

# **ANTI-BRIBERY & CORRUPTION PRINCIPLES AND GUIDELINES**

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# 1. Introduction

EssilorLuxottica is committed to operating its business in accordance with the law and with integrity, transparency and honesty at all times, in all the countries in which the Group does business. To that end, EssilorLuxottica promotes the Anti-Bribery & Corruption Program, in line with its **Code of Ethics**, and actively supports any action aimed at reinforcing the standards and principles that must guide the behavior of all its employees and third parties.

More specifically, this document aims to:

- articulate EssilorLuxottica's commitment to prohibiting bribery and corruption and to be in compliance with applicable anti-bribery laws;
- define principles for identifying and preventing potential acts of bribery and corruption and ensure EssilorLuxottica's "zero tolerance" approach is applied;
- provide a governance framework to manage its Anti-Bribery & Corruption Program.

## 2. Purpose and scope of application

For several years now, there has been an international political will to fight against corruption effectively and efficiently.

The movement has gained momentum: the United States (FCPA) was followed by the United Kingdom (UK Bribery Act, 2010), then by France ("Sapin 2" law on "Transparency, the fight against corruption and the modernization of the economy") in December 2016.

This movement translates into a growing political will to be effective in the fight against corruption, more severe and enforced sanctions, and an obligation of prevention.

Legislation, including the French law, now has an extraterritorial scope by which in particular the United States, the United Kingdom and France, reserve the right to bring proceedings before their own courts and possibly convict natural and legal persons for acts of corruption, regardless of the country in which the acts were committed. To be affected, it suffices that a company has a link (a "nexus") with these countries. These laws apply to all EssilorLuxottica entities, including its joint venture partners.

In recent years, enforcement of anti-bribery & corruption laws has become more intense and related penalties more severe. Natural and legal persons who violate applicable laws can incur considerable fines and natural persons may be sentenced to imprisonment or suffer other penalties. Other consequences may also include, but are not limited to, debarment from contracting with public entities, confiscation of profit made or claim for damages. Even more importantly, such events can seriously damage EssilorLuxottica's reputation and may prevent the Group from achieving its mission to help people "see more, be more and live life to its fullest".

These Principles and Guidelines constitute a Group policy and apply to all countries and/or jurisdictions in which EssilorLuxottica operates and extend to any additional country and/or jurisdiction where EssilorLuxottica commences operations.

Any and all translations of the Principles and Guidelines must be true to the original version in English. In case of differences in interpretation, the English version will apply.

These Principles and Guidelines apply to all EssilorLuxottica employees, acting in any capacity, directors, officers, contractors, authorized representatives and consultants, in all of EssilorLuxottica's businesses, subsidiaries, joint-ventures and commercial partners.

"EssilorLuxottica" in this document is to be understood as meaning all Group-related companies, i.e. fully owned subsidiaries as well as all joint ventures in which we participate.

## 3. Governing rules and "zero tolerance" principles

### The principle of "zero tolerance"

Corruption is characterized by the act of directly or indirectly offering, receiving, promising or granting an undue advantage to/from a third party in order to have them, or the employee, perform, delay, or neglect to perform an act that is directly or indirectly part of their or their duties. Corruption can be active (giving an undue advantage) or passive (receiving an undue advantage). It can also be private (influence of a private agent) or public (influence of a public agent), direct or indirect (via third parties). Any failure to abide by anti-bribery and anti-corruption laws and regulations is likely to carry extremely detrimental consequences for the Group.

#### Principles

- Bribery and corruption, in all their forms, are forbidden.
- Employees should neither commit acts of bribery and corruption nor respond to undue requests.
- Employees must not use intermediaries, such as agents, consultants, advisors, distributors or any other business partner with the intention of committing such acts (active or passive).
- When it comes to bribery and corruption, EssilorLuxottica makes no distinction between public officials and private sector employees and companies.
- Nevertheless, it is important to remember that public officials are often bound by specific laws and regulations. Any dealings with a public official must comply strictly with the rules that govern them.
- Situations involving extortion can be prosecuted under the laws and regulations that prohibit bribery and corruption.

## 3.1. Relationships with third parties, public officials and intermediaries

### Suppliers

To design, manufacture and distribute its products around the world, EssilorLuxottica relies on a large network of suppliers of goods and services. These partners are essential to enable EssilorLuxottica's technological development, responsiveness and service quality.

The choice of suppliers contributes to the Group's trustworthiness and reputation, and consequently:

- suppliers of goods and services must undergo a strict and fair selection process;
- they must be selected not only for their technical and operational capabilities, but also for their reputation and willingness to abide by any applicable regulations, including those related to the prevention of bribery and corruption;
- all suppliers must be made aware of these Principles and Guidelines.

### Distributors

In order to develop its business as close as possible to consumers, EssilorLuxottica relies on a network of authorized distributors around the world. These resellers are tied with EssilorLuxottica's image. Therefore, their requirements in terms of quality of service and integrity need to match those of EssilorLuxottica. Our choice of distributors contributes to the Group's trustworthiness and reputation. Consequently:

- distributors and resellers must undergo a strict and fair selection process;
- they must be selected based on their technical and operational capabilities. They must also agree to abide by EssilorLuxottica's Code of Ethics as well as to these Anti-Bribery and Corruption Guidelines;
- distributors must be regularly assessed to ensure their credibility over time is relevant.

### Customers

Abiding by anti-bribery and anti-corruption laws and regulations, and more broadly by integrity in business implies that EssilorLuxottica's customers are trading partners with a good reputation.

The Group is committed to trading with partners that abide by anti-bribery and anti-corruption laws and regulations, and more broadly demonstrate integrity in business.

In particular, EssilorLuxottica does not deal with customers who have a proven track record of criminal behavior. In cases where customers have been convicted in the past of any incidental wrongdoing, it is the responsibility of the country manager to assess whether trading with such a partner may represent any reputational risk for the Group. In any case, Compliance Department must be informed and can eventually prevent the country manager from starting the business.

### Partners (intermediaries, joint-ventures, consortium)

As part of its development policy or to meet specific needs, EssilorLuxottica establishes partnerships in order to enhance its operational and commercial capabilities.

It is essential that EssilorLuxottica's partners adopt the Group's Code of Ethics and uphold a "zero tolerance" policy with regards to bribery and corruption. They must also abide by all local laws and regulations when doing business.

Consequently:

- we expect all our partners to act in compliance with EssilorLuxottica's Code of Ethics and existing compliance guidelines;
- if EssilorLuxottica or its subsidiaries are a majority shareholder, EssilorLuxottica's Code of Ethics and all internal guidelines, policies and standards shall apply;
- if EssilorLuxottica as well as Essilor or Luxottica are a minority shareholder, a clause must be included in the partnership agreement establishing that EssilorLuxottica's Code of Ethics as well as any existing compliance guidelines shall apply, or that the entity in question must adopt policies of their own that are just as strict and reflect similar controls and standards, so as to be fully compliant and aligned with those of EssilorLuxottica;
- if EssilorLuxottica is ever uncertain regarding the actions of a partner, the Group may take any relevant measure deemed necessary (such as monitoring, audits, etc.) to ensure its compliance.

## Public officials

EssilorLuxottica does not tolerate relationships with public officials that may be perceived as ambiguous or may appear to a third party as inappropriate.

The Group does not improperly influence independent judgment and objectivity of public officials in order to obtain or favor any kind of undue benefit.

Public officials are defined as any person appointed or elected for discharging a public duty, either temporarily or permanently, at any level of government including the national level or abroad (for example international organizations) or any relative of that official, any organization under his/her direct or indirect control or any person or organization that could be reasonably considered as a conduit for that official.

## 3.2. Donations, gifts and hospitality

### Donations

Donations are made to support an association, a nongovernmental organization or a charity, with no expectation of anything in return. These contributions can be made in cash or in kind.

Donations contribute to the wellbeing of the communities in which EssilorLuxottica is active. They must be aligned with our mission to help people "see more, be more and live life to its fullest".

Donations cannot be made towards obtaining contracts, supplying products or any other business purpose. They must neither influence nor appear to influence a business decision or be in exchange for any beneficial treatment or favor.

Donations at local level must be approved by the CEO of the subsidiary making the donation and by the Country Manager (where applicable) ensuring in any case the respect of the applicable Delegation of Authority.

Donations can only be made to organizations recognized as being of public benefit.

They must comply with laws and regulations, with EssilorLuxottica's procedures and guidelines, and with local customs.

If in doubt, please contact the Group Compliance Department.

## Gifts and hospitality

A gift means anything of value such as a present, a gratuity or an advantage (whether in cash or not), which is given, offered, promised or received, accepted or agreed to be received or accepted. In a business environment, gifts are generally promotional items or low-cost souvenirs bearing the logo or a trademark of the company and handed out on special occasions such as a site visit, upon the signature of a contract, or for traditional local festive occasions such as Christmas, Diwali, the Mid-Autumn Festival, Chinese New Year, etc.

Hospitality (or entertainment invitations) refers to any form of social occasion, accommodation or hospitality that is offered, promised, asked for, received, accepted or agreed to be received or accepted. In a business environment, entertainment invitations include meals, hotel accommodation or an offer to pay for travel expenses as well as invitations to sports, cultural and music events, or to any other social events in order to build a closer relationship or to express gratitude.

It is not forbidden to give or accept gifts or entertainment. This can be considered as an expression of courtesy between business partners. However, it must not influence or appear to influence a business decision.

It must comply with local regulations and customs, particularly when public officials are involved, as they can be bound by specific rules.

Therefore, gifts or entertainment must be:

- modest and reasonable;
- occasional;
- given in a transparent manner;
- recorded as such in the books of the local EssilorLuxottica entity;
- proportionate to the recipient's job position;
- not in exchange for any favor or beneficial treatment;
- authorized by your line manager;
- not in cash.

## 3.3. Facilitation payments

In some countries, often despite illegality under local law, it is common practice to make small payments to low-level government officials to secure or expedite routine services to which the payer has a legal right, such as obtaining phone service, issuing a visa or clearing customs. Such payments are called "facilitation payments". While some anti-bribery and corruption laws provide some justifications for such payments, it is EssilorLuxottica's policy not to make such facilitation payments. Although they are generally for small amounts, facilitation payments are commonly assimilated to acts of corruption, under most jurisdictions.

As stated above, EssilorLuxottica forbids facilitation payments. This rule also applies in countries where local laws tolerate such payments as common practice.

In the event when, under duress, an EssilorLuxottica employee or representative is exceptionally induced to make a facilitation payment, he/she must immediately inform his/her direct superior and thoroughly document this demand.

## 3.4. Sponsorship and political contribution

### Sponsorship

Sponsorship is a form of marketing through which EssilorLuxottica contributes to financing a project, a program, seminars, conferences and congresses, via funds or products.

It generates visibility of EssilorLuxottica's brands or products and reinforces the perception and the reputation of the Group. Sponsorship generally involves displaying the EssilorLuxottica (or EssilorLuxottica related companies') name and logo, as well as its trademarks on the sponsored project or program's materials.

- Sponsorship of initiatives, institutions, organizations or individuals that might be in conflict of interests or whose purposes are inconsistent with the principles expressed in the EssilorLuxottica Code of Ethics are not allowed.
- Sponsorships under the banner of EssilorLuxottica can only be entered into by authorized representatives of the EssilorLuxottica Group, and must be previously approved by the Group Corporate Communications department.
- Any sponsorship by EssilorLuxottica subsidiaries must be previously approved in compliance with the relevant existing policies of the operating companies.
- Sponsorships cannot be agreed to in exchange for obtaining contracts, supplying products or any other business purpose. They must neither influence nor appear to influence a business decision or be in exchange of any beneficial treatment or favor.
- Sponsorships must comply with laws and regulations, as well as local customs.
- For additional information, you can refer to the relevant existing policies on sponsorship.

### Political contributions

Political contributions participate in the democratic debate via support for political parties. These contributions can take the form of donations or participation in events that benefit political parties. It is EssilorLuxottica's policy not to allow for any contributions to be made to political parties or politicians. Any exception to that policy, other than the participation to a lunch or dinner as described below, requires beforehand written approval by the Executive Chairman and the Executive Vice Chairman.

- The rules regarding political contributions vary greatly from one country to another.
- Considering the reputational risks associated with such political support, it is EssilorLuxottica's policy not to finance candidates or political parties, even where the law allows it.
- EssilorLuxottica allows participation in events such as support lunches or dinners, but only when these events are public and the price of attendance is pre-established. Wherever possible, EssilorLuxottica would then also attend the events of the main opposing parties. The point is not to obtain undue advantages, but to forge business ties with the participants. Participation in this type of event requires prior authorization from the local representatives of the legal entities.

- EssilorLuxottica only pays membership fees to political parties when this is required by law (for example in China, for certain legal structures).
- Before participating in a political event, employees must familiarize themselves with all applicable legislations and regulations. For example, in the United States, participants in such events must submit a formal declaration. Please refer to local applicable policies.

## 3.5. Hiring decisions

Hiring can be a means to exercise indirect influence and can thus be interpreted as an act of corruption. As such, each decision related to human resources selection is taken on the basis of merit, skills and other professional criteria recognized by the Group.

Contract finalization in particular is based on clear terms and conditions and refers to our Code of Ethics, which ensures our employees' commitment to preventing bribery and corruption.

EssilorLuxottica cannot:

- hire an individual as a favor to public officials;
- hire an individual who refuses anti-corruption contract clauses or reference to our Code of Ethics in his/her employment contract;
- hire an individual known to have carried out corruption-related payments.

## 3.6. Conflict of interest

A conflict of interest arises when the personal interests of a Group employee or director can influence or appear to influence his/her judgment or professional decisions. A conflict of interest arises any time a person subject to the Group's prevention policy leaves open the possibility of their personal interests influencing in an inappropriate way the choices they make as part of their duties.

Consequently, EssilorLuxottica asks all employees who make decisions binding on the Group to make a declaration of interests.

Such a declaration is a prevention tool in which the existence of personal interests is declared.

It will prevent employees from being entrusted with assignments that would put them in delicate or ambiguous situations; it also aims to assist them in certain decisions as part of the performance of their current duties or even to relieve them from those duties.

Employees can therefore declare:

- that they do not identify any conflict of interest, even latent: this information in itself is useful;
- that they identify a latent conflict, i.e. that they have personal or family interests, direct or indirect, that may conflict with the affairs of EssilorLuxottica Group;
- that they are currently in a manifest conflict and ask to be assisted to remove any ambiguity.

Employees are encouraged to make a new conflict of interest declaration whenever changes in their personal or work situation demand it.

# 4. Governance

In order to adhere to principles and commitments contained in this document and to abide by anti-corruption laws and regulations, EssilorLuxottica has defined an organizational structure, roles and responsibilities and, at the same time, promotes awareness about the Anti-Bribery & Corruption Principles and Guidelines.

Group Compliance, with the support of the Legal and Audit Departments as necessary, oversees the governance related to the Anti-Bribery & Corruption Principles and Guidelines.

Governance for EssilorLuxottica is based on the following principles and procedures:

- inventory / update of regulatory and compliance requirements;
- risk identification and assessment;
- policies and procedures design and update; non-compliance notifications;
- compliance audit;
- compliance reporting;
- training and awareness;
- disciplinary measures.

## 4.1. Inventory / update of regulatory and compliance requirements

Business lines, supported by EssilorLuxottica and its subsidiaries' Compliance and Legal Departments, are in charge of monitoring all applicable laws and regulations related to corruption. The purpose of this activity is to have a clear regulatory framework and to be compliant with it in every country in which EssilorLuxottica operates.

In case of changes in the local legislation, the Group Compliance Department needs to be promptly informed so as to be able to coordinate activities to ensure compliance with the new regulation and the effectiveness of the compliance mechanism set. In case of gaps, corrective actions will be adopted.

## 4.2. Risk identification and assessment

The EssilorLuxottica Group Compliance Department, supported by the Compliance Departments of the operating companies, is in charge of planning an anti-bribery & corruption risk assessment. The purpose of this risk assessment is to enable the Group to identify corruption-related risks to which its legal entities are exposed in their activities, to determine the extent to which the control frameworks manage those risks and to measure the residual risk level. Execution will be carried out according to the Risk Management organization in the operating subsidiaries.

Risk identification, assessment activities and remediation are performed annually in accordance with the French law "Sapin II" and international best practices.

EssilorLuxottica will consider the following elements:

- country risk profiles (e.g. political and social outlook together with the ranking of bribery & corruption by Transparency International);
- scenarios of risks including, but not limited to, employees, third parties and intermediaries;
- industry typology (e.g. military business, degree of government involvement);
- business trends (e.g. stability of the business);
- business significance (e.g. amount of turnover, assets in business).

## 4.3. Policies and procedures design and update

The Anti-Bribery & Corruption Program requires the design and maintenance of dedicated written policies and procedures, in line with applicable legislation and Group standards. The EssilorLuxottica Group Compliance Department, supported by the subsidiaries' Compliance and Legal Departments, is responsible for managing the Anti-Bribery & Corruption Program and ensuring that anti-corruption policies and procedures are effectively designed and updated.

Periodic monitoring of the program is performed in order to identify and resolve gaps arising from new regulatory requirements or the absence of policies and/or procedures in areas subject to corruption risk.

## 4.4. Non-compliance notifications

Notifications of actual or suspected breaches or any other related misconduct must be promptly reported either to Human Resources or through channels made available in accordance with whistleblowing/alerting provisions (i.e. whistle-blowing channels, hotlines or specific e-mail addresses). An individual, reporting suspected violations, may use whatever channels are appropriate under the circumstances. Please refer to chapter 6 of this document for more details.

## 4.5. Compliance audit

The EssilorLuxottica Group Compliance Department, supported by the Group Internal Audit Department, is in charge of carrying out Compliance Audits with specific reference to anti-corruption. Periodic auditing activities are conducted to verify whether measures to prevent corruption risks are adequately designed and work effectively.

The final purpose is to ensure anti-corruption laws are respected and to implement the most effective procedures to fight bribery and corruption within EssilorLuxottica.

## 4.6. Compliance reporting

The EssilorLuxottica Group Compliance Department, in coordination with the Group Internal Audit Department and with support from the subsidiaries' Compliance Departments and Human Resources, is in charge of reporting globally the results of activities related to the Anti-Bribery & Corruption Program. Quarterly reporting from the countries and businesses shall be put in place and managed by the Group Compliance Department. The Group Compliance Department reports to the Audit and Risk Committee regular updates about the Group's Anti-Bribery & Corruption Program.

An overview of the Group's anti-corruption initiatives is necessary to understand EssilorLuxottica's achievements and potential weaknesses which may need to be resolved.

## 4.7. Training and awareness

The EssilorLuxottica Group Compliance Department supported by the Compliance departments of the operating companies will develop adequate training and awareness programs with reference to the Anti-Bribery & Corruption Program. Group Human Resources in turn provides support towards the distribution of these Principles and Guidelines together with the deployment of these programs Group-wide.

Training and awareness programs are necessary to reinforce the EssilorLuxottica compliance culture and to enhance the understanding and awareness of anti-corruption laws.

Training sessions are aimed at enabling all participants to identify and manage corruption risk in their daily duties. They will include employees at various levels of the organization and might also be provided to third parties.

Critical areas of risk exposure might need a specific focus: in such cases, ad hoc material shall be developed.

In addition, ongoing dissemination of anti-corruption materials shall be provided through all available communication channels to raise awareness, in accordance with the Group policies and procedures.

## 4.8. Disciplinary measures

The application of these Principles and Guidelines as defined by EssilorLuxottica is mandatory and binding on all employees.

In the event a violation is detected, the Human Resources Department will take prompt and appropriate measures to sanction the misconduct by the employee, in accordance with the local rules and the local procedures.

Senior Management will evaluate sanctions on the basis of applicable factors, consistent with law and other policies and procedures.

Third parties' breaches related to the Anti-Bribery & Corruption Program, and leading to litigation, will be managed by the Group Legal Department.

# 5. Whistleblowing

A report of alleged violations may only be sent via e-mail, signed or anonymous, to the following address: [codeofethics@essilorluxottica.com](mailto:codeofethics@essilorluxottica.com) or via the existing Essilor and Luxottica alert systems/whistleblowing channels.

EssilorLuxottica protects alerters/whistleblowers identity and the confidentiality of the reports and assures their anonymity, if requested, in compliance with laws and regulations. EssilorLuxottica guarantees also that the alerters/whistleblowers are not subject to any form of retaliation.

If the report has been submitted in good faith, no sanctions may be applied on the alerter/whistleblower, even if after investigation, the relevant claim is unsubstantiated. However, disciplinary sanctions will be applied in the event of reports which are deliberately libelous or defamatory.



**ESSILORLUXOTTICA**

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