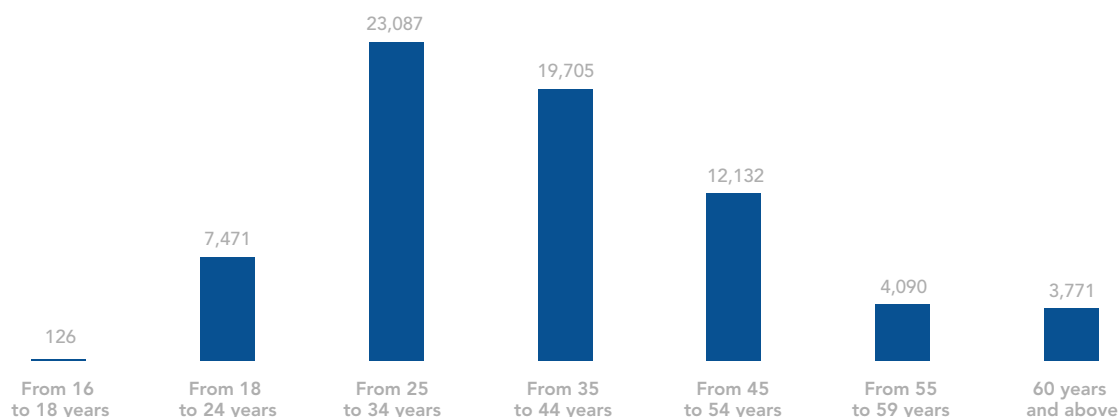
Social, environmental and societal information

2018 Non-financial statement of Essilor International (SAS), a subsidiary of the EssilorLuxottica Group

Workforce breakdown by age

	Age	2018		2017		2016	
Breakdown of the workforce by age group (based on the workforce covered by reporting)	16 to 18	126	(0.18%)	132	(0.19%)	167	(0.27%)
	18 to 24	7,471	(10.61%)	7,084	(10.21%)	6,297	(10.16%)
	25 to 34	23,087	(32.80%)	23,068	(33.24%)	20,245	(32.65%)
	35 to 44	19,705	(28.00%)	19,448	(28.02%)	17,065	(27.53%)
	45 to 54	12,132	(17.24%)	12,180	(17.55%)	10,968	(17.69%)
	55 to 59	4,090	(5.81%)	3,893	(5.61%)	3,769	(6.08%)
	60 and over	3,771	(5.36%)	3,595	(5.18%)	3,484	(5.62%)

Note: Employees below 18 years old are mainly from the entities in Brazil, China and USA, where the minimum legal working age is below 18 with specific conditions. The other few cases are apprentices in the Company. The employment of these people is compliant with local regulations.



New hires, layoffs and turnover

	2018	2017	2016
TOTAL NEW HIRES	21,336	17,848	14,548

Note: The data reported covers almost all the Group workforce reported. The increase of Group recruitments is linked to the higher number of recruitments in China and USA due to operational needs.

	2018	2017	2016
TOTAL LAYOFFS	2,699	2,279	1,632

Note: The data covers 90% of the Group workforce reported. The layoffs were mainly in Brazil, USA and Indonesia and were linked to the reorganization of the Group and local employment culture.

	2018	2017	2016
VOLUNTARY TURNOVER RATE	9.1%	9.0%	10.0%

Note: The turnover rate disclosed is based on the voluntary departures of the Group. It is calculated based on a sample of entities which represents 69% of the Group total workforce reported and covers all the geographic regions where the Group operates and all the Group's business activities.

4.2.4.1 Ensuring health and safety with a quality working environment

Maintaining the health of all employees and offering them a quality working environment are priorities for Essilor. This involves preventing accidents and occupational illnesses, taking measures to minimize the severity of accidents and the implementation of corrective action plans to prevent repetition. In addition to the human factor, the accident may involve significant direct costs (related to absences and temporary replacement staff, fines, contributions and increased insurance costs) and indirect costs (a drop in productivity and disruption to services). Essilor, its employees and their representatives therefore have a mutual interest in working together to reduce accidents to a minimum.

Health and safety targets in the workplace

As part of a continued drive to improve occupational health and safety conditions and reach the target of zero workplace accidents, the Group has set itself the target of decreasing the work-related injury frequency rate by 30% by 2020 (reference year 2015). At the end of 2018 and on this scope, the Group had already attained 53% of its target, with a 16% reduction.

Organization

In collaboration with the Human Resources department, the Global EHS (Environment-Health-Safety) department, leads the Group's approach to health and safety. It includes experts in occupational health and safety, as well as in the management of chemical products and in ergonomics. It is in charge of consolidating data relating to the Group's accident record and analyzing it to define priorities in terms of reducing the frequency and severity of accidents. It creates the risk management systems, establishes the annual targets and is supported by a network of EHS coordinators at the Group's main sites, to whom it provides assistance and technical operational support, such as standard procedures, action plans, and on-site audits. It also ensures that specific attention is paid on some sites to high-risk procedures such as the synthesis, storage and implementation of the catalyst (IPP) necessary for ORMA® lenses or the formulation, storage and implementation of the various monomers for high- and ultra-high index lenses.

Main preventive actions

For each of the procedures outlined above, a safety guideline was created with the participation of the French national institute for industrial environment and risks, INERIS, and the company Bureau Veritas. The Essilor sites implementing these procedures are audited and certified by Bureau Veritas every three years. The sites of Group partners implementing monomers for high-index lenses are also subject to an internal audit every two years based on an appropriate guideline. Lastly, the creation of a guideline dedicated to the storage and implementation of a specific form of IPP catalyst used by partners will complement the control system for all the Group's high-risk procedures in mid-2019.

Road risk management is another major concern at Essilor. The Group policy in this field was strengthened in 2018 with the help of an internal working group, based on the best

practices of external companies (such as the International Automobile Federation's (FIA) golden rules, discussions with the Laboratory for accidentology, biomechanics and human behavior studies (Lab, etc.). In 2019, Essilor France will sign the national call by companies to promote road safety. Lastly, as part of the partnership signed between Essilor and FIA to promote the importance of vision in reducing road accidents, several in-house awareness-raising operations took place this year.

Occupational health and safety policies at the production plants are shaped by OHSAS 18001 guidelines, as well as Essilor's EHS guidelines. The key objectives are to improve awareness, training, and communication on health and safety issues. More specifically, the EHS guideline identifies and tracks all the typical risks of a given site depending on its activity (production, prescription laboratory, logistics center or tertiary site). This guideline includes minimum requirements applicable to all sites as well as advanced requirements that are implemented gradually to improve the EHS culture and maturity of these sites. As of December 31, 2018, the production plants in Brazil (1), China (1), the United States (1), France (2), Ireland (2), Mexico (1), the Philippines (3) and Thailand (2) were OHSAS 18001-certified. As a result, the percentage of certified health and safety management systems in the Group's upstream production plants was 76% (13/17).

The development and launch of new products now include a process called Stages & Gates (see Section 4.2.3.2) which aims to coordinate the work of the various departments, from design to deployment at production plants. This process includes occupational health and safety and environmental requirements in an effort to prevent occupational illnesses and accidents and reduce their impact on the environment. These requirements pertain to safe machines and processes, ergonomic workstations, chemicals management, regulatory aspects and change management, among other topics.

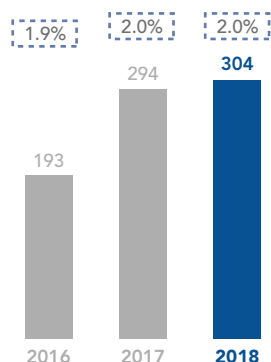
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Health and safety indicators

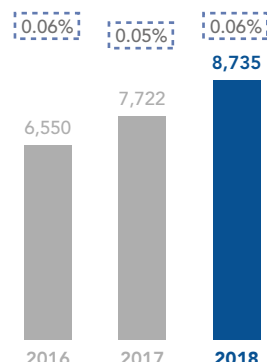
	2018	2017	2016
Work-related injuries with lost work time	304	294	193
Work-related injuries without lost work time	652	463	333
Fatal accidents	0	1	0
Lost days due to work-related injuries with lost work time	8,735	7,722	6,550
Frequency rate of work-related injuries with lost work time for the period	2.0	2.0	1.9
Severity rate of work-related injuries with lost work time for the period	0.06	0.05	0.06

Note: The number of injuries with absence is stable compared to 2017. The number of injuries without absence increased mainly due to due scope impact of 3 entities in Mexico. The frequency rate and severity rate is at similar level compared to 2017.

Accidents with lost work time (frequency rate for the period)



Lost days (severity rate for the period)



Occupational illnesses

Identifying and monitoring the possible occurrence of occupational illnesses is the task of each entity and the number of cases has not been consolidated due to the difference between local regulations. The vast majority of reported occupational illnesses fall within the category of musculoskeletal disorders (MSDs). An ergonomics position has been created within the Global EHS department to initiate and monitor programs set up to reduce the existing number of cases and prevent the occurrence of new cases. More specifically, Ergonomics Clubs have been launched within the main organizations to bring together experts or site ergonomics coordinators and to pool their best practices and standardize workstation analysis tools.

Because the manufacturing of lenses involves the use of numerous chemicals, including some hazardous substances,

a special emphasis is placed on chemical management with a focus on preventing employee exposure. Based on a risk assessment approach, prevention and protection actions are underway, such as: Group-wide replacement program, technical systems to extract steam and fumes, automatic filling machines, adaptation of work stations, training sessions and specially adapted personal protective equipment. The effectiveness of these actions is verified by periodic sampling or via continuous monitoring, in addition to appropriate medical surveillance of employees. A "Critical Raw Materials and Consumables" steering committee is in charge of monitoring these substitution actions or programs to reduce exposure.

All these action programs were continued in 2018.

Absenteeism

	2018	2017	2016
ABSENTEEISM RATE	3.0%	2.9%	3.4%

Note: The absenteeism rate is calculated based on a weighted average of entities covering 93% of the Group total workforce.

Working time organization

Working hours vary considerably within the Essilor group. Each legal entity has the autonomy to decide the most appropriate working hours. For that reason, Essilor does not disclose the consolidated data regarding working hours.

The Group promotes flexibility initiatives in the organization of work (part-time, teleworking, etc.). Local decisions in terms of the organization of working hours are based primarily on adapting to customers' needs, discussions with employees and their representative bodies, compliance with local regulations and optimizing operational efficiency.

4.2.4.2 Training and the development of skills and talent

With a rapidly growing international business, a presence in emerging countries, areas of specific know-how and growth in new segments, training and the development of skills and talents are strategic challenges for the Group. It may be difficult to hire and retain trained, experienced employees, particularly in competitive areas of the labor market and in emerging countries. This situation affects all levels of employees (workers, supervisors and managers) and calls for specific measures. In consequence, such measures have a prominent role in Essilor's human resources policy.

Developing employees' skills and employability is both an essential criterion for operational efficiency to support the Group's growth, and a sustainable commitment by the employer towards its staff.

Training also supports internal mobility and helps to build fulfilling career paths. Essilor has a strong commitment to its employees in both these respects.

From very early on, Essilor created its training schemes and put in place means of identifying and developing talent. Today, a number of initiatives are lead regarding training and talent management.

Training and development

The Essilor group has designed and set up a flexible learning environment for employees by integrating digital learning and presential programs to acquire managerial and functional capabilities.

The global learning and development team is dedicated to design the corporate learning roadmap, to roll out and administrate the various learning campaigns. This means regularly adding new contents and courses to support the organization's evolving business challenges and transformation needs.

Training on Group level falls into three categories:

"EssilorU", the Essilor online training platform

"EssilorU" is the Group's digital training platform, which connects employees from all of the Group's entities across the world. As of end of 2018, 44,465 employees are connected and have access to more than 1300 training contents, some of them available in 20 languages. Additional partners had been selected for external contents such as LinkedIn, HMM, Go Fluent, HEC and Crossknowledge. In 2019, there will be a specific focus on the curation of new contents and the improvement of the learner experience. The Group will also select a new innovative learning system to extend the reach to the entire organization, pursuing Group's goal to ensure all employees have access to "EssilorU" by 2020.

More than 54,000 courses were completed in 2018 and this was largely supported by the launch of learning campaigns such as road safety awareness, code of ethics, business and human rights, mission insights series and compliance modules.

Essilor business management and leadership programs

Essilor's business management curriculum is based on three major management development programs available to employees:

- the General Management Program (GMP) focuses on the fundamentals of business topics (strategy, marketing, finance, innovation and change management) for executives and organized in five major countries. This program has been

co-designed with prestigious business school across the globe such as ESSEC (France), Nanyang Business School (Singapore and China), McCombs School of Business (USA) and Indian Institute of Management Bangalore (India) and mainly targeting newcomers and middle managers;

- the Advanced Management Program (AMP) is designed to help business leaders to better support Essilor's strategy execution. In 2018, 35 participants, 11 women and 24 men from 15 countries, attended the program. For 2019, a new partnership have been signed with INSEAD, which will integrate new themes such as leading teams and digital transformation;
- for Essilor global senior leaders, a Senior Management Program (SMP) that is co-designed with INSEAD, offers a space for them to reflect, learn and share on their leadership effectiveness and efficiency. There is a specific focus on topics such as governance, value creation and senior leadership impact. It welcomes on a yearly basis between 25-30 executives.

Additional leadership programs are offered to address leadership challenge such as the Transition from Management to Leadership (TML). It is a leadership bootcamp for managers to observe, analyze and improve their leadership role. In 2018, four sessions of TML were successfully rolled out in Asia and Europe, with 86 participants, 33 women and 53 men from 20 countries. In 2019, a similar program will be offered in USA.

As one of the official sponsors of the "EVE" program, Essilor nominates a selected group of employees to participate yearly. In 2018, 22 employees took part in sessions held in France and Singapore. This intercompany leadership program engages women and inspires them to contribute to the development of strong, inspiring individuals to bring change to the business. It encourages them to build their network and reinforce their working identity.

"Vision Essilor" is a one-week global onboarding program held in Essilor's Paris headquarters for managers and executive levels. This immersion program offers participants an opportunity to share and interact with Essilor Top Management as well as with the international network of their group.

There are other programs available in Essilor such as "Grow Your Team" which consist of a combination of in-class sessions, digital and coaching modules to improve the capability of Group's managers to discover and enhance their leadership skills. These blended programs are highly appreciated as it gives leaders and their team opportunities to discuss and address key challenges and priorities to be engaged and motivated.

In total, more than 1000 employees and managers participated to corporate training programs in 2018. In 2019, in addition to current offers, there will be additional programs in the fields of Finance, Communication, Negotiation and Culture, and Business Acumen to complete the corporate offers and address business needs.

Total number of local training hours

To monitor overall training activity across all locations of the Group, the subsidiaries are asked to track the “number of local training hours” indicator for production staff and all other management positions (supervisors, administrative employees and managerial personnel).

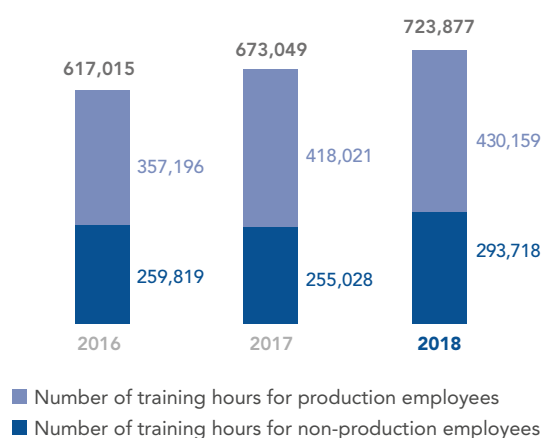
	2018	2017	2016
Number of training hours for production employees	430,159	418,021	357,196
Number of training hours for non-production employees	293,718	255,028	259,819
TOTAL	723,877	673,049	617,015

Note: To avoid double counting of the training hours, training reporting is separated into two main parts: local trainings and Group online trainings.

Local trainings include trainings for production employees and trainings for non-production employees.

The reporting coverage of local training information covers 79% of the Group headcount, increased compared with 2017 scope, which led to an increase of the training hours reported.

The Group online training is collected and consolidated separately through “EssilorU”, the Group online training platform.



Talent management

Essilor keeps improving its dedicated department, to focus efforts on Talent & Organization Management. A specific Talent Network in different geographies and business units of the Group has been set up in order to leverage on best practices and expertise for professionalizing Talent Management. The team collaborates with the Learning & Development department to provide support in designing programs with a Talent Management perspective. Three main governance bodies has been created to manage this topic with monthly or bi-monthly meetings: *Group Human Ressources Committee*, *Global Mobility Committee* and *Talent Network*.

In order to attract, develop and retain talent, Essilor’s Talent Management department continued in 2018 with the rollout of a comprehensive roadmap built on several initiatives:

- Deploying the Successfactor software (E-Talent) as a comprehensive talent management tool to appraise performance, review talent and prepare succession plans at the global level, and also to set growth targets to continue employees’ development,
- E-Talent has 15,000 users by end of 2018 (vs. 9,000 users by end of 2017), with a plan of reaching 25,000 employees in the Talent Processes by end of 2019. A CoreHR system is in development that will allow for more efficient management of employee data and HR processes;

- implementing a dedicated recruitment platform for internal and external use. This makes it easier for employees to find vacancies within the Group and, as such, provides more internal mobility opportunities. It also improves the efficiency of the external recruitment process and supports the Group’s efforts to become an “Employer of Choice”,
- the E-Talent’s E-Recruitment module has become the global reference platform for Essilor: with 15,000 current employees and 4,000 new comers from the USA division having access to the internal and external Essilor job boards, Essilor’s employees are offered central and global visibility of internal positions,
- providing visibility on these career opportunities also improves Diversity & Mobility – the Group’s ambition in the years to come is to be able to provide visibility of these internal opportunities to the entire Essilor population;
- furthering Essilor’s “Employer” brand:
 - maintaining a regular presence on the international campuses of top-ranking management schools (INSEAD, ESSEC, HEC, NUS, NTU, SMU, CEIBS, etc.) by hosting presentations on the Group’s businesses, job and career fairs and presenting Essilor case studies,
 - developing comprehensive Employer Branding Strategy to attract Talent at all levels, that includes critical skills and capabilities,
 - developing external campaign roadmaps on social networks such as LinkedIn™;
- developing internal talent-acquisition capacity to create a uniform experience for candidates and fill vacancies more quickly; this was done in 2018 and will continue to be worked on through the following:
 - enhancing recruitment process with the support of IT systems,
 - piloting Shared Services solution and/or expansion of in-house talent acquisition teams to excel in talent acquisition activities,
 - upskilling the talent acquisition capabilities through training, best practice exchange and by building a strong talent acquisition community.

- globally launching the ETP ("Emerging Talent Program") which targets recruits from the best campuses, and offers students a rotation within a region or globally. The program has already been launched in Europe, AMERA and for the Finance function,
- in 2018, a set of standard plug-and-play guidelines were developed to enable the easy development of ETP across the globe, to provide greater exposure to top-tier graduate talent,
- for 2019, the Group's R&D team is exploring the opportunity of running an ETP across their major CIT labs in France, Singapore and the US;
- developing the COMET program, which is an accelerator for talented young employees in the Group, and supports them in their career plans;
- relaunching the Global Essilor Mentoring program to set the standard and establish a baseline for qualified mentors;
- developing the Step Up program, designed to tangibly accelerate the growth of key talents within the Group to become future successors for Country Management roles.

To monitor the effectiveness of the Talent Management program, Essilor has put in place a specific reporting process.

- For 2018, Essilor executive population remained largely steady with a total of 17 positions being staffed with internal successors and 21 positions filled externally due to the onset of new skills. As for manager and emerging talent populations, the Group had a significant growth of 7% and 20% respectively.
- As a Talent Management function Essilor has tracked the progress of various indicators (such as diversity, successor coverage, completion ratio, employee engagement growth, HR effectiveness) across different populations across the Group and drove concrete actions to move the needle. However, no formal targets have been set prior to 2018.
- For the next years, Talent Management Team has taken a long-term approach and has determined some key areas to focus upon:
 - create a culture of development to accelerate growth of employees across their careers, reduce skills shortage and invest in new skills;
 - diversify the workforce to enrich the talent pool and promote inclusiveness to boost creativity and innovation;
 - create an ecosystem to enable line leaders to execute effectively the talent strategy;
 - transform of HR experience by simplifying and digitalizing employees life cycle, increasing quality and productivity of the Group workforce;
 - inspire employees to unlock their performance and potential to improve the Group's business results.

4.2.4.3 Employee integration and inclusion of all forms of diversity

Diversity, one of Essilor's five core values, is a key priority for the Group and an integral part of its culture. The Group's efforts in promoting diversity in all its forms have, over the years, brought great value through innovation in products and services, international expansion and exceptional growth. The inclusive culture has also contributed to success in integrating newly acquired companies, as well as fostering personal initiative and the development and professional growth of Essilor's employees.

Essilor is firmly committed to building a work culture that is inclusive and that nurtures diversity to allow unique perspectives and novel ideas to flourish. The Group believes that inclusion is not an isolated effort by individuals, but is an embedded part of a culture which begins with the ability to welcome new talent, introduce them to the culture and strategy of the Group, respect the uniqueness of each individual and promote the value that the amalgamation of these varied profiles can create at Essilor.

In 2018, special emphasis was placed on Inclusion in light of Essilor's merger with Luxottica, as well as creation of more jobs and new positions to facilitate more internal as well as external mobility.

Onboarding new employees

At the Group level, the "EssilorU" training platform is used for the onboarding of new employees. The platform served almost 45,000 employees in 2018 with aims to increase this number even further in 2019. An induction program is available for new employees at the time of the creation of their accounts to equip them with Essilor's Business fundamentals. It details out the Group's Mission, Principles & Values and key health and safety compliance policies, allowing each new employee to feel fully immersed and involved towards achieving the Group's overall goals.

Additionally, "Vision Essilor" is the induction program offered to welcome new managers; it includes a full week in direct contact with General Management to explore the Group's core businesses, strategy and culture. In 2018, Vision Essilor attracted 117 participants from 27 countries and 16 partners. There are a number of induction initiatives at the regional level, such as the Somos Essilor program in Brazil, the "Y.Essilor" initiative for trainees and interns in France, and the 90-day "Smart Start" program in the USA which is aimed at providing more information on the optics sector, the Essilor group, the Essilor of America subsidiary, and the participant's business area.

For the onboarding of Executives, Essilor conducted the first pilot of a more inclusive induction process in Paris. The new induction process, piloted in Q4 of 2018, combines business knowledge as well as better integration of key new leaders, including both internal and external hires.

Challenges, priorities and key themes of the diversity and inclusion policy

The Diversity & Inclusion (D&I) policy at Essilor covers several key priorities: ensuring equal opportunity; supporting geographical development and adaptation to local cultures; optimizing the organization; and using the Group's social, human and cultural richness to boost economic performance.

The Group's D&I strategy has four main aims:

- indicators: To create awareness for diversity and inclusion, internal indicators were established in 2018, and were also made part of the talent strategy. These were measured using results from the employee engagement survey, and will continue to be tracked and communicated in 2019;
- awareness: To illuminate the importance of diversity and inclusion and the elimination of unconscious bias is an important aim for the Group. In 2018, Essilor's Diversity & Inclusion Focus and Roadmap was communicated to executives, and a D&I toolkit was developed to facilitate speaking points for leaders for effective dissemination of D&I awareness. The Group plans to continue to promote D&I ambassadors and networks globally in 2019, and also create a D&I Global Council with business leaders to walk-the-talk;
- development: To educate and bring awareness to employees about the prevention of unconscious bias in the workplace, Train-the-Trainers, an unconscious bias training was conducted on "EssilorU" in 2018, which attracted over 1500 participants globally. D&I learning was further enhanced through implementing corporate development programs, attending diversity conferences and joining associations, with plans to continue and expand on these efforts in 2019;
- process:
 - to encourage local teams to take more action in their respective regions. 2018 marked the third year of celebrating the month of March as Diversity and Inclusion month at Essilor. As part of this celebration every year, many subsidiaries engage their employees in diversity-themed breakfasts, exhibitions to raise awareness on disability, and a special evening with traditional costumes and cuisines from different cultures, competitions and diversity quizzes, etc. Further, internal networks for women are being developed in the USA, France, within the e-commerce subsidiary Clearly in Canada and in Singapore,

- to enhance the HR and management processes to further promote diversity and its associated benefits. For every new vacancy in a key position, be it external or internal, there must be at least one woman fitting the desired profile among the shortlisted candidates. Certain regional initiatives also include the requirement to first publicize a job opening with firms specializing in the recruitment of people with disabilities, an established practice in France and some other countries. Local initiatives include the setup of the IDEA (Inclusion & Diversity @ Essilor of America) Committee in the United States. At the Group level, a quarterly discussion committee (the Best Practices D&I Committee) comprising some 15 "local diversity ambassadors" has been introduced,
- to implement initiatives to support the professional development of all employees: "Female leadership" program, such as the EVE program initiated at Danone in which Essilor has been involved since it was set up five years ago; specific courses to attract and develop talent in the United States, Europe and Asia; training on diversity and unconscious bias aimed at a wide variety of profiles within the Group, with pilot sessions for all managers in France and all US employees.

Measures taken to promote the employment and integration of people with disabilities

Essilor places emphasis on the issue of disability. Its efforts are reflected across countries, in awareness campaigns and training initiatives, actions to promote fair and sustainable recruitment job security for people with disabilities, and the development of a purchasing policy that involves the protected worker sector. Servioptica, an Essilor Business Partner in Colombia, was recently awarded recognition from the United Nations for its good practices of employing people with disabilities.

A guide to assist managers, who are key players in integrating people with disabilities, has been produced in France. Other Essilor entities have also introduced similar methods to promote the employment and integration of people with disabilities. The Group's recruitment procedures allow individuals with disabilities to access genuine job opportunities, and all reasonable efforts are made to make a workstation suitable for and accessible to an individual with a disability. Essilor does not engage in any discrimination based on a person's disability in respect of employment, the job itself or promotional opportunities.

	2018	2017	2016
Number of employees with a disability	655	617	523
Percentage of employees with a disability	0.9%	0.9%	0.8%
Number of associated jobs created	97	85	84

Note: 2018 disability hiring information covers 92% of the Group total headcount. Level of group employees with disability and disability job creation increased slightly compared to last years.

Over the years, Essilor has committed to the continued employment and integration of people with disabilities within the Group through signing four collective bargaining agreements. In France, the Group is a member of two non-profit associations, Club Handicap & Compétences and Club Être, which support the inclusion of people with disabilities through the sharing of best practices and organizing of think-tanks with other stakeholders. This commitment by the Company and its social partners to the practical implementation of a sustainable, coherent proactive policy, is reflected in an increase in the employment rate for employees with disabilities over the years.

Anti-discrimination policy

Essilor has implemented a specific procedure that is invoked in the event of employees reporting allegations of discrimination. Such issues may relate to a job or to an occupation.

4.2.4.4 Employee shareholding & engagement/employee consultation

Employee shareholding

Employee profit-sharing through the promotion of employee shareholding and the organization of social dialog is one of the founding principles of Essilor, as well as an essential feature of its governance model. In keeping with its history, its entrepreneurial spirit and significantly influenced by its dual economic and human objective, in 2018 Essilor continued to strengthen its employee shareholding

Since its establishment, Essilor has been committed to a strong internal employee shareholding policy. The Group's commitment in favor of employee shareholding has three objectives: to strengthen employees' commitment to the Group's mission and strategy, to align their long-term interests with those of the Group and other shareholders, and to give them the opportunity to contribute to value creation and the Group's success.

Employee share ownership has given rise to an original method of governance that encourages dialog and involves employees in the Group's key decisions. This involvement in strategic decisions is reflected in the governance model by the presence of a representative of employee shareholders on the Essilor Board of Directors. In fact, with more than 10,000 current and former employee shareholders of the Group, Valoptec Association, a non-profit association under the French 1901 law, has a representative on the Board of Directors.

The Group's ambition to have 35% of its employees as shareholders by 2020 was already greatly surpassed in 2017, thanks to the success of the first "Boost" international plan, which took the total to 54.2% of employee shareholders. Thanks to this success, the Group repeated the initiative in 2018, extending the scope of its offer to almost all the global workforce of Essilor, thus an additional thirty countries.

In 2018, Essilor's employees were accordingly invited to join the "Boost 2018" international plan alongside local investment plans. This plan saw a record subscription rate of 66%. It enabled some 36,000 employees in over 40 countries to become shareholders or increase their financial investment in the Group. The number of employee shareholders is above 46,000, representing 68% of the Group's employees.

As of December 31, 2018, employees and partners held 4.3% of share capital and 4.4% of voting rights.

	2018	2017	2016
Number of employee shareholders	46,481 ^(a)	35,866 ^(a)	13,557 ^(a)
Percentage of employee shareholders	68.0%	54.2%	21.5%

Note: Data concern only active employee shareholders as of December 31, 2018. Percentage calculation is based on an average of 68,333 employees for the full year 2018.

Employee Engagement

Since July 1st, 2017, the Group has created the Culture & Engagement department within the Global Human Resources department. Its main responsibility is to ensure that the Essilor fundamentals, as pillars of the Essilor Culture, are deployed in all Group entities and communicated to all employees. Meetings are organized directly with teams, in the field, to explain the Group Mission: "Improving lives by improving sight" and to make sure employees understand that, through their daily job, they all contribute to this Mission. These meetings

explain as well how the Mission nourishes the Group Strategy, detail the importance of employee shareholding, promote the uniqueness of the governance model, in which employees shareholders members of the Valoptec association are involved, and share Essilor Principles and Values to guide behaviors and attitudes at work. Those fundamentals develop employee's pride and sense of belonging, as well as the understanding and support to the strategy and values, all of them being drivers of fulfillment and engagement.

In order to address 70,000 employee around the world, local correspondents called "engagement champions" have been nominated among the local teams. In direct contact with managers and local Human Resources teams, they animate meetings with local teams to develop the level of understanding and support in all countries and entities to Essilor fundamentals. In addition they facilitate the deployment of transversal projects such as employee shareholding development, Valoptec membership development, communication and training on Principles and Values, participation to the new global employee opinion survey.

In 2018, the group has launched a brand new global Employee Opinion Survey. In partnership with Peakon, specialized in the measure of employee engagement through an intuitive and interactive application, this survey allows to identify precisely the employee's drivers of engagement. A set of 33 questions related to employee well-being and engagement was sent to 54,000 employees in 78 countries. 100% digital and anonymous, this questionnaire was accessible from computer, tablet and smartphone, in 35 languages to ensure full understanding by any employee. Total participation has reached over 80% and more than 300,000 comments were collected. This survey has enabled us to identify our strengths, locally and at Group level, and areas to be improved to enhance employee well-being and engagement in the workplace. 3,000 managers have had access to a training to the new tool and have got access to their own dashboard a few days after the survey closing, with customized advices to support them to build action plans. The global survey is now a yearly process and the next round will happen in November 2019.

Organization of dialogue between management and employees

When it comes to dialogue between management and employees, Essilor promotes listening, discussion and transparency in local decision-making. It also encourages open communication with employees and strives to ensure that everyone can participate without hierarchical boundaries. Dialogue between management and employees varies widely within the Essilor group. Each legal entity has complete autonomy to decide on the most appropriate labor-related dialogue. Labor-related dialogue is generally organized by employee representatives through any means possible or directly for the smallest entities or those not wishing to be represented by one or more third-parties. Such dialogue covers more than 90% of the Group's total workforce.

The forms of representation include the following: Optical Union, in Brazil; Shanghai Essilor Optical Company Limited Trade Union, in China; Committee for Dialogue and Information Sharing within Essilor (CEDIE), in Europe; Group Committee in France, Karmika Sangha, in India; Confederation of Filipino Workers Essilor Manufacturing Philippines Incorporated Chapter, in the Philippines; Essilor Workers' Union of Thailand, in Thailand;

as well as many activity committees, communication committees, employee committees, factory committees, safety committees, welfare committees and similar structures.

Numerous initiatives are conducted in the countries of operation in the spirit of labor-related dialogue that the Company embodies. Staff negotiations vary from one establishment to another, but Essilor consistently promotes these throughout the world as a factor in employee satisfaction. Global staff opinion polls continue to be conducted periodically within the Group.

In late 2018, the Group launched a new opinion poll at global level. More than 54,000 employees in 78 countries were invited to take part. Entirely digital and anonymous, the online questionnaire was accessible from a computer, tablet or smartphone, and available in 35 languages in order to facilitate its understanding by all Group employees. Participation was over 80% and more than 300,000 comments were posted.

Ongoing management/employee dialog also allows Essilor and its staff to manage necessary changes in the organizational structure with ease. This capacity for dialog is essential to safeguard the agility of the Group, its business continuity – even in case of grievances – and the excellent reputation that Essilor enjoys among all its stakeholders. All Group employees have access to social security; this varies depending on local characteristics.

Overview of collective agreements

There are a vast number of collective bargaining agreements per legal entity, each of which has the autonomy to implement collective bargaining agreements according to the regulations in force.

Most collective bargaining agreements relate to the provision of both long-term benefits (distribution of performance shares, medical cover, pensions, diversity and disabilities, life assurance, etc.) and short-term benefits (performance bonuses, shareholding, etc.) which attract and retain employees who contribute to the Group's performance through their expertise and talent. Agreements signed on such issues typically have a broader framework in respect of general working conditions and therefore include occupational health and safety.

Compliance with the freedom of association and the right to collective bargaining

Essilor recognizes the eight fundamental conventions of the International Labor Organization (ILO), particularly compliance with freedom of association and the right to collective bargaining, the abolition of all forms of forced or compulsory labor, abolition of child labor and removal of discrimination in employment and occupation. To date, no activity has been identified as presenting a compliance risk in this area.

Environmental information

4.2.5 Optimizing the environmental footprint

In the mid-20th century, Essilor both revolutionized the optics industry and, substantially reduced its environmental footprint by introducing ORMA lens (for ORganic MAterial®). This would replace the mineral lens and lead to the cessation of impactful manufacturing methods. Since this innovation, the environmental impact of production activities has been significantly reduced and is now limited to water and energy consumption, special-waste management and water discharge treatment. The materials and chemical products used in the production process are subject to stringent regulations in terms of environmental protection and are supplied by industries with good environmental practices allowing associated impacts to be controlled.

Essilor has set five priorities regarding the operational, financial and reputational challenges associated with the environment:

1. Strengthen environmental management processes.
2. Reduce water consumption and guarantee supply.
3. Improve the energy efficiency of manufacturing and transportation processes.
4. Decrease the carbon footprint and adapt to climate change.
5. Limit waste generation and optimize recycling.

Responsibility for overseeing the Group's environmental impact reduction program lies with the Global EHS department. To manage the operation of both environmental management and environmentally-friendly behavior on sites, it relies on a network of EHS coordinators present on production sites and at the main prescription laboratories. To develop and deploy reduction solutions and to improve effectiveness in water use and energy consumption, via the Reboost program, it coordinates a team of engineers, Global Engineering experts and Water or Energy specialists from the Group's various organizations.

4.2.5.1 Strengthening environmental management

Environmental assessment and certification

Given its industrial activities, historically, Essilor has implemented environmental management systems that conform to the ISO 14001: 2015 standard. As of end of December 31, 2018, the production plants in Brazil (1), China (1), the United States (1), France (2), Ireland (2), Mexico (1), the Philippines (3) and Thailand (2) have all been certified to ISO 14001.

As a result, the percentage of certified environmental management systems of the Group's upstream production plants was 76% (13/17). In 2018, inspection audits were carried out as planned.

Furthermore, some of the most significant prescription and service laboratories and distribution centers in terms of production volume have also introduced and maintain ISO 14001-certified environmental management systems where this is relevant.

Environmental training

In 2018, in addition to the training and awareness-raising initiatives inherent in ISO 14001-certified systems, the various entities saw the delivery of numerous training courses on aspects of environmental management. The Global Environment, Health and Safety (EHS) department continued with the rollout of a program to raise partners' awareness of the EHS policy and management tools via "EssilorU" (e-learning), train-the-trainer courses on the Reboost Water and Energy program, and dedicated seminars.

Provisions and guarantees for environmental risk

Essilor made no provision for environmental risks in 2018.

	2018	2017	2016
Monetary value of significant fines	0	0	0

Noise pollution

No complaints about noise, odor or any other form of specific pollution were received in 2018.

Biodiversity & land use

Finding potential significant impacts on biodiversity is one of the aims of the environmental management systems. Essilor

performed biodiversity mapping on the majority of its sites worldwide; this was updated in 2017. Four sites are located within an area of biodiversity interest. The biodiversity audit of one of these sites by an external company showed that there was no significant potential impact and no significant dependency in respect of biodiversity and ecological services for this site and the activities taking place there.

Essilor carries out its business in industrial buildings, usually located in existing industrial areas or commercial premises. Land is therefore not used in the Group's operations *per se*, but rather is associated with the buildings the Group occupies.

4.2.5.2 Reducing water use

Management of water

The mass production plants and the prescription laboratories use considerable quantities of water for lens machining, surfacing and rinsing operations. However, net water consumption is not significant since the water used in the production processes is subsequently treated and returned in near-equal volume, excepting leaks, a low level of evaporation and everyday site consumption.

Access to high quality water for production operations is an essential factor in ensuring the quality of the finished and semi-finished lenses that the Company distributes. Most Group sites are generally located in industrial or urban areas where access to water is provided by local authorities. They are dependent on these local authority managed utilities.

Water is also used in sanitary networks. A number of entities use recycled production water or collected rainwater for sanitary networks.

The Group has 4 entities located in water stress areas in India and Mexico. The Group may be faced with restrictions on water withdrawals imposed by local authorities, an increase in the cost of water and potentially, questions from local stakeholders who are also dependent on water resources. To mitigate these water-related risks, sites are introducing more stringent water-management programmes and setting specific water-reduction targets. Meanwhile, the Group fosters and sustains the conditions for dialogue between public sector services, water suppliers and NGOs to anticipate changes in the availability and cost of water, so as to adjust production. This policy has enabled Essilor's production plant in Shanghai to be recognized as a "company attentive to water-saving" by the Shanghai government in 2017. Only 22 companies have received this distinction.

Aware of its impact on the environment, Essilor has voluntarily disclosed its water management approach and water footprint through the CDP⁽¹⁾ platform. In 2018, Essilor was awarded with the A- (leadership) score, positioning it among companies which have made ambitious commitments to optimize water use and improve the security of water resources. Finally, the Group aims to continue its efforts by cutting its water use per good lens produced by 20% by 2020 compared to 2015, on

a scope that represents the majority of its water impacts. In 2018, on this same scope, and as part of the Reboost program, the Group has reduced 21% of water use, on track to reach this target.

Reduction program

To ensure a more effective rollout of initiatives to reduce the consumption of natural resources, Essilor has launched the "Reboost" program, which aims to define and roll out Group performance standards, along with associated field projects, to reduce the main environmental impacts. This "Reboost" program is supervised by a steering committee which ensures the deployment of action plans, the achievement of interim objectives, the development of remedial solutions, the preparation of new solutions and the monitoring of a specific Water & Energy projects budget, which is in addition to site budgets.

The following actions have been taken within the "Reboost Water" program:

- water mapping: drafting of network maps for water and equipment using water for the main laboratories and mass production sites;
- installation of several meters, including "smart" meters to allow more accurate, continuous measurement of water use by the various production lines, support equipment or sanitary water networks;
- comparison of sites' water performance with the benchmark process, or "water model";
- drafting of a medium-term plan to reduce each area of water use for sites.

As part of "Reboost Water", each region has to define its own Water roadmap, a process which is overseen at Group level.

In 2018, water use on all sites participating in the Reboost program continued to fall. The scope of action for the Reboost program was also extended to include, in addition to all mass production sites, export laboratories and the twenty or so most significant prescription laboratories. The program has focused in particular on coating machines, implementing solutions to reduce and reuse water. The Group continued to install smart meters on these main sites and is nearing its objective of fitting around fifty sites with these solutions. In 2018, the Global EHS department continued to take account of eco-design solutions for new projects via the Group's "Stage & Gate" tool. It also ensured that the environmental friendliness of equipment is taken into account by sites within the "Reboost Water" scope.

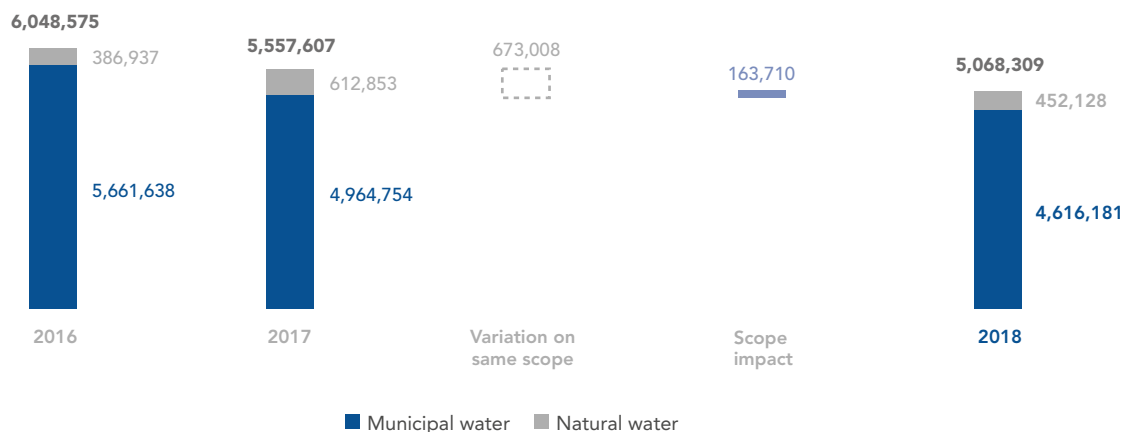
(1) CDP is an organization which supports disclosure of the environmental impact of major corporations.

Water withdrawals (m³)

		2018	2017	2016
Water Withdrawals		5,068,309	5,577,607	6,048,575
Breakdowns by source	Municipal water	4,616,181	4,964,754	5,661,638
	Natural water	452,128	612,853	386,937

Note: With efforts to continuously improve the reporting data quality, a mistake was identified for 2017 reporting on water withdrawals. The 2017 data have been restated accordingly. The decrease of water use of 2018 is mainly explained by the Group's strong effort on water reduction (-7% vs 2017) and change of reporting scope: 2 entities with significant water use in 2017 are not any more in the financial consolidation scope and 1 entity was exempt from reporting for 2018 (5% decrease). Meanwhile, the expansion of perimeter accounts for 3% of the total water use of 2018.

The coverage rate of 2018 water data is 90% of the Group headcount.



Water discharge control program

The prevention and reduction of water discharges are taken into account whenever relevant. This involves investing in wastewater treatment systems, from single or combined filtering, neutralization, settling and degreasing processes to complete processing units, purification plants or similar treatment facilities. These measures are designed to reduce loads in existing effluent, which, in the case of prescription laboratories, are essentially suspended solids related to surfacing that are filtered at the job site and sent to a dump as solid waste.

The Group controls the quality of its water discharges. Suspended materials, COD, five-day BOD, heavy metals and other general criteria like pH or other more specific indicators depending on the requirements of local water agencies are monitored locally through the environmental management

systems. These parameters are also monitored as part of water use reduction projects in the "Reboost" program. In fact, actions to reduce water withdrawal consequently increase the concentration of pollutants. The Group must thus ensure that these projects do not have a negative impact on wastewater from sites where these solutions are fitted.

In 2018, the Group continued to implement actions for more accurate monitoring of wastewater by means of the "Wastewater Model" program, on the same scope as Reboost Water, in order to compare site performance with the benchmark process. This program helps to identify the actions needed to prevent water discharge incidents outside permitted limits.

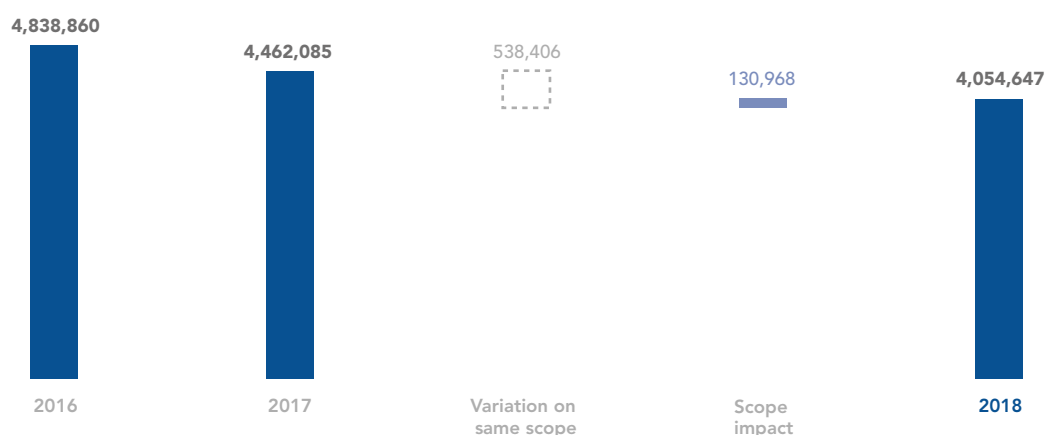
Essilor completed the installation of water treatment plants, particularly in China, on the three production plants in Danyang. The Group had more than 130 water treatment plants in 2018.

	2018	2017	2016
TOTAL VOLUME OF WATER DISCHARGED (m³)	4,054,647	4,462,085	4,838,860

Note: The volume of water discharges is calculated from the difference between water withdrawals and water consumption. Essilor's water consumption is mainly due to evaporation during the manufacturing process. Knowing the percentage of water consumption of different manufacturing operations and geographic regions can vary from one mass production plant or prescription laboratory to another, we estimated the Group level of water consumption at 20% of the water withdrawals based on the Group's expertise. That is to say, the volume of water discharges of the Group is estimated to be 80% of the Group water withdrawals.

With the restate of 2017 water withdrawal data, water discharge data has been restated accordingly.

Water discharges (m³)



4.2.5.3 Energy efficiency in production and distribution

Energy & Production

Compared with industrial transformation processes, the energy requirement for manufacturing finished and semi-finished lenses is minimal. However, Essilor is committed to improving its energy efficiency, as reflected in a steady decrease in energy intensity over the last 15 years.

Beyond Essilor's corporate commitment, energy efficiency is also a lever for cost reduction, since energy accounts for a significant proportion of operational costs. The action plans implemented also allow the Company to control the rise in energy costs and increase its ability to avoid interruptions to or restrictions on energy supply in particular business regions. Lastly, energy efficiency helps to reduce direct greenhouse gas emissions.

As with water, energy efficiency initiatives are managed under the Reboost program by applying a similar methodology:

- "Energy mapping": mapping of energy networks and equipment that consumes energy for the main mass production sites and laboratories;
- rollout of meters, including smart meters, to accurately and continuously measure the direct and indirect energy consumption of the various production lines, support equipment or other site installations;
- establishment of benchmark energy performance of the various items of equipment to create site "Energy Models";
- preparation of medium-term plans to reduce each area of energy use.

Reboost Energy now incorporates several areas of focus:

- a review of the energy efficiency of manufacturing processes (heat chambers, vacuum processing machines, etc.) and peripheral units, such as compressed air, chilled water and air conditioning units, etc.;
- calibration of settings and usage of equipment, and its environment in terms of impact on support equipment consumption (cold water, air conditioning, fresh air renewal rate, etc.);
- improvement of the equipment efficiency ratio (EER) by the sites, redefinition of the stoppage or standby conditions for equipment with the highest consumption;
- raising awareness among technicians and maintenance teams and providing them with training. One of the three online training sessions available on the Essilor Academy – Save Energy (EASE) intranet site is designed to provide training and a continuous flow of information on good practices, and monitor energy-saving technological developments;
- improving the energy efficiency of existing buildings.

In order to specifically monitor support equipment that accounts for around 50% of the energy consumption of a given site, a committee comprises of experts and maintenance staff known as a "Utilities Techno-Club" was set up. Specific KPIs enable the energy consumption of equipment or its performance to be compared across sites. An equipment replacement program is currently being developed.

With regard to energy mix, to date it is still difficult for most sites to use renewable energy, except in countries where this is available and offered as an option to industrial customers by energy providers. For instance, the Export laboratory in India gets 70% of its energy from a neighboring solar farm.

In 2018 the Reboost Energy program continued, with the goal of achieving a 15% reduction in energy intensity per good lens produced by 2020 (compared with 2015) on a scope that represents the majority of the Group's energy consumption.

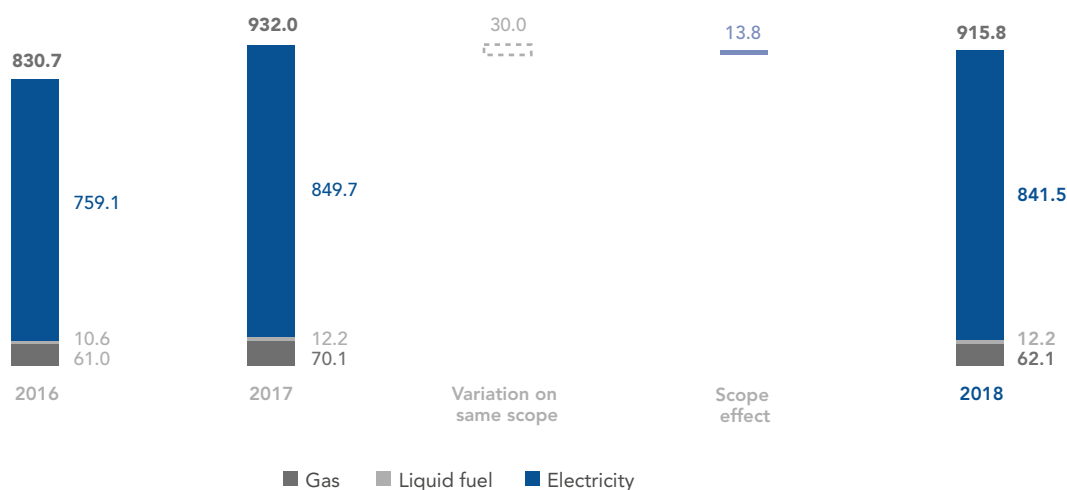
Essilor has also voluntarily contributed to the work of the CDP Climate. In 2018, the Group was again awarded an "A-" rating in recognition of its efforts and continuing investments, having shown leadership in this area.

Direct energy consumption by primary energy source

		2018	2017	2016
Total consumption (GWh)		915.8	932.0	830.7
Breakdown by type	Electricity	841.5	849.7	759.1
	Gas	62.1	70.1	61.0
	Liquid fuel	12.2	12.2	10.6
Renewable energy		190.6	193.7	174.8
	% of renewable energy	20.8	20.8	21.0

Note: Energy consumption has decreased by 2% compared to last year. Reporting coverage is upped to 93%. With the same scope of 2017, the consumption of energy decreased by around 3% thanks to the energy reduction programs of the Group. Increased participation rate and the expanded reporting perimeter have an impact of 2% of 2018 total energy use. Renewable energy is calculated based on the average percentage level of renewable energy within the global energy mix per country according to IEA database. The Group will strengthen the renewable energy reporting to have more accurate number in the future.

Energy consumption (GWh)



4

Energy & Transportation

Energy used by transportation is measured using three categories: primary (flows to a distribution center or offshore prescription laboratory, regardless of the point of origin), secondary (flows to a subsidiary, regardless of the point of origin) and tertiary (flows to the customer, regardless of the point of origin). See details in Section 4.2.5.4.

4.2.5.4 A limited carbon footprint

Following the achievements of the Paris Agreement and the United Nations COP23 conference, Essilor signed up to the French Climate Pledge in 2017, along with 91 other French companies which have committed, over the following years, to limit their impact on the climate, notably by financing energy efficiency programs, optimizing their production equipment and logistics chains, and innovating in the field of low-carbon products and services.

Essilor has a clear climate strategy to not only being resilient to climate-related risks which is considered as one of main CSR risks of the Group, but also take climate actions as a driver of efficiency, innovation and competitiveness.

Specifically, Essilor manages its Climate Change program and associated risks through 3 main areas of actions:

- monitoring: measure the Group carbon footprint and identify main sources of greenhouse gas (GHG) emissions;
- mitigation: reduce GHG emissions to contribute mitigating climate change;
- adaptation: assess climate change related risks, adapt the business to climate change consequences and build business resilience.

In 2018, the Group has made improvements on each of the areas.

Monitoring the main sources of GHG emissions

Knowing monitoring is the foundation of all climate change related initiatives, with the risk of incorrect or limited measurement, the Group keeps improving its reporting capacity on GHG emissions, by strengthening the data collection process and by extending the reporting scope.

All this work follows the "Greenhouse Gas Protocol" (GHG Protocol), the international set of standards for greenhouse gas accounting. Under this Protocol, there are three categories:

- Scope 1 – Direct GHG emissions occur from sources that are owned or controlled by the Company;
- Scope 2 – GHG emissions from the generation of purchased energy (e.g.: purchased electricity) consumed by the Company;
- Scope 3 – all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

In 2017, Essilor performed its first global carbon assessment of its business by taken into account all sources of emissions along its value chain (raw materials, transportation to customers, depreciation of buildings, end of product life, etc.). The Group's carbon footprint has been estimated at 2.7 million tCO₂eq, across all scopes (Scopes 1, 2 & 3). This work has enabled the Group to:

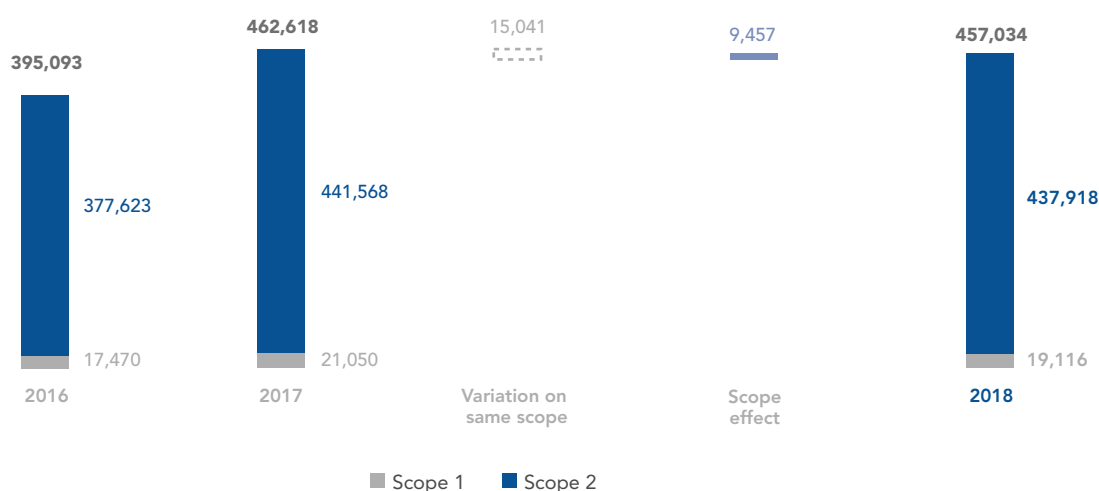
- confirm that the Group's current reference reporting scope, with a total of 752,103 tCO₂eq, is consistent, representing 28% of the total estimated footprint (see details below);
- provide more detailed information on the largest sources of emissions;
- improve the Group's knowledge of Scope 3 so as to begin dialogue with stakeholders (transporters, suppliers, etc.);
- identify the next focus areas in terms of reporting and mitigation;
- confirm Essilor's positioning as a low-carbon company.

Direct and indirect greenhouse gas emissions deriving from energy consumption (scope 1 and 2)

Since 2015, Essilor has been working on an extended reporting scope for its greenhouse gas emissions, and has reviewed the associated calculation methodology. The Group uses the main emissions factors via the databases of the French Environment and Energy Management Agency (www.ademe.fr).

	2018	2017	2016
TOTAL SCOPE 1+2 EMISSIONS (tCO₂eq)	457,034	462,618	395,093
Scope 1	19,116	21,050	17,470
Gas	15,152	17,102	13,661
Liquid fuel	3,964	3,948	3,809
Scope 2	437,918	441,568	377,623
Electricity	437,918	441,568	377,623

Note: GHG emission (Scope 1+ Scope 2) of 2018 has decreased by 1.2%. With the same reporting scope, the GHG emission decreased by 3%, in line with the decrease in energy consumption. The 2018 scope impact accounts for 2% of the total Emission of Scope 1+ Scope 2.



Indirect greenhouse gas emissions deriving from transportation (scope 3)

While it is important to understand the global footprint of the Scope 3 emissions, the Group has a specific focus on the downstream transportations and distributions of the lenses, one of the most important carbon emission sources of the Group activities.

Downstream transportation emissions have been split in 3 categories:

- primary transportation: flows to a distribution center or offshore prescription laboratory, regardless of the point of origin;
- secondary transportation: flows to a subsidiary, regardless of the point of origin;

- tertiary transportation (so called "last miles"): flows to the customer, regardless of the point of origin.

Since 2015, to focus on the material impacts, the Group has been working with a reference reporting scope in terms of volume and geographical coverage, covering all three types of transportation and has been continuously integrating more subsidiaries and locations in the reporting scope.

The 2018 emissions data covers 33 mass production plants, seven offshore prescription laboratories and 14 distribution centers, representing almost all locations of the Group's lenses business with international transportation flows. In addition, the Group has expanded the scope of "last miles" reporting, notably for European subsidiaries.

(tCO ₂ eQ)		2018	2017	2016
TOTAL SCOPE 3 EMISSIONS ASSOCIATED WITH TRANSPORTATION		295,068	281,988	226,371
Development factors	Impact related to transported volume & reorganization of logistics flows	290,535	281,988	
	Impact of reporting scope expansion	4,533		

Note: GHG emission linked to logistics of 2018 has increased by 4.6%. With the same reporting scope as 2017, the GHG emission increased by 3%, mainly due to the increase of transported volume. The expanded scope accounts for 1.5% of the total 2018 emissions.

Mitigation

While implementing its growth strategy, the Group is committed to reducing the environmental impact of its operations, particularly its carbon footprint.

Reducing the Group's GHG emissions is also an opportunity to reduce the associated costs (energy, transportation), limit energy dependence (even if relatively moderately), anticipate the application of binding climate agreements (taxes, quotas) and meet the expectations of investors and financial institutions, as well as of key account customers in this area.

The analysis of GHG emissions shows that there are three main sources of emissions that are considered as priorities on mitigation projects:

- transportation between suppliers, plants, laboratories and customers.

The Group continues to optimize its supply chain by favoring regional flows between the production plants and the prescription laboratories, by replacing the use of air transportation with other means such as sea or road transportation, by reducing the delivery frequency and by requiring logistics subcontractors to use more environmentally-friendly transportation methods;

- purchasing, including raw materials to manufacture the lenses. As part of its Supplier Sustainability Program (see 4.2.6.3), Essilor also works in partnership with its suppliers to improve the environmental profile of its products (e.g.: using less packaging, eco-design...) to reduce the associated carbon footprint;
- the energy used at the lens production plants and prescription laboratories.

Essilor has implemented an ambitious energy efficiency program named "Reboost Energy" (see 4.2.5.3) at the

production plants and significant laboratories. A public target has been issued to reduce energy intensity by 15% by 2020 compared with the 2015 level.

Adapting to the consequences of climate change

Essilor was one of the first signatories of the United Nations' Caring for Climate initiative in 2007, and – being aware from a very early stage of the effects of climate change – it has gradually included the potential natural hazards in its operations management. As such, analyzing the consequences of climate change on Essilor's operations is part of mitigating operational risks at the Group's manufacturing plants and those of its strategic suppliers. The Group assesses these risks and integrates them into its overall risk management strategy so that it can seek the most appropriate solutions.

In 2018, to better understand the potential physical risks linked to climate hazards and to improve Group resilience to climate change consequences, Essilor conducted an assessment on physical climate risks in the long term to build its first climate risk model and tested the model with a sample of 80 main sites, including production plants, laboratories and distribution centers.

Based on the assessment, five main climate hazards and risks have been identified:

- temperature and heat waves, which can increase the operational costs of facility management and can affect employees' well being at work;
- humidity, which can increase the operational costs of facility management and slow down production process;
- periods of extreme drought, which may affect water availability;

- flood and heavy rains, which may cause deterioration of the buildings and potentially threat employee security;
- storms (cyclones, hurricanes and typhoons) which can cause damage to the buildings and slow down the logistics chain;

In addition, fluctuating costs of energy and raw materials (e.g.: additional taxes on fossil energy, carbon tax levy, etc.) can also cause risks and additional costs to Essilor's operation.

Essilor has defined two focus areas in response to climate change:

1. Managing operational risks: a major focus area, broken down into three complementary components:
 - environmental audit prior to acquisition of any new business partner, to assess their exposure to climate change,
 - improvement to the environmental management system at the plants by implementing specific action plans to ensure

better prevention of and adaptation to all climatic risks. As such, the Group pays close attention to the choice of location for its industrial facilities,

- business continuity plan to ensure that production and business activity continues, even in the case of a weather event that could slow down a production plant or disrupt the logistics chain;
2. Developing the product range: eye protection needs in response to a context where climate change may impact the quantity or nature of harmful rays have not yet been evaluated with sufficient precision. However, the protective function of the corrective lens may be incorporated, particularly as a response to the harmful nature of ultraviolet light in general, which is filtered by Xperio® lenses and several other ranges of sun lenses with different E-SPF® index values.

4.2.5.5 A circular economy approach to raw material optimization and waste management

Essilor mainly uses resins, monomers, minerals and chemical products in the manufacture of lenses. It also buys in packaging products (cardboard, plastic casing, plastic film, etc.).

(tons)	2018	2017	2016
Raw materials used	21,970 ^(a)	21,110 ^(a)	18,000 ^(a)

Note: raw materials include resins, monomers and minerals.

Environmental impact studies, for the most part based on life-cycle analyses conducted in 2017, show that Essilor's operations do not present any risks of discharges into the air, water and ground which could seriously affect the environment. However, these activities generate special waste, which must be handled and processed in a particular way.

For many years now, Essilor has been committed to a strategy which combines improvement to manufacturing yields (quality management, continuous improvement, eco-design, etc.) with the promotion of the "3Rs": Reducing the volume of materials used in the various processes (manufacture, distribution), Reuse and Recycle raw materials and packaging.

To cite a few examples by way of illustration:

- the use of cupless cardboard boxes; these offer a number of benefits, including dispensing with the plastic cup previously used for the semi-finished lens, without altering the level of protection;
- the development by the Equipment Division of a system for blocking lenses in surfacing operations which breaks with existing technologies and paves the way for the gradual replacement by all market players of conventional blocking systems, some of which use metal alloys;
- the compacting of polycarbonate shavings and residues from the surfacing process to reduce the weight of waste and recover water, which is then filtered and reinjected into the prescription laboratory's in-house system;
- partnerships with waste managers for incineration of waste with recovery of the energy;
- recycling by subcontractors of certain used effluents (oils, acids etc.), for reuse in Group facilities.

Essilor is pursuing this as part of a more comprehensive circular economy approach. For example:

- the Group uses reusable shuttle packaging known as "Bulkpack" between certain production plants and laboratories, significantly reducing packaging waste;
- Essilor has completed the waste generation analysis of its main plants, export laboratories and a number of its most significant prescription laboratories. This work involved mapping the amount and type of waste, as well as the associated processing solutions. It became apparent that the structure of existing local waste treatment measures play an important role when it comes to managing waste sorting at Group sites;
- Essilor's environmentally-responsible paper policy has received recognition by WWF France. Essilor improved its performance, ranking fourth in the PAP50 2017 survey. Its paper use per employee has fallen by 19%; over 300 tons of paper have been recycled and its recycling rate is close to 100%.

In 2018, Essilor created a mapping of its main waste and established monitoring indicators to develop an initial roadmap. A Waste workshop was organized over several days with Essilor's Waste experts, specifically involving the Purchasing and Legal departments, to establish best practices for waste reduction, waste recycling and waste recovery. The most promising solutions will undergo pilot projects to validate their large-scale deployment.

The prevention and reduction of air discharges are taken into account whenever relevant. For example, the Group's entities invest in devices to treat volatile organic compound (VOC) emissions, ranging from simple on-site extractors to computer-controlled biofilters and activated carbon filters or similar

devices adapted as needed. They set objectives and targets for the reduction of existing discharges.

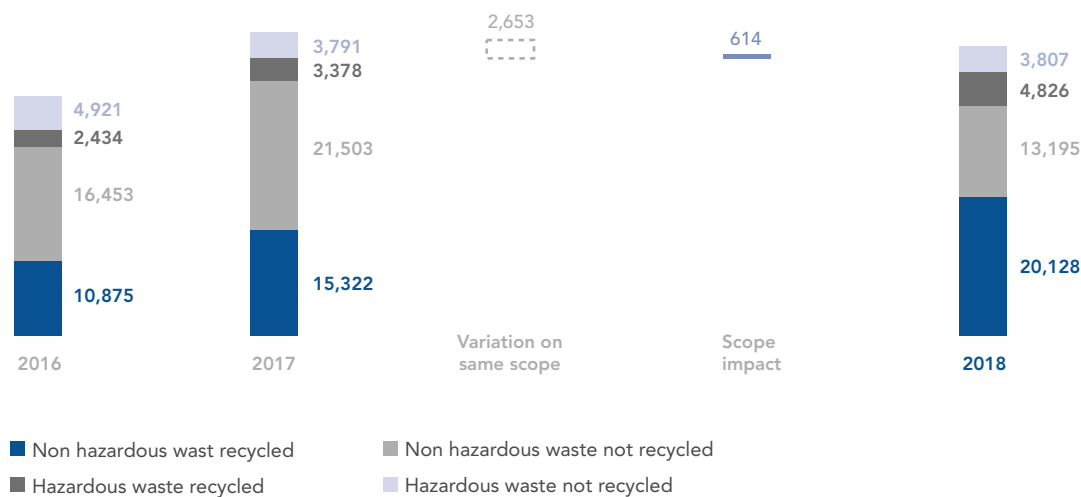
The possibility of discharges into soil that would be likely to impact the environment, even slightly, has been assessed and has led to the implementation of appropriate prevention measures, such as retention devices to deal with accidental spills or the outfitting and special management of chemical storage premises.

Essilor entities also have a waste sorting system to manage their ordinary and special industrial waste. This waste is recorded and taken away by certified specialist companies.

Lastly, Essilor believes that fighting food waste and food poverty is a collective challenge, even if it is not a challenge for the Group in the context of its own activities. However, the Group still educates its employees about this issue.

(tons)	2018	2017	2016
WASTE GENERATION	41,956	43,994	34,683
Ordinary (non-hazardous) waste	33,323	36,825	27,328
Sent to material recycling	11,116	15,322	10,875
Sent to incineration with energy recovery	9,012		
Sent to incineration without energy recovery	4,239	21,503	16,453
Sent to landfill	8,956		
Special (hazardous) waste	8,633	7,169	7,355
Sent to material recycling	2,191	3,378	2,434
Sent to incineration with energy recovery	2,635		
Sent to incineration without energy recovery	2,141	3,791	4,921
Sent to landfill	1,666		
Waste recover/recycle rate	59,5%	42,5%	38,4%

Note: To continuously improve the reporting data quality and relevancy, the waste breakdown has been updated in 2018 and new categories have been created. With this more demanding requirement, the waste reporting coverage has decreased to 74% of Group headcounts. The decrease of waste of 2018 is mainly due to this scope reduction, resulting in 6% decrease in waste compared to 2017 scope.



Chemical spills

	2018	2017	2016
Number of accidental chemical spills	2	1	2

Note: In 2018, there were two accidental chemical spills happened in Brazil. The 2 cases in total have less than 100 litres of impact and actions have been put in place.

Societal information

4.2.6 Working with society

As Essilor has grown internationally, it has based its success on the proper consideration of local impacts, dialogue with stakeholders and the creation of shared value with partners, suppliers, governments and local communities. The establishment of Essilor sites provides access to meaningful jobs in a buoyant sector and generates significant direct and indirect income. The Group's Principles and Values and its Code of Ethics are the foundation of all business relations, ensuring fair and honest collaboration which is transparent for stakeholders.

As a signatory of the Global Compact, Essilor has undertaken to promote the ten universally accepted principles relating to human rights, labor standards, the environment and the fight against corruption. Essilor also contributes to the United Nations Sustainable Development Goals through its Mission.

Within Essilor's scope of consolidation, this undertaking is reflected in internal control procedures to prevent, detect and remedy any situations that undermine integrity and the principle of free competition as well as in employee management procedures that comply with best practices. With its partners, the Group ensures that it does not work with entities that fail to respect the provision of decent working conditions for their employees, employ people below the local legal age or prohibit employee representation.

4.2.6.1 Fair business practices

Given the diversity of the countries in which Essilor operates, the Company has to remain vigilant to changes in local labor and environmental regulations.

This requires a specific organizational structure, ongoing monitoring and close collaboration between the Legal Affairs, Compliance, HR and Environment/Operations functions.

Given its business activity and its commitment as a responsible company, Essilor has to combat all forms of corruption and fraud, particularly in geographic areas that are sensitive to this type of risk. Tax evasion and money laundering, as well as the frauds that are often associated with it, are also given special attention. Essilor condemns these practices firmly and has put in place procedures to prevent the risk of occurrence.

This entails devising a system to prevent risks of corruption and training employees in how to apply it properly, in compliance with local regulations, the Code of Ethics, and the Essilor Principles and Values. In 2015, the Group decided to make improvements in this area by appointing a Chief Compliance Officer and putting together a network of local correspondents.

Finally, as an industry leader, Essilor is highly vigilant with regard to compliance with competition rules and takes care to prevent conflicts of interest.

To promote fairness in its business practices, Essilor International has introduced procedures which are formalized in a number of documents:

- the Essilor Principles and Values formalize the general conduct rules to be followed by every employee;
- a Code of ethics, available since the first quarter of 2018, reaffirms that Essilor is accomplishing its mission to "improve lives by improving sight", driven by its Principles and Values. This Code is being deployed through face-to-face training for managers and employees, supplemented by e-learning training on "EssilorU", offered in 21 languages. All employees with access to "EssilorU" will then be asked to acknowledge they have received and understood the Code
- the Minimum Control Standards (MCS) formally enshrine 80 internal controls which are generally considered to be the most crucial to have in place. Brochures explaining these procedures to employees have been translated into 32 languages. The MCS also form the basis of the annual self-assessment questionnaire for internal control;
- the Group Standards Guide, which brings together the various rules of internal control covering the main Group-level organizational processes;
- detailed rules and policies (local, regional and/or Group level);
- *ad hoc* working groups devoted to the implementation of specific regulations, such as REACH, UK Bribery Act, the Modern Slavery Act, "Devoir de vigilance" and California Proposition 65;
- development of a formal competition law compliance program;
- preparation and implementation of a formal Group corruption prevention guide, explaining the common rules and principles to be observed throughout the Group in addition to local laws. This guide was updated in early 2018 to take account of the requirements of the French Law on transparency, the fight against corruption and the modernization of economic life (known as Sapin II) and is available in 14 languages to facilitate its distribution within the Group.

Prevention of corruption

As a signatory to the Global Compact and member of Transparency International, Essilor complies with, supports and promotes the UN convention against corruption and ensures compliance with local regulations.

In terms of raising awareness about the various forms of corruption, training and awareness-raising tools have been rolled out by means of audio kits available on the intranet. Training in local languages is provided as a suite of awareness-raising programs that are gradually cascaded from the Group's Management Committee. With the odd exception as a result of very recent hires or other extraordinary events, all Directors of the Group have been made aware of and trained in the prevention of corruption

and conflicts of interest, through e-learning. The same is true of employees who, due to their role, may find themselves in risky situations. They are also requested to undertake training provided via e-learning modules, available since 2018 in 22 languages. These e-learning training courses are complemented by classroom-based training programs, where necessary.

These awareness-raising and training actions supplement the rollout and access to the corruption prevention Guide, updated in early 2018. They express the firm resolve of the Group's general management to promote the corruption prevention measures entrusted to the Group Compliance department. This department, created in 2015, relies on a dedicated team reporting to the Chief Compliance Officer and a local network of regional coordinators.

In addition to these awareness-raising activities, risk mapping on corruption, tax fraud, tax avoidance and money laundering was established at Group level. This is an essential tool that helps to determine priority actions in this area, and has allowed the Group to adapt its internal prevention procedures. To this end, compliance procedures have been drafted and made available within the Group, and integrated into the Group Standards Guide (GSG). Monitoring and compliance with the GSG are led by the Internal Control department. The deployment and effective implementation of these anti-corruption measures, combined with the implementation of other preventive measures, are then subject to specific audits, led by the Internal Audit department. This forms part of the Group's effort to continuously improve the effective implementation of risk prevention measures regarding corruption, tax avoidance, tax fraud and money laundering.

Accordingly, access to EthicsLine, the internal alert system for several years now which covers various areas (HR, CSR, legal, finance) within the limits set by local regulations, is a key part of the corruption prevention actions. Introduced initially in North America, EthicsLine has been rolled out since 2017 across the Group as a whole. The system can be accessed by each employee via a secure dedicated website or via a toll-free hotline. This system also allows all employees to request advice on other topics related to human rights (data protection, psychological or sexual harassment, health/safety, etc.). All alerts and requests for advice are processed by the Group Compliance department, which relies on a network of internal investigators trained in this respect (HR, Legal, Internal Audit, etc.). In 2018, several alerts resulted in disciplinary sanctions ranging from warnings to dismissal.

Compliance with competition rules

The Group's legal risk prevention policy is structured around the three main risks associated with its business activity. As such, for Essilor, a major player in its market, compliance with the rules of competition law and commercial practices is an essential pillar of its risk prevention policy. The compliance program has been formally established and its rollout allows the Group to promote and reinforce good competition law practices in trade relations with Group partners and stakeholders.

4.2.6.2 The Group's human rights vigilance plan

This section aims to present Essilor's approach to meeting the requirements of French Law No. 2017-399 relating to the duty of care of parent companies and contractors.

This vigilance plan covers the scope of the Essilor group represented by Essilor International and its subsidiaries within its scope of financial consolidation.

As the combination between Essilor International and Luxottica was only very recently finalized, thus in late 2018, Luxottica cannot be considered in respect of this vigilance plan.

Essilor attaches particular importance to identifying risks and preventing serious breaches of human rights and fundamental freedoms, health and safety at work (these are referred to below as "human rights"), as well as the environment, that could arise as a result of its activities, those of its subsidiaries, and those of its suppliers and subcontractors, whatever their position in the value chain.

The Group hereby reports on the progress of the operational implementation of its commitment and vigilance approach for each of the corresponding key themes, and according to any changes in its activities and structure. For the sole purposes of clarity and readability of this vigilance plan, if necessary, readers will be referred back to sections of this Non-Financial Performance Disclosure for further details.

An essential mission that helps provide access to visual health

Seeing well is essential for daily wellbeing and good quality of life. Having good vision allows an individual to acquire knowledge, access employment and integrate socially within their environment. That is why Essilor's teams are active worldwide in their drive to "improve lives by improving sight" with the aim of providing better vision to the world's 7.4 billion people. Through its mission, operations and organization, Essilor plays a role notably in providing access to visual health. Its expertise, global presence and capacity for innovation have resulted in more than a billion people worldwide already wearing Essilor products. See Section 4.2.3.

A mission that helps to promote human rights and protect the environment across the whole value chain

For nearly 170 years, Essilor has placed particular importance on respect for human rights and the environment, along with the applicable laws and regulations. This is an integral part of its culture and is fully at the core of the Principles, Values, and Mission of the Group.

This requirement was strengthened in recent years in a context of sharp growth: with lenses constantly evolving, new activities being developed, and the expansion of Essilor's presence in new countries.

Moreover, the development in recent years of international standards has informed the Group's approach. Since 2010 and the adoption of several international laws, human rights and the environment must in fact be a core focus of any responsible corporate policy. In addition, the Group ensures the application of the UK "Modern Slavery Act" and the French "Duty of Care" law. For illustration, Essilor has also decided to base its sustainable development approach on the United Nations Guiding Principles for Business and Human Rights as well as the OECD Guidelines for Multinational Enterprises.

As part of its Mission and commitment as outlined previously, Essilor develops its actions contributing towards stakeholder dialogue, the optimization of its environmental footprint, the development of various inclusive economy models and philanthropic actions and the promotion of employee shareholding.

Essilor's commitment to the respect and promotion of human rights and the environment was specifically marked by its signing of the United Nations Global Compact; a commitment which has been renewed every year since its first signing in 2003 and is supported at the highest level in the Company, by the Chairman and Chief Executive Officer. This is part of the commitment to the ten principles of the Global Compact relating to respect human rights, labor law, the environment, and the fight against corruption, of which the Group has now been a part for more than 15 years.

Generally speaking, Essilor endeavors to ensure that its activities comply with the International Bill of Human Rights and the principles on fundamental rights set out in the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

Essilor cares about the quality of its employees' working life. A human resources policy that entails respect of physical and moral integrity, and fair treatment under all circumstances, has thus been implemented. See Section 4.2.4. Essilor also recognizes the eight fundamental conventions of the ILO, thus freedom of association and the right to collective bargaining, the abolition of all forms of forced or compulsory labor, abolition of child labor and removal of discrimination in employment and occupation.

Furthermore, Essilor cares about reducing its environmental footprint, and attaches particular importance to complying with the corresponding laws and regulations, as well as applying environmental best practice that facilitates management of the related impacts. See Section 4.2.5.

In addition, the Group attaches particular importance to the proper application of the laws and regulations in force in the countries where it is established. However, it operates in geographic regions where the application of human rights and environmental legislation may be limited, and fall below international standards. In such situations, Essilor strives to perform its activities in accordance with international standards for the protection of human rights and the environment, and to implement actions designed to prevent any negative consequences in these areas, and to remedy them should they occur.

In addition, so as to strengthen its commitment and its action structure in 2018, Essilor published its Code of Ethics in which respect of human rights and the environment are among the themes outlined. Available since Q1 2018, this Code is deployed through face-to-face training for managers and employees, supplemented by e-learning training. It is also available on the Group's website, www.essilor.com. See Section 4.2.6.1.

The Group is committed to continuous progress, and is aware that its human rights and environmental approach requires monitoring, review and regular improvement in terms of identifying the associated risks, updating policies and internal procedures, making commitments and implementing actions "on the ground" to mitigate risks, preventing serious breaches, and taking corrective action where applicable, then remaining permanently vigilant about the consequences of its activities.

This continuous progress approach includes its value chain. Essilor attaches particular importance to ensuring that its suppliers and subcontractors contribute to this approach. See Section 4.2.6.3.

Organization and steering

In 2017, Essilor set up a Group-wide operational working group on human rights made up of the heads of Sustainable Development, Human Resources (HR), Purchasing, EHS, Compliance, and internal experts to improve its policy and vigilance plan in order to ensure the respect and promotion of human rights and the environment.

This working group meets each quarter to draft a roadmap, to assess its progress, and to review the associated action plans. It reports on its work to the Global Sustainable Development Steering Committee and prepares all items to ensure that the CSR Committee is informed of the application of the Group's commitments. This organization is intended to support the operational functions (mainly HR, EHS and Purchasing) at regional or local level in the application of the Group's policies and the implementation of reasonable vigilance measures.

In addition, the Group's Global Environment, Health and Safety department is responsible for managing the program to reduce its environmental impact and ensure the health and safety at work of all employees. It relies specifically on a network of correspondents present locally on production sites and the main prescription laboratories to manage the operation of environmental management.

Essilor has also joined the French association *Entreprises pour les Droits de l'Homme – EDH* (Companies for Human Rights) to share best practice and facilitate dialogue with stakeholders. EDH provides tools and advice on implementing the United Nations Guiding Principles on human rights.

Lastly, Essilor wishes to involve its stakeholders more and go beyond the actions already undertaken, reflected by its regular discussions with representatives from civil society, its support of NGOs and its participation in round table discussions.

For instance, the Group supports the RHSF (*Ressources Humaines Sans Frontières*) NGO, whose mission is to promote the respect of human rights at work and in the entire subcontracting chain, in compliance with the environment and communities; Essilor also contributes financially to the endowment fund established by RHSF and has launched several field projects with RHSF in Asia to improve practices on their production sites.

Risk mapping

Essilor carries out its activities in more than 100 countries in varied economic and sociocultural contexts, through businesses that may present risks relating to human rights and the environment. Identifying, assessing and managing these risks is thus an integral part of Essilor's corporate culture and is strengthened over time:

- in 2014, the Group undertook its first risk mapping in relation to human rights, within Essilor's scope alone. This gave a better understanding of the challenges faced by each type of business activity (Lenses, Equipment, Sunglasses & Readers), by geographic region, and by theme through which Essilor may have an impact. On the basis of this analysis and with help from experts and stakeholders, Essilor was able to further structure and strengthen its vigilance approach;
- in 2017, Essilor undertook a new risk mapping exercise, this time across two separate scopes: firstly all the Group's operations and core businesses, secondly its supply chain incorporating suppliers and subcontractors for Tier 1 direct and indirect purchases. The aim was to identify and analyze the priority risks of serious breaches in human rights and environmental matters, ranked on the basis of their impact on individuals, fauna and flora, their occurrence in recent years, their scope of impact, and their remediable nature.

When undertaking this recent risk mapping, Essilor used the United Nations Guiding Principles Reporting Framework (ILO, Amnesty International, Human Rights Watch), specific databases (Social Hotspots Database) specifically referring to the

geographic sectors and businesses in question, and existing Group risk management tools, as well as external experts. Several working groups were also set up with the internal teams of the departments most concerned by these challenges (purchases, EHS, HR, internal audit).

Finalized in 2018, this mapping helped identify the Group's biggest challenges in human rights and the environment in its operations (at site level and concerning the nature of activities considered) and/or in terms of its Tier 1 subcontractors and suppliers, as follows:

- *Challenges relating to human rights and fundamental freedoms*: freedom of association, right to collective bargaining, excessive working hours, harassment, abuse, and disciplinary measures, equal opportunities and discrimination, remuneration methods that do not provide fair and equitable wages, and non-compliance with international labor standards for migrant workers, inadequate social benefits and social security.
- *Challenges relating to the health and safety of individuals*: accidents, occupational illnesses, death, exposure to toxic products, industrial accidents, and architectural integrity of buildings.
- *Environmental challenges*: waste management and water pollution.

Risk prevention and mitigation measures

Risk mapping has helped to raise awareness among operational teams and to prioritize action plans at both Group and regional level.

For each key theme, the functions involved coordinate the most appropriate approach in a continuous improvement process.

For more details on the measures of prevention, mitigation and/or remediation implemented, as well as on progress made in 2018, please refer, for clarity and readability purposes only, to the following sections:

4

Risk family	Sections
Challenges relating to human rights and fundamental freedoms	4.2.4.3 Employee integration and inclusion of all forms of diversity 4.2.4.4 Employee shareholding & management/employee consultation 4.2.6.3 Sustainable purchasing in supplier relations
Challenges related to the health and safety of individuals	4.2.4.1 Ensuring health and safety with a quality working environment 4.2.6.3 Sustainable purchasing in supplier relations
Environmental challenges	4.2.5.2 Reducing water use 4.2.5.5 A circular economy approach to raw material optimization and waste management 4.2.6.3 Sustainable purchasing in supplier relations

Regarding Tier 1 suppliers and subcontractors, Essilor developed and relies on the Supplier Sustainability Program since it attaches particular importance to ensuring that its Tier 1 suppliers and subcontractors act in an exemplary manner and in compliance with its Principles and Values.

The latter are required to comply with the general purchasing conditions, which include clauses on the obligation to comply with the ILO's Fundamental Conventions and local legislation, particularly as regards minimum wage, working hours, the environment and health and safety, and on the protection of human rights (forced labor, child labor, etc.). In addition, the Group's Supplier Charter, available from its website www.essilor.com, describes the four guidelines to be followed; one of which covers respect for human rights and labor standards. Another also relates to hygiene, the safety of individuals, and the environment.

Moreover, the Purchasing department assesses the CSR performance of suppliers by means of a shared assessment platform (managed by EcoVadis). In 2018, Essilor also strengthened its system by directly training suppliers for the Supplier Sustainability Program and implementing an exclusion procedure for suppliers deemed "not to meet our requirements" after an on-site social & environmental audit should said company not wish to implement corrective actions deemed necessary. Additionally, to facilitate the identification and management of these risks, Essilor will implement a Supplier Relationship Management (SRM) tool with existing suppliers and new suppliers to qualify them. See Section 4.2.6.3 for more details.

Furthermore, regular awareness-raising and training actions dispensed to employees on human rights are organized via dedicated e-learning modules on the "EssilorU" platform, and using face-to-face training. As previously explained, the Code of Ethics is also deployed through face-to-face training for managers and employees, supplemented by e-learning training, proposed in 21 languages. Many training courses were also dispensed in the various entities on environmental management aspects.

In addition, in 2018 the Internal Audit department created a specific "human rights" audit program on risks relating to human rights, fundamental freedoms, health and safety at work and the environment, likely to be generated by the Group's business and its Tier 1 suppliers and subcontractors. In 2018, five so-called "pilot" audits were launched in England, Thailand (2), Brazil and South Africa, covering approximately 10% of the Group's workforce. They helped to clarify and strengthen the methodology of said audit program. The sites were chosen according to three criteria: geographical distribution, activity, and number of employees. The results of these audits, included in the audit reports, will be monitored by the departments concerned to ensure that the corrective actions recorded in these reports have been implemented. In 2019, based on the results of its risk mapping, Essilor will continue to deploy this "human rights" audit plan across its entities most at risk and by covering the largest number of Group employees.

Regular assessment of subsidiaries, suppliers and subcontractors

The risk assessment as presented above is regularly updated on the basis of monitoring work carried out with third-party organizations specialized in human rights, internal audit reports, and/or audits conducted with Tier 1 suppliers and subcontractors. The development of new activities, the establishment of plants in new countries or the referencing of suppliers and subcontractors are also factors that contribute to the update of the risk mapping. In the long term, Essilor wishes to assess the risks of its suppliers and subcontractors across its entire supply chain.

Furthermore, all subsidiaries directly or indirectly controlled by the Group are subject to an annual report on sustainable development (see 4.2.2.4) in which key indicators relate to human rights, the environment, and associated risks are monitored. On this basis, the Sustainable Development department produces a performance report for each "business unit" or region so that departments can monitor changes in their key indicators and take corrective action if necessary, in terms of human rights and the environment.

Alert mechanisms

Essilor attaches particular importance to ensuring that all employees act in compliance with the applicable laws and regulations, in accordance with the Group's Principles and Values, and also that they are given the means to be heard when they have a question or concern about ethics, compliance, human rights, and the environment.

Various channels are available to employees who witness or fall victim to a situation that could prove to be risky in order to bring it to the attention of the Group's teams. Every Essilor employee can send an alert via:

- internal channels: the direct manager, the HR manager or the legal department, the country manager, the regional manager or their business manager, a staff representative of the entity;
- external channels: Essilor has deployed the so-called "EthicsLine" system throughout the Group, allowing employees to report any concerns, including those about human rights and the environment, via a secure website or a free hotline. The deployment of this alert system for employees (communication, face-to-face training) and the associated distribution of supporting documents (flyers, posters) were developed with the support of local Human Resources departments in subsidiaries in France, Europe and Asia. This alert system has been in place for several years in North America and Latin America.

Employees can use either of these options, subject to the same confidentiality rules (for instance, it is possible to submit an anonymous alert). The Compliance department is authorized to investigate any alerts it receives and, where applicable, to take the necessary action to remedy acts or situations in breach of the Code of Ethics. See Section 4.2.6.1.

Monitoring system

In addition to the assessment and monitoring mechanisms (audits, reports, participation in regional and local committees, etc.) outlined above, Essilor has developed an initial set of performance

indicators related to human rights and the environment, inspired by those of the Global Reporting Initiative (GRI), which are published each year in the Registration Document.

By monitoring these indicators, Essilor evaluates the effectiveness of the initiatives implemented to prevent the related risks. Below is a summary of some key indicators:

Theme	Key indicators – 2018 status
ENVIRONMENTAL CHALLENGES	
• # of chemical spills	2
• # of entities in water stress area	4 in India and Mexico
CHALLENGES RELATED TO THE HEALTH AND SAFETY OF INDIVIDUALS	
• # Frequency rate and severity rate of work related injuries	Frequency rate: 2.0; severity rate: 0.06
• # of work-related fatalities	0
CHALLENGES RELATED TO HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS	
• # of alerts raised through the whistleblowing system (EthicsLine)	156
Training	
• # of employees having completed the "Human Rights & Business" training	1,859
• # of employees assigned to the "Code of Ethics" training	43,000
Suppliers	
• % of Preferred suppliers acknowledging the Supplier Charter	95%
• % of Strategic suppliers undertake CSR assessments	78%

4.2.6.3 Sustainable purchasing in supplier relations

Essilor maintains mutually-beneficial relations with its suppliers and subcontractors: they are essential partners in its operations and growth, and the Group supports their performance by helping them, particularly in the field of international expansion. Essilor therefore seeks to establish constructive dialogue with them and develop a durable, balanced relationship with respect for ethics and social and environmental issues.

Dedicated organization

Since 2016, the Purchasing department has relied on the Supplier Sustainability Program (SSP) to manage its supplier relations and, reflecting the importance of this program, has set up a dedicated structure to deploy it.

A sustainable purchasing manager was appointed within the Group Purchasing department to run and monitor the implementation of the various parts of the program within the purchasing community. This function relies on regional purchasing managers to ensure it is deployed within the Group and to measure its effectiveness. Furthermore, regional SSP Leaders are appointed to ensure that the program is implemented and the process is monitored. Furthermore, the remuneration policy of purchasing teams is indexed in part on the achievement of objectives set as part of the SSP roadmap. In addition, the progress of the program is reviewed each year by the CSR Committee of the Group's Board of Directors.

Program contents

The program is composed of two parts. The first is sustainable purchasing, the goal of which is to assess suppliers' CSR performance by ensuring that:

- all listed suppliers and subcontractors comply with the principles set out in the Supplier Charter (see www.essilor.com), and from a contractual standpoint, comply with general purchasing conditions, which include clauses on the obligation to comply with the International Labor Organisation's Fundamental Conventions and local legislation, particularly as regards minimum wage, working hours, the environment and health and safety, and on the protection of human rights (forced labor, child labor, etc.). In 2018, 95% of spending with preferred suppliers complied with the principles and values of the Supplier Charter;
 - the CSR performance of suppliers and subcontractors (representing 80% of overall expenditure) complies with the Group's requirements. In this regard, the Purchasing department assesses their performance by means of a shared evaluation platform run by EcoVadis. In 2018, 78% of strategic suppliers underwent CSR assessment. Furthermore, this approach will be extended to all Essilor's preferred suppliers.
- Methodology for classifying supplier CSR performance: When the results of their assessment are not satisfactory (<45), suppliers must design and implement remedial action to counter the weaknesses identified. To do so, they may call on Essilor's purchasing managers who are trained to support

them in their improvement process. Once the remedial action has been implemented, suppliers must undergo a new assessment. In the event that a non-compliant supplier does not wish to implement remedial actions or commit to make progress, Essilor may have to terminate its business relationship with said supplier;

- risk management is addressed by regular, systematic assessments of all listed suppliers. In the event of detected risk or suspicion, the Purchasing department will trigger on-site audits and require suppliers to implement remedial action. Furthermore, to comply with the Law of March 27, 2017 on the duty of care of parent companies and instructing companies (Law No. 2017-399 published in the Official Journal of March 28, 2017) and to further develop its assessment and support measures for suppliers on CSR aspects above and beyond preferred suppliers, Essilor has mapped the CSR risks within its supply chain. See Section 4.2.6.2.

Once this human rights mapping was complete, the existing risk mitigation and prevention measures were assessed and, with a view to continuous improvement, those suppliers identified as priority 1 will be incorporated in the process defined above.

Additionally, to facilitate the identification and management of these risks, Essilor will implement a Supplier Relationship Management (SRM) tool with existing suppliers and new suppliers to qualify them;

- lastly, the Group aims to undertake CSR assessments with all strategic suppliers, and to ensure that all preferred suppliers comply with the principles of the Essilor Supplier Charter by 2020.

The second component is responsible purchasing, the goal of which is to relay Essilor's Mission and encourage its suppliers to embark on initiatives, alone or with others that will have a positive impact on people and the environment. The following are some examples:

- promoting World Sight Day: in 2017, the Purchasing team held a series of events for suppliers and their employees to raise awareness about the importance of good eyesight and highlighted this issue on their own social networks. Over 160 suppliers in 32 countries (Europe, Asia, North and South America) across various sectors (e.g.: transportation, IT, catering services, etc.) took part in this initiative. This resulted in around 500 sight tests being carried out and over 2 million people being made aware of the issue via social media. In this context, the purchasing teams won an award at the Global Operations Awards for their major contribution to improving the societal impact and development of the Mission. The Group also offers awareness-raising actions through the Vision & Road Safety program (See Section 4.2.3.1), and endeavors to make equipment solutions available to ensure the safety of its employees and suppliers working in the transportation sector.
- local inclusive purchasing programs (developing business in the protected worker sector, local sourcing to boost the local economy in all countries where Essilor operates, increased purchasing from suppliers representing minorities);

- free services negotiated with one of Essilor digital marketing agencies to overhaul the website of Essilor Vision Foundation™;
- eco-design (development of cardboard-only packaging instead of a mix of cardboard and plastic, such as the "Cupless®" concept);
- use of bio-sourced materials in the manufacture of frames;
- fitting equipment at Group manufacturing plants to reduce water and energy use, or recycle it (solar panels, increased use of renewable energy, etc.);
- analysis of the life cycle of the main raw materials used to manufacture the lenses.

Training for purchasing and suppliers

To support the Supplier Sustainability Program, training courses in CSR Purchases intended for the whole Group Purchasing department and suppliers have been set up in all regions.

These programs are given in the form of face-to-face seminars or webinars, in different languages, to ensure that participants fully understand the approach taken by the program. In 2018, 63% of the team had already attended these training courses. Essilor extended this approach to its suppliers (approximately 160 took part in dedicated webinars) to further understanding of the Group's CSR objectives and challenges. In 2019, these training courses will continue to help gradually raise awareness among all stakeholders.

4.2.6.4 Sustainable product marketing

Essilor has to market products with stated levels of quality and performance that meet customers' needs most effectively.

Quality & Customer satisfaction

The ongoing improvement in the satisfaction of the Group's customers is driven in particular by product and service quality assurance. This is a major factor when it comes to guaranteeing stable costs, limiting legal risks and strengthening the Group's reputation.

The Quality and Customer Satisfaction Function reports directly to the Senior Vice President, Global Operations and liaises with the Group's commercial organisation. It is driven by 3 fundamentals: product safety, customer centric and compliance; and has three key aims:

- to satisfy customers, in terms of products and services, taking into account the diversity and variety of expectations according to customer segments;
- to improve the effectiveness and consistency of internal processes, aligning them with the overall strategic objectives and measuring their efficiency;
- to represent the Essilor group on standards bodies to promote the interests of consumers on these bodies (e.g., ISO).

	2018	2017	2016
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0	0	0

Responsible marketing

Essilor is committed to communicating with its customers and end consumers in a clear, sincere way about the performance of its products and services, in accordance with the regulations.

This transparency is at the heart of the relationship of trust that Essilor has built for many years with its customers, and is today one of the Group's major intangible assets.

For this purpose, Essilor was eager to specifically develop five areas of work:

- Essilor ensures, from manufacturing to marketing, that communication about products is accurate and complies with the applicable regulations in force, specifically as regards advertising. This may involve a link with the local authorities and/or consumer associations who wish to have more details about the specific features and characteristics of its products, in order to confirm that the performance and benefits outlined are genuine and proven;
- to facilitate uniform communications on this subject, and to maintain the consistency of its marketing statements, Essilor developed an internal platform named "The Media Place", where all communication elements, tools and marketing packs approved at Group level are accessible to partners in all regions worldwide. To ensure that the deployment of these tools remains compliant with the above principles, by validating and disseminating them at global and regional level, all Essilor teams pay particular attention to items of intellectual property, image rights, copyright, advertising law and any local regulations in effect;
- one of Essilor's main features, allowing it to assert its position as market leader, is that it has implemented a validation process for the marketing arguments of its products to ensure that for each of them (i) appropriate proof exists and (ii) the performance of the products in the laboratory can be taken into account within its production environment. Hence, most of Essilor's products and services are based on reliable wearer tests carried out with representative panels that take real-life and experimental conditions into account. For instance, Essilor has opened a House Lab and a Car Lab to test the performance of some of its products in real-life settings;
- in addition, in order to maintain the sincerity and transparency of its messages, right up to end consumers, Essilor is deeply involved with its sales networks, professional bodies and other interested authorities, remaining at their disposal to explain and raise awareness of the products they market. In this context, in some countries, training (face-to-face or e-learning) intended for the sales force and eye care

professionals/optometrists may be given. It should be noted that due to the diversity of regulations in force around the world, each of the subsidiaries involved in marketing the Group's products, may undertake its own monitoring to comply with the local laws, standards and voluntary codes in force;

- lastly, honest communication also calls for transparency in the public positions that the Group adopts in its dealings with the authorities and professional associations and for the consistency of these positions with the targets for sustainable development. In accordance with French law, Essilor has no political involvement. It works with its local public sector stakeholders and participates in the development of international standards and in other work relating to its areas of business. It also belongs to professional associations for its industry whose mission is to improve awareness of the importance of good vision. The Group is a member of ASNAV, Association Interprofessionnelle pour l'Amélioration de la Vue (interprofessional association for improving vision), of GIFO, a French optical industry group, of the EUROM 1 European optical industry group and of the Vision Council in the United States.

4.2.6.5 Direct and indirect socioeconomic contribution

Essilor stimulates local economies with its industrial activities, purchasing, and business partnerships, creates direct and indirect employment, develops local skills and expertise, and generates taxes and duties.

The first lever for action was to priorities local employment. The Group encourages the local recruitment of management teams in its subsidiaries and, more generally, enforces the principle of local decision-making.

The Group also generates significant business flows with its local suppliers by preferring short supply chains for products and services outside the scope of central referencing.

Local distributors of products and services referenced by Group contracts also benefit from the local economic impact of the Group's purchasing. The result is a balanced situation, the Group estimating that 50% of its procurement is sourced centrally and 50% locally.

Essilor's economic value breaks down into many components (revenue, operating expenses, salaries and expenses, donations, taxes and duties, dividends, etc.) that are available in the EssilorLuxottica 2018 Registration Document.

Over and above its economic contribution, Essilor's Mission helps to improve the quality of life and the productivity of millions of individuals by correcting their sight. A key contributor to this shared value creation, the Group's 2.5 NVG Division deploys inclusive business models to provide local vision correction at an affordable price for low-income populations in more than 50 countries in Asia, Latin America and Africa (see Section 3).

Essilor has appointed a third-party expert to measure the social impact of its Eye Mitra™ program, which aims to provide primary eye care to populations in rural and semi-urban areas of India through the development of local micro-enterprises by individuals who are underemployed. The challenge is considerable: in 2013, it was estimated that 550 million people in India needed visual correction and the associated overall productivity loss was estimated at US\$37 billion a year.

Conducted in six provinces of the Uttar Pradesh region in north-east India, the study identifies three main impacts:

- a boost to the local economy, with an average of US\$770 in income generated for suppliers and SMEs for each participant in the Eye Mitra™ program;
- an increase in income of 64% for Eye Mitra™ partners, who also feel more respected in their community;
- growth in productivity for 59% of new eyeglass wearers ⁽¹⁾, who gain an average of one-and-a-half hours a day in their daily tasks.

Lastly, besides the actions targeting its core business and led by the Mission teams (2.5 NVG and Essilor Vision Foundation), several Group entities conduct other charitable initiatives that generally involve issues of public health, education and integration.

4.2.7 Methodology note & correspondence tables

4.2.7.1 Methodology note

Scope of reporting

According to the Group reporting protocol, the scope of sustainability reporting is updated annually according to the finance consolidation scope as of June 30 of the year. New entities acquired for less than one year are granted one year before being integrated into the Group reporting system. This year, for the second consecutive year, the non-financial reporting covers 100% of the Group entities. Two entities were exempted from non-financial reporting in 2018 for the following reasons: One entity in Japan experienced a fire at end of September and was in recovery process during the reporting campaign. One entity in Romania will participate in sustainability reporting starting from 2019. Given the specific cases above, Essilor considers that the 2018 non-financial reporting covers all Group's entities and workforce. Reporting coverage of each indicator has been specified in the footnote of each indicator. Essilor is working on building specific indicators on CSR communication and fair practice. Performance of these indicators will be disclosed next year.

Calculated Indicators

As defined in the Group's reporting protocol:

- the frequency rate is calculated as: Number of work-related injuries with lost days x 1,000,000/total number of worked hours during the reporting period; the total number of worked hours is theoretical worked hours based on calculation of scheduled working days and average number of hours worked per day;
- the severity rate is calculated as: Total number of lost days (calendar days) x 1,000/total number of hours worked over the reporting period; the total number of worked hours is theoretical worked hours based on calculation of scheduled working days and average number of hours worked per day;
- the voluntary turnover rate is calculated as "total number of voluntary departures (resignation)/average number of employees during the reporting period" based on a representative sample;
- the absenteeism rate is calculated as "total number of lost days (working day)/total scheduled working days of all the employees during the reporting period".

(1) 75% of women who buy their glasses from an Eye Mitra™ partner are doing so for the first time.

Method for calculating GHG emissions

In accordance with the GHG Protocol, the accounting and reporting standard for greenhouse gas emissions (<http://www.ghgprotocol.org>), information on GHG emissions is communicated on the basis of three scopes: Scope 1, 2 and 3.

In 2018, the Group continued to follow the GHG Protocol standard and used the databases of the Agence française de l'Environnement et de la Maîtrise de l'Énergie (www.ademe.fr) for conversion factors.

Scope 1 – This corresponds to direct emissions resulting from the on-site combustion of fossil fuels such as gas or fuel oil. The GHG conversion factors were in accordance with the ADEME database (<http://bilans-ges.ademe.fr>):

- Gas: 244 gCO₂e/kWh LCV;
- Liquid fuel: 324 gCO₂e/kWh LCV.

Scope 2 – This relates to indirect emissions associated with the electricity consumption required for manufacturing and machining lenses. The Scope 2 emission was calculated according to the location-based method of the GHG Protocol. The conversion factors for electricity were updated in 2015 based on figures provided by the ADEME database.

The conversion factors for the main countries where Essilor is a consumer of electricity are:

- China: 766 gCO₂e/kWh;
- United States: 522 gCO₂e/kWh;
- France: 82 gCO₂e/kWh;
- Thailand: 513 gCO₂e/kWh;
- Philippines: 481 gCO₂e/kWh.

Scope 3 – This corresponds to other indirect emissions related to the transportation of lenses. For lens logistics, Essilor redefined the various types of transportation and freight in 2015 to include journeys between Essilor sites and airports, ports or railway stations.

Transportation is classified as follows:

- primary transportation: flows to a distribution center or offshore prescription laboratory, regardless of the point of origin;
- secondary transportation: flows to a subsidiary, regardless of the point of origin;
- tertiary transportation: flows to the customer, regardless of the point of origin.

The reporting scope covers all three types of transportation. Essilor has successfully integrated the transportation of new locations into the 2018 Report.

4.7.7.2 Correspondence table for priority CSR risks and mandatory topics

The correspondence table below indicates the section that detail the policy or program, action plan, organization and indicators for each priority risk or mandatory topic.

	Reference
PRIORITY CSR RISKS	
Business ethics	4.2.6.1
Supplier relations	4.2.6.3
Human rights	4.2.6.2
Talent management	4.2.4.2
Occupational health and safety	4.2.4.1
Water use	4.2.5.2
Climate change	4.2.5.4
CSR communication	4.2.1.4
Non-financial reporting	4.2.2.4
MANDATORY TOPICS	
Societal commitment to sustainable development	4.2.3
Societal commitment to the circular economy	4.2.5.5
Information on collective agreements	4.2.4.4
Information on actions to combat discrimination and promote diversity	4.2.4.3
Information on measures taken for the benefit of persons with disabilities	4.2.4.3

4.2.7.3 Correspondence table for topics considered in risk analysis (updated based on Grenelle 2 law)

	Reference
SOCIAL	
Employment	
Total headcount and distribution by gender, by age and by geographic zone	4.2.4
Recruitments and redundancies	4.2.4
Organization of labor	
Working time organization	4.2.4.1
Absenteeism	4.2.4.1
Health and safety	
Occupational health and safety conditions	4.2.4.1
Occupational accidents, including accident frequency and severity, and occupational illnesses	4.2.4.1
Social relations	
Organization of social dialogue including information procedures, consultation and negotiation with the employees	4.2.4.4
Summary of collective agreements signed with trade unions or worker representatives on work place health and safety	4.2.4.4
Training	
Policies implemented regarding training, notably with regard to the protection of the environment	4.2.4.2 and 4.2.5.1
Total number of training hours	4.2.4.2
Equal opportunities	
Measures implemented to promote gender equality	4.2.4.3
Measures implemented to promote employment and integration of disabled people	4.2.4.3
Policy against discriminations	4.2.4.3
ENVIRONMENT	
General environmental policy	
The organization of the Company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues	4.2.5.1
Resources allocated to prevention of environmental risks and pollution	4.2.5.1
Amount of provisions and guarantees for environmental risks, unless such information is likely to cause serious prejudice to the Company in an ongoing litigation	4.2.5.1
Pollution	
Measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment	4.2.5.1, 4.2.5.2, 4.2.5.4 and 4.2.5.5
Consideration of any form of pollution specific to an activity, particularly noise and light pollution	4.2.5.1
Circular economy	
(i) Waste prevention and management	
Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	4.2.5.5
Actions to fight against food waste and food poverty	4.2.5.5
(ii) Sustainable use of resources	
Water consumption and water supply adapted to local constraints	4.2.5.2
Consumption of raw materials and measures implemented to improve efficiency in their use	4.2.5.5
Energy consumption and measures implemented to improve energy efficiency and renewable energy use	4.2.5.3
Land use	4.2.5.1

Reference

Climate change

Significant greenhouse gas emissions items generated as a result of the Group's activity, particularly by the use of goods and services they provide	4.2.5.4
Adaptation to consequences of climate change	4.2.5.4
Reduction targets set voluntarily in the medium and long term to reduce greenhouse gas emissions and the means used for this purpose	4.2.5.4

Biodiversity protection

Measures implemented to protect and conserve the biodiversity	4.2.5.1
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SOCIETAL**Societal commitments for sustainable development**

Impact of the Company's activity on employment and local development	4.2.6.5, 4.2.3.3 and 4.2.3.4
Impact of the Company's activity on neighboring or local populations	4.2.6.5, 4.2.3.3 and 4.2.3.4
Relationships with the stakeholders of the Company and the dialogue with them	4.2.1.1
Actions of partnership and sponsorship	4.2.3.1, 4.2.3.3 and 4.2.3.4

Subcontractors and suppliers

Integration of social and environmental issues into the Company procurement policy	4.2.6.3
Taking into account in relations with suppliers and subcontractors their social and environmental responsibility	4.2.6.3

Fair practices

Measures implemented to promote consumers health and safety	4.2.6.4
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Promotion and respect of the fundamental conventions of the International Labor Organization

Respect for freedom of association and the right to collective bargaining	4.2.6.2 and 4.2.4.3
Fight against discrimination in employment and occupation	4.2.6.2 and 4.2.4.3
Fight against forced or compulsory labor	4.2.6.2
Fight against child labor	4.2.6.2


Other actions implemented to promote Human Rights	4.2.6.2 and 4.2.6.3
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Fight against corruption and tax evasion

Action implemented against corruption and tax evasion	4.2.6.1
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4.2.7.4 Correspondence table for the Guidelines of the GRI, SDGs and UNGC

Following the recommendations of the Global Reporting Initiative Standards, United Nation Global Compact (UNGC) Principles and United Nation Sustainable Development Goals (SDGs), all the indicators and information disclosed in this chapter have been reviewed and audited by PwC according to the modalities explained in the ITO Report in appendix 8.

GRI Standards	UNGC Principles	SDGs	Topic	Reference
GENERAL DISCLOSURES (THE LIST OF GENERAL DISCLOSURES HAS BEEN PREPARED IN ACCORDANCE WITH THE "CORE" OPTION)				
Organizational profile				
102-1			Name of the organization.	5.1.1
102-2			A description of the organization's activities and primary trademarks, products, and services.	1.5
102-3			Location of the organization's headquarters.	5.1.1
102-4			Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	1.5.1
102-5			Nature of ownership and legal form.	5.1.4 and 5.2.1
102-6			Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).	1.3 and 1.5
102-7			Scale of the organization, including total number of employees, number of operations, net sales, total capitalization, quantity of products or services provided.	Key figures in Chapter 1
102-8	Principle 6		Detailed information on employees and other workers.	4
102-9			A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	1.5
102-10			Significant changes to the organization's size, structure, ownership, or supply chain.	1.5
102-11			Whether and how the organization applies the Precautionary Principle or approach.	2.2.3.3 and 4.2.6.4
102-12			A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	4.2.6.1 and 4.2.7.1
102-13			A list of the main memberships of industry or other associations, and national or international advocacy organizations.	4.2.3.1 and 4.2.3.4

GRI Standards	UNGC Principles	SDGs	Topic	Reference
Strategy				
102-14			A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Introduction Chapter 4
Ethics and integrity				
102-16	Principle 10		A description of the organization's values, principles, standards, and norms of behavior.	4.2.6.1
Governance				
102-18			Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	2.1 and 4.2.2.1
Stakeholder engagement				
102-40			Provide a list of stakeholder groups engaged by the organization.	4.2.1.1
102-41	Principle 3		Report the percentage of total employees covered by collective bargaining agreements.	4.2.4.4
102-42			Report the basis for identification and selection of stakeholders with whom to engage.	4.2.1.1
102-43			Report the organization's approach to stakeholder engagement.	4.2.1.1
102-44			Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	4.2.1.1

GRI Standards	UNGC Principles	SDGs	Topic	Reference
Reporting practice				
102-45			a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not considered by the report.	Appendix 2 of Chapter 3.4
102-46			a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	4.2.2.4 and 4.2.7.1
102-47			A list of the material topics identified in the process for defining report content.	4.2.1.2
102-48			The effect of any restatements of information given in previous reports, and the reasons for such restatements.	4.2.5.2
102-49			Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	4.2.2.4
102-50			Reporting period for the information provided.	4.2.2.4
102-51			Date of the most recent previous report (if any).	2017 Registration Document covering fiscal year 2017
102-52			Reporting cycle (such as annual, biennial).	4.2.2.4
102-53			Provide the contact point for questions regarding the report or its contents.	invest@essilor.com
102-54			Claims of reporting in accordance with the GRI Standards.	4.2.7.4
102-55			The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.	4.2.7.4
102-56			Report the organization's policy and current practice with regard to seeking external assurance for the report.	4.2.8

GRI Standards	UNGC Principles	SDGs	Topic	Reference
MANAGEMENT APPROACH				
103-1			a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of where the impacts occur and the organization's involvement with the impacts. c. Any specific limitation regarding the topic Boundary.	4.1 of the 2014 Registration Document
103-2	Principle 1 Principle 8		For each material topic, the reporting organization shall report. a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component (Policies, Commitments, Goals and targets, Responsibilities, Resources, Grievance mechanisms, Specific actions, such as processes, projects, programs and initiatives).	Description of the management approach for each issue
103-3			For each material topic, the reporting organization shall report an explanation of how the organization evaluates the management approach.	Description of the management approach for each issue
TOPIC-SPECIFIC STANDARDS				
Economic performance				
201-1			Direct economic value generated and distributed.	4.2.6.5
201-2	Principle 7	   	Financial implications and other risks and opportunities for the organization's activities due to climate change.	4.2.5.4
Indirect Economic Impacts				
203-1			Infrastructure investments and services supported.	4.2.3, 4.2.3.1, 4.2.3.2, 4.2.3.3, 4.2.3.4 and 2017 "See Change Report"
203-2		     	Significant indirect economic impacts.	4.2.3, 4.2.3.1, 4.2.3.2, 4.2.3.3, 4.2.3.4 and 2017 "See Change Report"
Anti-corruption				
205-2	Principle 10		Communication and training on anti-corruption policies and procedures.	4.2.6.1

Social, environmental and societal information

2018 Non-financial statement of Essilor International (SAS), a subsidiary of the EssilorLuxottica Group

GRI Standards	UNGC Principles	SDGs	Topic	Reference
Anti-competitive Behavior				
206-1			Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	Note 30.2 of Chapter 3.4
Materials				
301-1			Materials used by weight or volume.	4.2.5.5
Energy				
302-1	Principle 7 Principle 8	  	Energy consumption within the organization.	4.2.5.3
302-2	Principle 8	  	Energy consumption outside of the organization.	4.2.5.3
302-5	Principle 8 Principle 9	  	Reductions in energy requirements of products and services.	4.2.3.2
Water				
303-1	Principle 7 Principle 8	  	Interactions with water as a shared resource	4.2.5.2
303-2	Principle 8	  	Management of water discharge-related impacts	4.2.5.2
303-3	Principle 7 Principle 8	 	Water withdrawal	4.2.5.2
303-4	Principle 7 Principle 8	 	Water discharge	4.2.5.2
Biodiversity				
304-1	Principle 8		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	4.2.5.1
Emissions				
305-1	Principle 7 Principle 8	  	Direct greenhouse gas (GHG) emissions (Scope 1).	4.2.5.4
305-2	Principle 7 Principle 8	  	Energy indirect greenhouse gas (GHG) emissions (Scope 2). Report gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent, and gross market-based energy indirect (Scope 2) GHG emissions if applicable. Report standards, methodologies, assumptions, and/or calculation tools used.	4.2.5.4

GRI Standards	UNGC Principles	SDGs	Topic	Reference
305-3	Principle 7 Principle 8	  	Other indirect greenhouse gas (GHG) emissions (Scope 3).	4.2.5.4
Effluents and waste				
306-1	Principle 8	  	Total water discharge by quality and destination.	4.2.5.2
306-2	Principle 8	 	Total weight of waste by type and disposal method, with the breakdown of hazardous waste and non-hazardous waste; the breakdown of these figures by disposal methods (e.g., reuse, recycling, composting) is to be reported where applicable.	4.2.5.5
306-3	Principle 8	 	Total number and volume of significant spills.	4.2.5.5
Environmental Compliance				
307-1	Principle 8		Non-compliance with environmental laws and regulations.	4.2.5.1
Employment				
401-1	Principle 6	 	New employee hires and employee turnover.	4.2.4
Occupational health and safety				
403-1		 	Occupational health and safety management system.	4.2.4.1
403-2			Hazard identification, risk assessment, and incident investigation.	4.2.4.1
403-3			Occupational health services.	4.2.4.1
403-5			Worker training on occupational health and safety.	4.2.4.1
403-9			Work-related injuries.	4.2.4.1
Training and education				
404-1	Principle 6	 	Average hours of training per year per employee by gender, and by employee category.	4.2.4.2
404-2		 	Programs for upgrading employee skills and transition assistance programs.	4.2.4.2

Social, environmental and societal information

2018 Non-financial statement of Essilor International (SAS), a subsidiary of the EssilorLuxottica Group

GRI Standards	UNGC Principles	SDGs	Topic	Reference
Diversity and equal opportunities				
405-1	Principle 6	 	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	2.1.1.1 and 4.2.4
Non-discrimination				
406-1	Principle 6	   	Incidents of discrimination and corrective actions taken.	4.2.4.3
Child Labor				
408-1	Principle 5		Operations and suppliers at significant risk for incidents of child labor, and measures to contribute to the elimination of all forms of child labor.	4.2.6.2 and 4.2.6.3
Forced or Compulsory Labor				
409-1	Principle 4		Operations and suppliers at significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	4.2.6.2 and 4.2.6.3
Local Communities				
413-2	Principle 1	  	Operations with significant actual and potential negative impacts on local communities.	4.2.5.2 and 4.2.5.4
Supplier social assessment				
414-2	Principle 2	 	Negative social impacts in the supply chain and actions taken.	4.2.6.2 and 4.2.6.3
Customer Health and Safety				
416-1		 	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	4.2.3.2 and 4.2.6.4
416-2			Total number of incidents of non-compliance with the regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	4.2.6.4
Marketing and Labelling				
417-3			Total number of incidents of non-compliance with the regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes.	4.2.6.4
Socioeconomic Compliance				
419-1			Non-compliance with laws and/or regulations in the social and economic area.	4.2.6.4

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