

NON-FINANCIAL STATEMENT 2017



LUXOTTICA

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Consolidated non-financial statement

The Luxottica approach to sustainability

“TO SEE THE BEAUTY OF LIFE”. THIS IS LUXOTTICA’S SUSTAINABILITY VISION, AND HAS ALWAYS BEEN PART OF ITS DNA AND BUSINESS APPROACH.

The eyewear created by Luxottica has an intrinsic social purpose: that of helping people to see. The cornerstone of the Group’s mission is the health and well-being of the eyes, which is enabled by the Company’s finest products, manufactured according to the highest standards that define “made in Luxottica” quality, and cutting-edge services.

Sustainability in its widest environmental, social and economic sense is an integral part of the Group’s strategy and its entire value chain, and is deeply rooted in its history. Founded in 1961 among the Belluno Dolomites of Italy, Luxottica has grown decade by decade into a global company and a leading designer, manufacturer and distributor of high-end, luxury and sports eyewear. Growth and success have gone hand-in-hand with its commitment to sustainable development and social responsibility: a commitment that is evidenced by the focus on the well-being of the Group’s employees and the communities in which Luxottica operates, as well as by the Group’s respect for the environment. One needs to look no further than the Group’s bond with the areas where it operates, which Luxottica has protected and promoted since the construction of its very first manufacturing facility in Agordo, Italy, near the National Park that was declared a UNESCO site in 2009.

On April 28, 2017, an important milestone was reached in the path towards sustainable and responsible growth: the Group published a dedicated section on www.luxottica.com, detailing its various sustainability initiatives and accomplishments, with the aim of beginning to announce its performance in a transparent and systematic way. The launch of the Sustainability section on the website paved the way for this Consolidated non-financial statement, prepared in accordance with Italian Legislative Decree 254/2016 (which implemented European Directive 2014/95/EU on the disclosure of non-financial information and information on diversity within administrative, management and supervisory bodies).

THE SUSTAINABILITY REPORTING PROCESS

MATERIALITY ANALYSIS

Commitment to excellence, Visual well-being, Social impact and Protecting the environment are the pillars of Luxottica’s sustainability vision, and make up the chapters of this Statement.

Their identification was based on the principle of materiality, and involved the definition, assessment and selection of stakeholders and topics regarded as relevant and material for the Group, integrating the requirements of the GRI Standards¹ with the UN Sustainable Development Goals (SDGs), and the information obligations established by Italian Legislative Decree 254/2016.

1. The GRI Sustainability Reporting Standards, or GRI Standards, will definitively replace the GRI-G4 guidelines for sustainability reporting as of 1 July 2018

1. Relevance for Luxottica

Topics identified and selected on the basis of the Group's strategic priorities and through discussion with the top management

2. International framework

Topics selected according to the framework defined by the Sustainable Development Goals to which the Group contributes

3. Legislative framework

Topics selected in accordance with the minimum content explicitly established by Italian Legislative Decree 254/2016

The first phase of the process involved the analysis of various information sources inside and outside the Group², the examination of regulations and international guidelines³ and a comparative analysis of best-practice companies in the area of sustainability reporting. This process led to the identification of thematic areas (in the form of a topic tree diagram) and Luxottica stakeholders, that were subsequently the subject of the interviews carried out in November 2016 with representatives of the Company's various departments in Italy and abroad. The aim was to ascertain the strategic importance of these topics and of stakeholders within the organization. At the end of the cycle of interviews, all of the topics and stakeholders were confirmed as strategic, and were used as the starting point for a direct dialogue with the top management concerning the social and environmental impact that the Group's activities have both internally and externally.

Luxottica's sustainability vision, "To see the beauty of life", and its pillars are a natural reflection of the thoughts and ideas that surfaced during these conversations. Based on these thoughts and considerations, it was also possible to correlate the content of each pillar with the Sustainable Development Goals, and to identify those goals to which the Group directly contributes.

The materiality analysis concluded with the integration of these identified topics with the content required by Italian Legislative Decree 254/2016 that are to be included in the Group's Consolidated non-financial statement.

The entire materiality analysis process also shed light on activities developed by individual business areas and subsidiaries over the years, further proof that sustainability is part of Luxottica's DNA. This was important in terms of:

- defining relevant and priority issues for non-financial reporting;
- consolidating the sustainability strategy adopted by the Group, which has never been disclosed publicly up until now, and identifying its key elements:
 - the central importance of the system of values represented by the Group's Code of Ethics, mentioned in the Commitment to Excellence chapter;
 - the responsible management of energy resources, water and waste, and the use of alternative energy sources. See chapter Protecting the environment;
 - the responsible management of the supply chain, as described in the Commitment to Excellence chapter;

2. The so-called "desk analysis" included the following documents: the communication texts produced by the Investor Relations department, the Perception Study carried out in 2015, the questionnaires sent by SRI investors, the ESG reports published by Sustainalytics in 2015, 2016 and 2017, the social listening reports, and the analyses carried out by the Reputation Institute on behalf of Luxottica Group

3. Examples include Directive 2014/95/EU of the European Parliament and of the Council, the European Commission Guidelines on non-financial reporting, the UN Sustainable Development Goals, the GRI Standards, the UN Global Compact ten principles, the AccountAbility principles, and the Carbon Disclosure Project

- the culture of quality and consumer satisfaction, as described in the Visual well-being chapter;
- the welfare system, the management of talent and diversity, the protection of employee health and safety. See the Social impact chapter;
- the initiatives in the areas and local communities in which the Group operates, outlined in the Social impact chapter;
- defining future environmental sustainability and social responsibility goals inspired by many international initiatives such as the UN's 2030 Agenda and the Paris Climate Change Conference;
- communicating the theme of sustainability in a strategic and structured way.

NON-FINANCIAL REPORTING SCOPE

In order to provide a complete and consistent overview of the Group's activities, in addition to meeting the information requirements of Italian Legislative Decree 254/2016, in 2017 Luxottica outlined a plan to expand its non-financial reporting scope, that has led to the creation of this Statement.

With regard to the economic and social results, the reporting scope corresponds to that of the consolidated companies, with the full line-by-line method in the Group's consolidated financial statements.

Meanwhile, as regards environmental, employee health and safety issues and the supply chain, the scope of analysis corresponds to the Group's manufacturing and logistics activities (Operations), i.e. the first phases of its value chain. It is indeed because of their industrial nature that Operations have the greatest environmental impact in the Wholesale division, and a notable impact on the Group overall and, as such, represent a suitable example of the effects that Luxottica's activities have on the environment and the health and safety of its employees.

Not included, however, was the Retail division, which comprises approximately 9,000 stores across the world, of which around 1,800 are franchises and over 7,000 are directly managed. The introduction of additional formats (free standing stores, shop-in-shops and concessions), the presence of stores in different types of channels (department stores, shopping malls and travel retail locations) and the use, in most cases, of full service rental contracts which do not provide the level of expense data that is required to summarize energy consumption and other related information, result in an extremely fragmented overview. As a result of these factors, it was not possible to identify and collect the necessary information to give an accurate representation of the relative environmental impact.

As a result, along with the Italian manufacturing facilities already analyzed in 2016 in the Sustainability section of the Company website, the reporting scope of environmental, health and safety and supply chain aspects also includes the Group's other manufacturing sites and logistics hubs. More specifically, environmental indicators were identified with the input of representatives of the Group's central Operations department, starting with the Italian sites, and then with a gradual expansion of the reporting scope. With regard to 2017, the same indicators were also calculated in the Chinese, Brazilian and US manufacturing facilities to allow management to measure relevant aspects from a strategic perspective that can be monitored over time. At the same time, the measurement of the Carbon footprint of the Group's logistics and distribution system also began.

During the analysis phase, the GRI Standards Topics and relative Disclosures were selected, required in order to provide a complete and consistent overview of the economic, environmental and social impact of the Group's activities, and meet the information requirements of Italian Legislative Decree 254/2016 through the GRI-referenced option. With reference to health and safety matters within

the Operations, the information reported in this Statement are those that the Group analyses and monitors in the normal course of its business. The indicators were developed in accordance with the "Workplace accident statistics" UNI 7249/2007 regulation and then integrated with additional Company-specific KPIs. Please refer to the Content index at the end of this Statement for the list of GRI Standard topics and relative indicators used here.

The data collection process was managed centrally by the working group dedicated to drafting the document, and coordinated by the Group's Investor Relations and Corporate Communications department. In this way, all of the departments providing information contributed to tracking and validating data and information which was subsequently consolidated at Group level. The data collected as a result of this was then used to draft the content which is the basis of this Consolidated non-financial statement and used in the Sustainability section of www.luxottica.com.

As well as covering the entire value chain, the gradual extension of non-financial reporting to the Retail and Wholesale divisions in the primary geographic regions and to the analysis of local distribution flows, will help the Company management:

- monitor the environmental impact of processes and activities;
- identify priority action areas;
- gather information for launching new initiatives and defining improvement plans.

#ToSeeTheBeautyOfLife

It is the vision that inspires Luxottica's sustainable business approach and is an integral part of the Group's strategy. It stems from a notion of universal beauty, visible to everyone, that assumes a tangible form in the search for a balance between well-being, respect for the environment, ethics and the transparency of relations.

Luxottica has always strived to make the best eyewear in the world, innovative in design and excellent in quality, so people can enjoy the beauty of life in every aspect of the world. A world to understand, protect and promote. For Luxottica, this is sustainability.

Sustainability in its wider meaning - environmental, social, economic – is indeed a principle that has deep roots in the Luxottica story, becoming part of the Company culture over the years and permeating the entire value chain.

Leveraging on the excellence of the Group, Luxottica makes an increasingly greater contribution to the economic and social progress of the communities in which it operates, the protection of the environment and the promotion of the territory, thus forming a connection between its economic and financial results and the creation of shared value.

Evidence of this vision is found in the Code of Ethics, which outlines the key principles and values that inspire Luxottica's ethical and responsible way of doing business. Due to its fundamental importance, the Code is applied to all companies, geographies and functions of the organization, and must be adopted by all stakeholders that have direct relations with Luxottica, including employees, partners and suppliers.

The environment is a crucial factor in Luxottica's vision of sustainability. The Company was founded close to what is today the National Park of the Belluno Dolomites. The attention and respect the Group pays to this land of extraordinary beauty and universal value, declared a UNESCO World Heritage Site, is part of its DNA and has accompanied its growth over time. Therefore, the desire to preserve resources and promote the beauty of nature and the landscape, reducing the impact of its activities on the environment, has deep roots and strong reasons behind it.

Due to its pragmatic and uncompromising approach focused on excellence, the Group has set increasingly challenging sustainability goals for itself that go beyond the standards required by regulations, drawing on best practices from the international arena.

Luxottica's vision of sustainability is founded on four pillars that correspond to specific commitments and concrete initiatives. When defining these pillars the Group took much of its inspiration from two of the most recent milestones: the United Nations 2030 Agenda, which established the Sustainable Development Goals to be met by 2030, and the Paris Climate Change Conference (COP21), which defined a global action plan to avoid dangerous climate change by limiting global warming to well below 2°C.

COMMITMENT TO EXCELLENCE

In its continuous quest for excellence, its ability to reinvent itself and innovate are part of the story of Luxottica and characteristic of the Group's business approach. This commitment can be seen everywhere and it shapes Luxottica's long-term goals and success. It is a reflection of the Group's untiring desire to keep evolving and improving while staying faithful to its principles.

VISUAL WELL-BEING

Luxottica promotes the well-being and health of the eyes through the excellence of its products and its world-class customer service in stores and online. High quality glasses and lenses, the result of continuous design, material and technology innovations, are complemented by the cutting-edge ophthalmic treatments and eye exams available in the Group's over 5,100 optical retail stores around the world.

SOCIAL IMPACT

Since the outset Luxottica has stood out for being a socially responsible company, ready to respond with innovative solutions to changes and the emergence of new requirements from communities and employees. This is a role it will play in an increasingly insightful manner to promote well-being and social equality in the countries where it operates, as well as the professional and personal growth, health and safety of its employees.

PROTECTING THE ENVIRONMENT

The desire to preserve resources and promote the beauty of nature and the landscape, reducing the impact of its activities on the environment, has deep roots in Luxottica's bond with the communities where it operates, which it has protected and promoted since the construction of its first building in Agordo among the Belluno Dolomites, now a National Park. This is an important responsibility that involves the entire organization in its various business areas and locations and daily guides sustainable actions and decisions.

Luxottica’s strategic approach to the Sustainable Development Goals

Luxottica Group is aware of the fundamental contribution every individual company can make to the global transition towards more environmentally respectful economies that are more efficient in terms of energy consumption and attentive to the well-being of individuals. Thus, it recognizes and supports the Sustainable Development Goals (SDGs) promoted by the United Nations 2030 Agenda. In particular, the four pillars of Luxottica’s vision of sustainability are strictly connected to 10 out of 17 SDGs that the Group contributes to in the way it conducts business.

For each goal and related target, the Group identified the social and environmental areas where it has made a medium to long-term commitment. In sharing the sustainable actions and initiatives done in the main business areas and geographies, Luxottica demonstrates its ability to create value over time, promoting the economic and social development of the territories and communities in which the Group operates.

Pillar

Commitment to excellence

Topics

- A company open to the world
- Risk management & compliance
- The responsible management of the supply chain

SDG



Pillar

Visual well-being

Topics

- Eyecare
- A culture of quality: at the service of customers, employees and the community
- Sustainable product development
- Protecting intellectual property and the struggle against counterfeiting



Pillar

Social impact

Topics

- Creation and distribution of economic value
- People, the real driving force of Luxottica
- The safety culture



Pillar

Protecting the environment

Topics

- Certifications
- Measurement of environmental impacts
- The use of energy resources in the Group’s Operations
- Monitoring the Carbon footprint
- Consumption and responsible management of water resources
- Waste treatment



Commitment to excellence

Luxottica's continuous quest for excellence and its ability to reinvent itself and innovate are part of the company's story and characteristic of its business approach. This commitment to keep evolving and improving while staying faithful to its principles shapes the Group's long-term goals and success. In over 50 years, acute perception and strategic decisions have given rise to a Company which, today, has truly global reach, working in over 150 countries and employing approximately 85,000 people of different cultures and nationalities.

Its commitment to excellence is evident in its products, the result of continuous investments in research, design and innovation and developed according to high quality standards with stringent controls that are equal or superior to industry standards in terms of safety, performance and durability. And it begins with qualified, specialized people who are committed every day to giving their best and to providing products of high technical and stylistic quality and the best service in the world.

The quest for excellence and the continuous creation of value over time is a goal common to all of the Group's activities. It has long distinguished Luxottica's Corporate Governance, the set of values represented by the Code of Ethics, the internal control and risk management system and the Internal Audit activities.

- › For more information on shareholdings and corporate governance go to the "Report on corporate governance and ownership structure" section of this document.

A COMPANY OPEN TO THE WORLD

This focus on excellence can be seen in the strategies undertaken to expand the business in new countries. Whether in Italy or abroad, Luxottica creates strong ties to local communities, where it develops a unique understanding of the people and culture. It promotes local development and, at the same time, takes new inspiration from it and exports the best values, innovation and creativity from all over the world.

"MADE IN": CREATIVITY, GLOBAL QUALITY AND LOCAL CULTURE

As a global company, Luxottica interprets and values different cultures and the particular features of diverse markets.

The common denominators are its standards and "made in Italy" quality, an absolute and distinctive value shared by all of its sites in Italy, China, the US, Brazil and India. The facilities, that are all ISO 9001 certified, employ local staff and each one has its own specific features, connected with the manufacturing requirements of the Group and the host country. What is common to all plants are the technology, manufacturing processes and quality culture, identical from Italy to China and Brazil, where the same working methods are used with the same sense of belonging to the Group, which can be found over the world: a common language bringing the Group closer together over borders and across oceans.

Boasting over 50 years of manufacturing experience in Italy, in 2017 Luxottica also celebrated 20 years of activity in China. Having first set foot in China in 1997 by purchasing a stake in a plant in Dongguan in the province of Guangdong, wholly-owned since 2001, in subsequent years it has gradually expanded its presence in the country, significantly increasing its production capacity and developing the wholesale and retail businesses in the country.

With a total surface area of around 250,000 square meters, around 11,800 employees, three plants and a new logistics hub with integrated lens laboratory, the Chinese production and distribution hub

is second in importance only to the Italian one, being responsible for around 46% of the Group's production, and is equipped with cutting-edge technologies and processes that make it a model of innovation and sustainability. Innovation and sustainability are also the distinctive features of the building that hosts the new logistics hub which, constructed in 2016, has obtained the LEED Gold certification.

The approach of Luxottica was successful because it was gradual and respectful of diversity, while at the same time exemplifying the Group's values of excellence and enterprise. The desire to truly understand Chinese culture, constant and valuable interaction with institutions and the community enabled the Company to integrate perfectly and become a local manufacturer, while contributing to the social and economic development in the region. In accordance with its vertical integration model, Luxottica has maintained control of all production phases in China, guaranteeing high levels of quality and efficiency and working conditions in line with the Group's international standards. Dongguan is a perfect replication of Luxottica's Italian factories model while respecting the specific dimensions of the local culture.

Another model of integration is Brazil, where, in over 20 years, the Group has developed a top-class integrated platform driving the growth of the eyewear category. The Campinas production plant, which manufactures 100% "made in Brazil" eyewear collections for some proprietary brands (Ray-Ban, Vogue Eyewear, Arnette and Oakley) and under license for A|X Armani Exchange, is complemented by an extensive wholesale network and Sunglass Hut, Oakley and Óticas Carol branded stores.

A WIDE RANGE OF DIVERSIFIED PRODUCTS

Every brand in the portfolio has its own strong, individual identity cultivated by Luxottica thanks to the creation of unique, original collections that improve the comfort and allow the wearers to express themselves. Besides, direct relationships with consumers and constant interaction with local communities provide ideal opportunities to improve production and introduce innovation and the diversification of products based on the specifics of each country. One example is the "Asian fit" models, available for the majority of Luxottica's eyewear collections, designed specifically for the unique characteristics of Asian faces with perfect fit and wearability. The pioneer was Ray-Ban, which launched its first "Asian fit" collection in 2009, and in a few short years it was followed by Oakley, Vogue Eyewear, Oliver Peoples and various brands under license. In 2017 most of the brands in the portfolio had "Asian fit" models. In addition, many of them also propose "Asian design" collections, which are designed and manufactured to meet the aesthetic tastes and needs of Asian consumers.

RISK MANAGEMENT & COMPLIANCE

Continuous research into excellence and the ability to reinvent and innovate are part of the history of Luxottica and characterize its operations. A central role is played by the Code of Ethics, which sets out the principles and fundamental values that inspire its conduct, and the ethical and responsible enterprise culture of Luxottica. The Code of Ethics is available in the major languages spoken by its employees and applies to all companies, geographies and functions in the Group.

The Code of Ethics, originally approved by the Board of Directors in 2004, has been updated over the years and its new version was approved by the Group Board of Directors, the principal guarantor of the Code, on January 29, 2016. The text has been amended and updated not only, in compliance with the law, to uphold safety, freedom and human dignity, but also to encourage Group employees to strive for continuous improvement and responsible action at all times.

Compliance with the Code of Ethics is the fundamental prerequisite for the long-term reputation, reliability and success of the Group and is promoted at all levels and in all countries through communication, training, prevention and control. An example is the communications campaign for the new Code of Ethics involving Luxottica employees from around the world: the faces of some were chosen to accompany the campaign slogan "Code of Ethics Luxottica Group: to see better who we want to become", to remind each employee of how important it is for the success of the Group to have a solid base and shared principles.

In 2016, all Group geographies were involved in a global effort to spread the Luxottica Code of Ethics. Training initiatives ranged from face-to-face trainings to online courses and they were all completed by a final learning questionnaire. Approximately 80% of employees, equal to approximately 64,800 people, successfully completed the training. In 2017, training on the Code of Ethics was included in the courses for new hires, ensuring the awareness about its contents and principles.

In Italy, the Code of Ethics is an integral part of the Organization, Management and Control Model adopted by Luxottica in compliance with Italian Legislative Decree 231/2001, to prevent and manage the risks associated with criminal activity committed by directors, executives or employees of the Company.

A key tool for protecting the Code is the procedure for the management of violation reports: the Board of Directors has ruled that any reports of alleged violations of the Code be communicated, through the relevant channels, to the Internal Audit Manager and the Chairman of the Supervisory Board of Luxottica Group S.p.A. More specifically, the Internal Audit Manager informs the Supervisory Board of the complaints received and their status at least once every six months.

- › For more information on the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and the Luxottica Group Code of Ethics go to the "Report on corporate governance and ownership structure" section of this document.

RISK MANAGEMENT

Risk is an integral part of doing business and can be defined as any uncertain event that could threaten the achievement of business objectives and strategies or the Group's tangible and intangible assets.

Luxottica is risk adverse towards events that could:

- negatively affect the safety or well-being of employees, consumers and other stakeholders;
- lead to breaches of local laws or regulations;
- endanger the environment;
- negatively affect the Group's reputation.

Identifying and understanding risks allows for informed decision making when actively managing events that could potentially have a negative effect on:

- cash flow and profitability;
- strategic business objectives;
- tangible and intangible assets.

Within this context, the Group's Risk Management department supports the organization to:

- manage risks in terms of prevention and mitigation;
- proactively seize opportunities;
- disseminate a culture of risk evaluation across the Group decision making process, in particular, in the strategic planning process and significant business decisions;
- ensure that the Group's risk exposure is consistent with the Board of Director's risk appetite and does not exceed its financial and economic capacities given the objective of achieving long-term sustainable performances;
- assure transparency and adequate information on Luxottica's risk profile and risk management strategies to top managers, the Board of Directors and other relevant stakeholders.

The universe of risks potentially applicable to Luxottica

	Risk management objectives
External risks	
External factors, which are completely beyond the control of the Group and might have a negative effect on its business and assets	<ul style="list-style-type: none"> - Monitor risk factors - Measure Group resilience - Mitigate the impact in case the risk occurs
Strategic risks	
Characteristic of the eyewear industry and/or strictly driven by Luxottica strategic decisions	<ul style="list-style-type: none"> - Create awareness during the decision making process - Have a risk-reward analysis - Consider the cost for risk mitigation and the impact of risks on the Group's economic and financial targets
Operational risks	
Generated by ineffective organizational structure, internal processes and systems	<ul style="list-style-type: none"> - Reduce risks impact and probability through: <ul style="list-style-type: none"> • Continuous improvement of internal control systems • Adequate allocation of resources in strategic plan and budget

To meet these goals, in 2011 the Risk Management department launched a proactive, structured and coordinated Enterprise Risk Management (ERM) approach to identify, manage and monitor risks with potential negative impact on the future growth of the Group and its tangible and intangible assets. The approach is integrated in the Company processes, supports strategic and operating decisions and permeates the entire organization. It is also supplemented with specific policies, internal regulations and projects that seek to improve the level of preparation with regard to the identified risk events.

Luxottica's Enterprise Risk Management is made up of five correlated phases

Risk framework	The Group Risk Model defines the risks potentially applicable to Luxottica and the methodology used by the Risk Management department
Risk assessment	Carried out on a yearly basis, the Risk assessment makes it possible to identify the potential risks to which the Group is exposed, assess their impact and, on the basis of the probability of them occurring, establish action plans
Risk reporting	This consists of defining a risk mitigation action plan together with the relevant Company representatives and establishing priority action areas with reference to the risks identified during the Risk assessment. A number of Key Risk Indicators (KRI) to monitor can also be established in this phase
Risk treatment	Implementation of the approved action plans and risk management strategies
Monitoring	The progress of the action plans and the KRIs are periodically monitored in order to guarantee correct and prompt risk mitigation

In line with the principles of the Group's Corporate Governance, the Board of Directors plays a central role in governing the risk management process. The Board, acting upon the recommendation of the Control and Risk Committee, is responsible for the definition of risk management system guidelines in order to identify, measure, manage and monitor the principal risks impacting the Group and defining risk levels that are compatible with the strategic objectives of the Company.

- › For more information on the internal control system and risk management, including the attention focused on financial risk management, go to the "Report on corporate governance and share-holdings" section of this document.
- › For more information go to the "Risk factors" section of this document.

MANAGEMENT AND MITIGATION OF SOCIAL AND ENVIRONMENTAL RISKS

Luxottica is actively committed to mitigating ESG (Environmental, Social, Governance) risk events, particularly with regards to social and environmental risks in the areas of health, workplace safety and the environment. The Group is continuously improving its internal control system and equipping itself with policies, procedures and controls aimed at preventing potentially damaging events for the Group's stakeholders and reputation. As a result, in the 2017 fiscal year, the risks connected with these issues were once again not deemed to be significant.

The Group also structured the Luxottica Responsible Sourcing and Manufacturing program, described further ahead, which involves various Company departments in the ongoing monitoring of social and environmental risks along its supply chain.

COMPLIANCE RISK MANAGEMENT

Luxottica's global dimension requires the constant alignment of the Company's processes, procedures, conduct and activities with the reference regulatory frameworks and the Group Code of Ethics.

In terms of anti-corruption, the Compliance department oversees the definition of rules to prevent, identify and manage risks connected with corruption in the Group's businesses, in accordance with

the law as well as applicable local and international regulations.

With specific reference to Italy, on October 27, 2005 the Luxottica Board of Directors adopted the Organization, Management and Control Model, pursuant to Italian Legislative Decree 231/2001, which is designed to prevent the risk of illegal activities being carried out by the Company's employees and collaborators. Subsequently amended over the years, the Model takes the form of a series of principles and rules of conduct, operating procedures and disciplinary systems designed to prevent the committing of illegal acts and to guarantee the ethical behavior of those that work on the Group's behalf, with respect for the principles of legitimacy, honesty and transparency. Over the years, the main Italian subsidiaries have also adopted their own Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001.

This commitment is also outlined in the Code of Ethics which affirms that "Luxottica openly opposes any corruptive practice designed to obtain undue advantages, with regard both to relations with public authorities and public entities in general, and to relations with private parties". This declaration is further strengthened by the adoption of company policies and procedures that regulate the areas that could be exposed to corruption crimes.

In 2017 Luxottica launched the "Be transparent and keep it transparent" compliance program dedicated to combating corruption. This program is applied at global level and presents specific rules for the prevention, identification and management of corruption risks in the Group's sphere of activities. It integrates initiatives already in progress and pre-existing company documents, such as the Code of Ethics, and is based on eight rules that all Group employees must adhere to in their daily activities:

- conduct transparent business relations with third parties;
- conduct transparent relations with public authorities;
- conduct yourself transparently when giving or receiving gifts, hospitality or other benefits;
- conduct yourself transparently when granting sponsorships or participating in charitable initiatives;
- conduct yourself transparently with political parties, trade unions and associations;
- be transparent when declaring small expenses;
- avoid behavior that involves the payment of sweeteners;
- be transparent in recruitment decisions.

The Group also encourages its employees to take part in training courses on specific regulatory compliance issues which are defined year by year according to the needs of participants. In 2017 Luxottica focused on two main areas: privacy and anti-laundering.

- › For more information on the Group's "Be transparent and keep it transparent" program see the document on the Group website www.luxottica.com.

The prevention of corruption

Luxottica is part of the network of Transparency International, the biggest global organization for the prevention and combating of corruption, and actively participates in conferences and meetings where it shares best practices in this area. In 2017, the Compliance department presented its anti-corruption program at the OECD in Paris and the American Embassy in Washington DC.

Given the size of the Group in the US, in 2016 and 2017 Luxottica guaranteed training on the "Foreign Corrupt Practices Act (FCPA)⁴ " to over 700 employees and third parties (agents, distributors, customers, consultants).

Luxottica has activated a global whistleblowing process for the prompt communication of actual or presumed violations of the current "Anti-bribery & corruption" program or any other related illegal behavior. The internal whistleblowing system utilizes various communication channels, from a dedicated telephone number to specific email and postal addresses.

In addition, Luxottica provides all of its employees in Luxottica Group S.p.A. and in the subsidiaries having an Organization Model pursuant to Italian Legislative Decree 231/2001 with specific training. In 2017 the main international subsidiaries were asked to fill out an Anti-bribery & Corruption questionnaire in order to understand and improve their internal level of organization against corruption. In 2018 the survey will be extended to all other subsidiaries and a global training activity will be launched. In addition, the second edition of the antitrust training program, aimed at around 1,100 new hires and employees from the Wholesale and Retail divisions regarded as relevant for antitrust issues in EMEA and the US, will be organized (the previous edition, held in 2015 and 2016, saw over 1,100 people exclusively from the Wholesale division in the EMEA area take part in an e-learning course).

Privacy

With around 9,000 stores in the world, approximately 80% of which are directly operated, and a growing presence in the e-commerce sphere, Luxottica is aware of just how much its customers value their privacy and is committed to guaranteeing maximum levels of transparency in the way it collects, uses, communicates, transfers and memorizes information relating to them.

In 2017, it dedicated five seminars to the corporate functions on the new European General Data Protection Regulation (GDPR) which was adopted on May 25, 2016 and will be implemented on May 25, 2018. Taking part were the parties that will be affected by the application of the regulation (i.e. the main representatives of the HR, Customer Relationship Management, Retail and E-Commerce departments) in terms of both specific aspects and the most important critical issues.

Awareness raising and information activities for around 5,000 employees are planned for 2018 while targeted training programs will continue for the most exposed functions.

4. The Foreign Corrupt Practices Act (FCPA) aims to prevent the corruption of foreign public officials by American companies for the purposes of obtaining or maintaining business relations

Anti-money laundering prevention

Luxottica has developed and disseminated at global level a specific policy, the "Anti-money laundering and terrorist financing policy", which draws inspiration from the FATF (Financial Action Task Force) recommendations and the four EU directives⁵ issued so far on this topic. The aim is to guarantee respect for all laws and regulations, actively prohibiting and preventing any activity that may be considered or which could facilitate money laundering and/or the financing of terrorist or criminal activities. In 2017 training activities were organized for all of the Group's wholesale subsidiaries, involving the administrative and/or country managers.

THE RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

For Luxottica, the supply chain is fundamental for guaranteeing the high quality of its products and services and contributes to maintaining and enhancing the reputation of the Group.

With particular regard to Operations, the Group works with around 1,200 suppliers with approximately 130 of these representing 80% of its purchases. Raw materials and components together are known as direct materials.

The supply chain by supplier type in 2017

Raw materials	7%
Components	30%
Finished products (e.g. Oakley's Apparel, Footwear and Accessories - AFA)	12%
Third parties' brands sold in the Group retail network	17%
Logistics	12%
Other	22%

In particular, suppliers of direct materials and finished products represent around 50% of purchases and are mostly located in Europe and China, areas where the Group produces over 80% of its eye-wear collections.

Geographical distribution of suppliers of direct materials and finished products in 2017

Europe	45%
China	39%
Asia-Pacific	8%
Unites States	5%
Latin America	3%

When selecting these suppliers, Luxottica prioritizes developing linked industry in the areas in which it has manufacturing facilities, working with numerous local supplier companies.

5. Directives 91/308/EEC, 2001/97/EC, 2005/60/EC and 2015/849/EU of the European Parliament and of the Council

Purchases of direct materials and finished products from suppliers		
Country (% Group's production)	Incidence of local suppliers (2017)	Incidence of local suppliers (2016)
Italy (41%)	75%	75%
China (46%)	83%	84%
Brazil (4%)	97%	85%
Unites States (9%)	40%	51%

LUXOTTICA RESPONSIBLE SOURCING AND MANUFACTURING PROGRAM

Suppliers of direct materials and finished products represent an important link in the Group's supply chain. The monitoring of the reliability and quality of the products and services acquired represents the core of the Luxottica Responsible Sourcing and Manufacturing (LRSM) program. Launched in 2013 at global level, its aim is to achieve full alignment with Luxottica's principles and international standards in the areas of ethics, labor, health, safety and the environment.

It applies to the Group's sites and its suppliers and must:

- guarantee respect for the Code of Ethics, which must be adopted by all suppliers;
- respect global commercial laws;
- guarantee the compliance of its suppliers with local laws and regulations;
- avoid the risk of serious cases of non-compliance with the application of a "zero tolerance" mechanism⁶ in the evaluation of aspects of key relevance (e.g.: the use of child labor) both when selecting and monitoring suppliers. As part of this mechanism those who do not comply with the Group's procurement system are excluded from it;
- mitigating business continuity risks.

Given its inter-departmental nature, the program brings together representatives of the Operations Sourcing, Internal Audit, Manufacturing, Quality, Risk Management, Compliance & Asset Protection departments in a steering committee tasked with:

- periodically assessing the state of progress of the program and the results of the checks carried out on-site by Luxottica and the licenses;
- approving risk mitigation plans for suppliers identified as critical;
- discussing the adoption of new measures to guarantee the achievement of the program's goals;
- promoting dedicated training activities at manufacturing facilities and at supplier premises.

6. The Group's "zero tolerance" criteria relates to: 1) the use of child labor (under 16 years of age); 2) conditions that seriously endanger health and safety; 3) particularly harmful environmental impact; 4) use of forced or undeclared labor or imprisonment; 5) access to sites denied to auditors for the second time; 6) acts of corruption, money laundering and illicit trade; 7) persistence of non-compliance or failure to meet requests to take immediate action to comply with rules

RESPECT FOR HUMAN RIGHTS IN THE SUPPLY CHAIN

The principles of Luxottica Responsible Sourcing and Manufacturing which define the standards to which suppliers must adhere include respect for human rights in the workplace, which takes the form of:

- the banning of child labor. No worker must be of compulsory school age or under the legal working age. In no case may workers of under 16 years of age be employed;
- the right of workers to organize themselves and join associations of their choosing and to collective bargaining must be acknowledged and respected;
- the banning of enforced labor;
- the banning of discrimination in the process of recruiting, training, and awarding bonuses and promotions, or the interruption of employment relationships on the basis of factors such as race, nationality, caste, gender, religion, age, disability, family status, membership of associations, sexual orientation, family responsibilities, trade union memberships and political opinions.

THE AUDITING OF SUPPLIERS

The Luxottica Responsible Sourcing and Manufacturing program mainly regards the suppliers of direct materials and finished products which have higher risk profiles according to the risk assessment.

The monitoring of respect for ethical principles and environmental and social responsibilities takes place through an audit system managed by a qualified third party and comprises two phases:

- self-assessment in terms of respect for human rights in the workplace, health and safety and environmental protection (HS&E);
- on-site audits aimed at verifying the consistency of the declarations made and the compliance with Luxottica standards.

The program includes a “zero tolerance” mechanism that pays particular attention to human rights, health and safety in the workplace, and environmental protection. In 2017, additional ethical criteria (presence of a code of ethics and a whistleblowing system) and anti-corruption criteria were added during both the supplier selection and monitoring phases.

In the event of non-compliance with the Group Code of Ethics and/or local regulations, Luxottica requests its suppliers to implement corrective actions. If the supplier is unwilling to implement corrective actions or in the event of particularly serious findings, Luxottica has the right to interrupt the relationship.

In 2016 and 2017, all Luxottica’s new suppliers were selected according to their compliance with job protection, human rights and socio-environmental regulations.

On the basis of the risk profile analysis carried out at the start of the year and the results of the audits of previous years, 28 suppliers of direct materials for the eyewear business located in Asia-Pacific, and in particular China, Japan and Cambodia, were subject to audits in 2017.

For six suppliers these represented follow-up audits following the identification of a number of serious problems the previous year that went above the minimum threshold defined by the LRSM steering committee. The outcome of the audits showed that improvements had been made with regard to critical issues.

For ten suppliers, meanwhile, incidences of non-compliance were identified with regards to social

requirements in terms of total number of working hours and of consecutive working days. For these suppliers a follow-up audit will be performed in 2018.

No cases of environmental non-compliance were identified.

Number of suppliers audited for their social and environmental impacts			
	2017	2016	2015
Number of suppliers subject to auditing	28	20	20
Incidence versus total purchases for the eyewear business covered by the LRSM program	39%	22%	21%

For the first time audits were also carried out on 14 suppliers from the Apparel, Footwear & Accessories (AFA) business. This was a result of the procurement centralization process following the integration of Oakley's activities in the Group.

Finally, in 2017 a number of preventive audits were launched in order to qualify Group suppliers. These were carried out in order to establish a number of alternative suppliers in the event of particularly critical situations.

- › For further information see the "Luxottica Responsible Sourcing & Manufacturing principles" document available on the Group website www.luxottica.com.

Visual well-being

Luxottica promotes well-being and eye health through the excellence of its products: frames and lenses of the highest quality, the result of continuous innovation in design, materials and technologies. These products are indispensable in protecting and improving vision and enhancing the beauty of the eyes. Respecting and promoting these two aspects, which reflect people's needs and desires, is one of Luxottica's strengths, and translates into a complete approach targeted at the well-being of the consumer.

EYECARE

Eyesight is a precious resource. Eyecare is a key element in Luxottica's mission which it pursues through its products and services. Each pair of eyewear is the result of an ongoing research & development process in which stylistic innovation is solidly linked to the need for functionality and comfort. Ensuring that people see well and express their personality is a commitment Luxottica has been renewing daily for over 50 years with the same passion and devotion.

The Group is a founding sponsor of the "Think About Your Eyes" campaign in the United States, promoted by The Vision Council and the American Optometric Association, which has resulted in an increase in eye exams in the US. And here Luxottica plays a key role in eyecare having acquired optical retail chains LensCrafters and Pearle Vision in 1995 and 2004 respectively. The former contributed what was a revolutionary eyecare concept at the time: eye exams, choice of frames and the lens processing all inside the store.

In subsequent years Luxottica invested heavily to be able to offer cutting-edge eye exams as well as frames and sunglasses from leading brands in its over 5,100 optical stores across the world. Virtuous

examples include LensCrafters stores in North America, OPSM stores in Australia and New Zealand and Ray-Ban stores in China, that offer consumers advanced eye exam technology such as Clarifye, which makes it possible to identify serious eye diseases and perform the early diagnosis of other conditions. Luxottica has revolutionized the in-store experience with digital windows and iPads that customers can use to view an endless aisle of brands, models and colors and to simulate the lens treatments available. And the journey continues with ophthalmic lenses customized according to the needs of the consumer. This latest development is the result of important investments in the central lens labs in the US, China and Italy.

The Group's commitment to eyecare extends to the Wholesale division, which offers training and education courses to its customers. The courses, available in person and online, cover topics ranging from the in-store purchasing experience and advising consumers on the most suitable frames to the design and innovation of the frames and lenses and the importance of quality testing at Luxottica.

A CULTURE OF QUALITY: AT THE SERVICE OF CUSTOMERS, EMPLOYEES AND THE COMMUNITY

Luxottica's culture of quality is one of its most distinctive values and can be seen in the manufacturing of every pair of glasses and in the way the Company looks after its customers, its employees and the community.

The Group applies the same "made in Luxottica" quality control system to every phase of the process, from product development to procurement, from distribution to analysis and monitoring of product performance. This meticulous quality control system encompasses four laboratories in Italy, China, Brazil and the United States. Each is responsible for the quality in its region and conducts the same tests, using the equipment and procedures developed and approved by the Italian central laboratory.

The laboratories are organized in three distinct verification areas:

- mechanical: over 100 tests are conducted to evaluate the functionality and durability of the materials, lenses, frames, and other parts, such as the temples, cores, and hinges;
- chemical: the safety and strength of materials and coatings are checked by raising the different environmental conditions eyewear normally encounters to extreme levels: massive quantities of solar UV radiation, heat, humidity, corrosive substances, sweat, and more;
- optical: both ophthalmic and sun lenses are put to strict testing that evaluates their physical properties and structural characteristics. The tests carried out here verify lens performance under extreme weather conditions or incorrect use in order for consumers to be ensured the maximum protection safety and optimum vision every moment of the day.

The products designed and produced by Luxottica are equal to or exceed the sector's highest standards in terms of safety, performance and durability. During the development process, the products undergo strict acceptance testing to the standards established specifically for eyewear by ANSI (Z.80.3), ASTM, Standards Australia Limited (AS 1067) and the EU (ISO EN 12312 and ISO EN 12870). These standards refer to the safety and performance of the products and establish optical quality indexes, anti-UV protection, the degree of light transmission and impact resistance.

The quality laboratories in Italy, China and the United States obtained certification from the American Association for Laboratory Accreditation (A2LA) in 2014 for the execution of the ISO 8624 and ISO 12870 tests on eyewear products. The A2LA accreditation program results in the official recognition of technical skills and quality management.

Every year, Luxottica improves the performance criteria used for its quality tests and introduces new requirements that are more severe than international regulations. Thanks to the efficiency of its quality control system, the percent of returns remained at around 1% in 2017.

SUSTAINABLE PRODUCT DEVELOPMENT

The Group has developed a culture of greatest attention and responsibility in regard to the environment and human beings starting in the product development and supplier selection stages. In terms of production, this approach is expressed in the careful selection of materials in order to avoid the inclusion of harmful substances that may cause damage to the environment and the health of consumers, collaborators and employees.

All the materials are subjected to rigorous control operations on their chemical composition, physical and mechanical characteristics in order to ensure the respect of the quality standards and safety requirements prescribed by national and international certifications and Luxottica specifications.

The Group also selects and monitors with careful attention its supply chain, obliging all its suppliers of both raw materials and finished products to comply with the European REACH Regulation and international legislation on the restriction of harmful or potentially harmful chemicals. The compliance of these materials with the safety requisites guaranteed by the supplier is thoroughly checked, in some cases through additional laboratory tests conducted by specialized third parties.

PROTECTING INTELLECTUAL PROPERTY AND THE STRUGGLE AGAINST COUNTERFEITING

Intellectual property is one of Luxottica's most important assets, and ensures the excellence, uniqueness, and incomparability of its products. It is based on the registration and maintenance of the Group's trademarks and patents across the world (over 950 utility, technology and design patents protected by policies, procedures and IT tools designed to identify any eventual anomalies in sensitive data flows).

Over the years, Luxottica has developed an intellectual property protection system that involves the entire Group in synergic actions in various areas in order to safeguard and enhance the work of employees and suppliers, and to protect the health and safety of consumers. Luxottica is also careful to avoid infringing on the know-how or intellectual property of other players in the market. In order to prevent risk, it benefits from a sophisticated internal control system and support from specialized external companies.

The protection of intellectual property rights also involves combating counterfeiting. The worldwide proliferation of counterfeiting not only threatens official sales channels and company reputations, it also poses risks to the health and safety of consumers. Counterfeit products do not ensure the same elevated quality standards as the originals, which in Luxottica's case are certified by the strictest quality tests, the use of the finest materials, craftsmanship, and the constant innovation of manufacturing processes.

Iconic products like Ray-Ban sunglasses, which are always in fashion, are ideal targets for counterfeiters. Luxottica responds to this threat with constant research for new solutions that guarantee elevated comfort and functionality and make the battle against counterfeiting more effective, such as the launching of products in materials like carbon fiber, the flexibility of which is hard to replicate, and the introduction of high-performance sun lenses like Prizm and Chromance.

For greater effectiveness in the battle against counterfeiting and the expansion of parallel markets

that divert goods into unauthorized sales channels, Luxottica has developed GLOW (Guaranteed Luxottica Origin Worldwide), an innovative system capable of guaranteeing the traceability of its products. Based on RFID technology, it verifies the authenticity of its products and the legitimacy of its sales channels by means of a sensor (RFID TAG) built into the iconic Ray-Ban and Oakley models. This device contains the essential information required to unequivocally identify every pair of glasses from its production site to the wholesale client where it has been sold. Furthermore, it emits no radio signals, and as such is completely safe for health, and does not record personal data.

Luxottica is also very active in international cooperation in the battle against pirating. In addition to being a member of the leading anti-counterfeiting organizations, including the INTA (International Trademark Association) and the QBPC (Quality Brands Protection Committee), Luxottica collaborates all over the world with local institutions and authorities in intercepting counterfeit products and combating the entire illegal production chain as best permitted by law. Once the main information on the flow of illegitimate products has been collected, it is possible to carry out targeted repression actions, including the intervention of law enforcement officials. Working together with the police in China, for example, Luxottica has been able to identify and take legal action against major producers of counterfeit goods. The principal objective of these actions is the possibility to retrace the supply chain in order to identify the sources of production and interrupt the flows at their origin. Over 20 million counterfeit eyewear, cases and accessories, primarily Ray-Ban and Oakley, have been seized since 2015. In 2017 alone, the Group carried out controls on products sold in 55 countries.

Lastly, the Group expends considerable effort in monitoring the online trafficking of counterfeit goods and is actively involved in removing these offers from some of the best known platforms of online auctions and reporting the websites that sell counterfeit products or violate intellectual property rights. From 2014 to 2017, the Group has succeeded in closing around 107,500 websites. In addition, on Luxottica's website it has created a special section that informs consumers of the ways it monitors products, also enabling them to report counterfeit Ray-Ban and Oakley branded products by filling out an online form.

- › For more information on counterfeiting and the possibility for consumers to report false websites or products, visit the "Brand protection" section at www.luxottica.com.

Social impact

A company of people, for people. This is Luxottica, where value creation and long-term sustainable growth go hand in hand with a virtuous system for developing people and social relations in order to guarantee the well-being of employees and the communities in which the Group operates. The Group's activities are founded on a series of key values such as its focus on people, the development of skills and expertise and the creation of a working environment that offers everybody the same opportunities on the basis of merit and without discrimination.

CREATION AND DISTRIBUTION OF ECONOMIC VALUE

The information on "Directly generated and distributed economic value" permits a different interpretation of the economic figures and demonstrates Luxottica's ability to generate wealth and distribute it to its stakeholders, representing the link between economic and financial data and non-financial information. The table below outlines the overall economic value generated by the Group's ordinary operations during the year and its breakdown in terms of the economic value distributed to its various stakeholders and the economic value retained within the organization⁷.

(Euro/000)	2017	2016
Net sales	9,157,291	9,085,706
Interest income	18,199	15,468
Economic value generated	9,175,490	9,101,174
Operating expenses	4,601,806	4,555,686
Employee wages and benefits	2,701,229	2,661,098
Shareholders and providers of capital	547,441	509,249
Public authorities	344,577	460,160
Community investments (support for social, cultural and sports projects and partnerships with universities)	13,240	10,813
Economic value distributed	8,208,293	8,197,006
Economic value retained	967,197	904,168

In 2017, the economic value generated, represented by net sales and financial income, came to Euro 9,175.5 million, an increase of 0.8%. The value generated was distributed to the Group's various internal and external stakeholders in the following ways:

- operating expenses towards suppliers of goods and services;
- employee wages and benefits;
- distribution of dividends to shareholders and interest payments on loans;
- income tax, distributed to the public authorities;
- support for social, cultural and sports projects and partnerships with universities in the reference communities.

In 2017, the overall economic value distributed by the Group came to Euro 8,208.3 million, as compared with Euro 8,197.0 million in 2016.

7. The calculation method suggested by Disclosure 201-1 of the GRI Standards was used

In 2017, the resources retained for the long-term development and growth of the Group came to Euro 967.2 million, as compared with Euro 904.2 million in 2016, and are mainly represented by the items related to amortization expenses, the net income not distributed through dividends and the effect of deferred taxation.

ECONOMIC VALUE DISTRIBUTED: THE EXCLUSIVE RELATIONSHIP WITH THE COMMUNITIES

An analysis of the individual items that make up the economic value distributed makes it possible to quantify Luxottica's contribution to the well-being of its employees, to the economic and social progress of the communities in which it operates and to the promotion of the territory.

The growth in the economic value distributed to suppliers, which amounted to Euro 4,601.8 million in 2017, and to employees, which came to Euro 2,701.2 million, can be attributed, on one hand, to higher operating expenses in support of the growth of the business. This is counterbalanced by the organizational streamlining initiatives that the Group pursued in 2016-2017 to speed up decision making and the implementation of strategies, as well as to improve the efficiency and integration of the various business areas. These included:

- the simplification of the entire organization, with the centralization of key functions and activities at Group headquarters in Milan, such as defining pricing, management of assortments, visual merchandising and real estate activities involving the Group's stores around the world;
- the radical review of the distribution model in the Chinese market, increasingly oriented towards sales to the end consumer through the retail and e-commerce channels;
- the integration of various business areas, including the Oakley business in the sports channel, and the creation, in the Milan headquarters, of a team of around 70 people dedicated to the Group's e-commerce platforms.

The economic value distributed by means of wages and benefits to its employees came to 33% of the economic value distributed, in line with the previous year.

The economic value distributed to shareholders and providers of capital came to Euro 547.4 million, as compared with Euro 509.2 million in 2016, mainly due to the higher dividends distributed in 2017. The economic value distributed to the public authorities in the form of taxes came to Euro 344.6 million in 2017, as compared with Euro 460.2 million in 2016, a 25% reduction also due to the effects of the fiscal benefit deriving from the Patent Box mainly attributable, for Euro 102.8 million, to the parent company Luxottica Group S.p.A.

Over the years, Luxottica has built valuable relationships with local communities where it operates, driven by a strong sense of responsibility and corporate citizenship. This commitment is expressed in its support of economic, social and cultural development and the creation of new opportunities for the territory.

The year 2017, therefore, represented an opportunity to introduce a process for organizing and measuring these initiatives and this led to the quantification of the investments made to support the local communities. These amounted to Euro 13.2 million in 2017, an increase of 22% compared with 2016. The most significant initiatives are outlined below:

- the Luxottica welfare system, which since 2009 has involved not only employees but also their families and the community with initiatives ranging from educational support and healthcare to sustainable transport and a series of other services that meet people's needs in an innovative and tangible way;

- initiatives designed to offer access to quality eyecare and eyewear for less developed communities in the world. Examples include the over 90 Sustainable Vision Centers opened since 2013 in Africa, China, India, South-East Asia and the US by OneSight, an independent non-profit organization of which Luxottica is the founding sponsor, and the two weeks of free eye exams at a number of important accommodation facilities in Milan in parallel with World Sight Day;
- initiatives to promote and protect cultural, social and environmental heritage that embodies “made in Italy”, the Group’s most distinctive value and evident in all “made in Luxottica” products and services. “Made in Italy” encompasses the same values of awareness and passion for aesthetics and culture that Luxottica undertakes to support through:
 - the promotion of some of Italy’s finest landmarks, such as the Teatro alla Scala in Milan, which it has supported since 2016, and the Ponte dell’Accademia in Venice, whose restoration it is financing;
 - the organization, through the Alain Mikli brand, of tactile exhibitions at the Quai Branly - Jacques Chirac museum in Paris, which has made art accessible to people with visual disabilities since 2010;
 - the Persol brand’s partnership with the world’s most important film festivals, including the Venice Film Festival, the Nastri d’Argento film award in Taormina and the Cannes Festival, the last edition of which, in 2017, saw the celebration of the 100th anniversary of the brand together with amfAR, one of the most important non-profit organizations involved in supporting AIDS research. Together with Rai Cinema, Luxottica is also a partner in the “Giorgio Armani Films of City Frames” initiative, the third edition of which was held in 2017;
- projects with universities in Italy and optometry schools in the US, including:
 - Bocconi University in Milan, which it has partnered with since 2014 to provide economic support to the most deserving students, for example by supporting three international study programs;
 - the creation and award, in 2017, of 20 “Luxottica Eye Care Optometric” study grants of USD 5,000 each to contribute to the university expenses of 20 optometry students identified in collaboration with the American Optometry Student Association in the US and Canada;
 - the “eyeFWD” training initiative, five days of training at the Luxottica premises in Cincinnati dedicated to 30 select optometry students in North America;
 - the opportunity for 25 optometry students to accompany optometrists and Group volunteers to the #VisionEmpowers eye clinic organized by OneSight in Tanzania;
- support for Valore D, the association of Italian businesses that Luxottica helped to create in 2009 to promote diversity, female talent and leadership;
- economic support for emergency situations such as the earthquakes that struck Central Italy in 2016 and the hurricanes in the US in 2017, detailed below:
 - contribution to the “Action in favor of the people of central Italy affected by the earthquake” fund launched by Confindustria and the trade unions through the donation of one or more hours of work by employees from the Group Italian offices, which Luxottica then doubled for a total donation of over Euro 102,000;

- the creation of a "Guardian Angel" fund by the Retail division to assist employees located in the areas affected by the hurricanes in the US;
- other initiatives aimed at local communities, from awareness campaigns on eyecare to collaboration with foundations active in developing countries:
 - Luxottica is one of the main supporters of "Think About Your Eyes", an advertising campaign on the importance of getting a comprehensive eye exam, which launched in the US in 2010 together with The Vision Council, The American Optometrist Association and other partners;
 - support, through the Indian subsidiary, for the projects of Sightsavers, an international non-profit organization that seeks to prevent and eliminate blindness in developing countries, in rural areas of India;
 - participation, through Oakley, in the #BicyclesChangeLives initiative promoted in 2017 by Qhubeka, the foundation of South African cycling team Dimension Data, with the aim of giving as many bicycles as possible to adults and children that live in rural areas of South Africa.
- › For more information on the social, cultural and sporting initiatives promoted and supported by Luxottica and its brands visit www.luxottica.com

PEOPLE, THE REAL DRIVING FORCE OF LUXOTTICA

More than a duty and a right, at Luxottica employees view their work as an opportunity to fulfill needs and realize dreams, professional ambitions and personal aspirations. For this reason, and driven by its ability to invest in the future in an attentive and far-sighted way, the Group has developed an innovative welfare system that promotes the well-being and satisfaction of its employees. Employees are thus even more motivated to do their best in terms of creativity, passion and team spirit.

Community with purpose. Those who work at Luxottica are not just part of a company but a genuine community where they are able to fulfill their professional and personal ambitions. Community is much more than just a value for the Group. Over time, Luxottica has strengthened its company welfare system and made an effort to listen to people in order to improve their lives at work and at home.

This is because the Company recognizes that every employee is, first and foremost, a person that needs to feel a sense of satisfaction and accomplishment. The aim is therefore to make them feel part of a strong community and company that protects their interests, passions, dreams and needs in the most concrete way possible.

Being part of a true community also means feeling rewarded and appreciated for the value each employee brings to the table as part of a meritocracy. This concept is the base of the wage policy and performance assessment system and around it three organizational levers have been developed:

- organization and integration of support functions for the various businesses;
- a common company language that enables the various businesses to work in synergy;
- quality of the recruitment process, quality of the training process to improve existing company expertise and strong focus on talent development.

Talent management. Working at Luxottica means growing in a company that nurtures talent and develops new skills and expansive ways of thinking. A company that believes in training and that gives

every opportunity to those who want to grow and completely fulfill their potential.

In fact, talent development is a key element and comprises three areas:

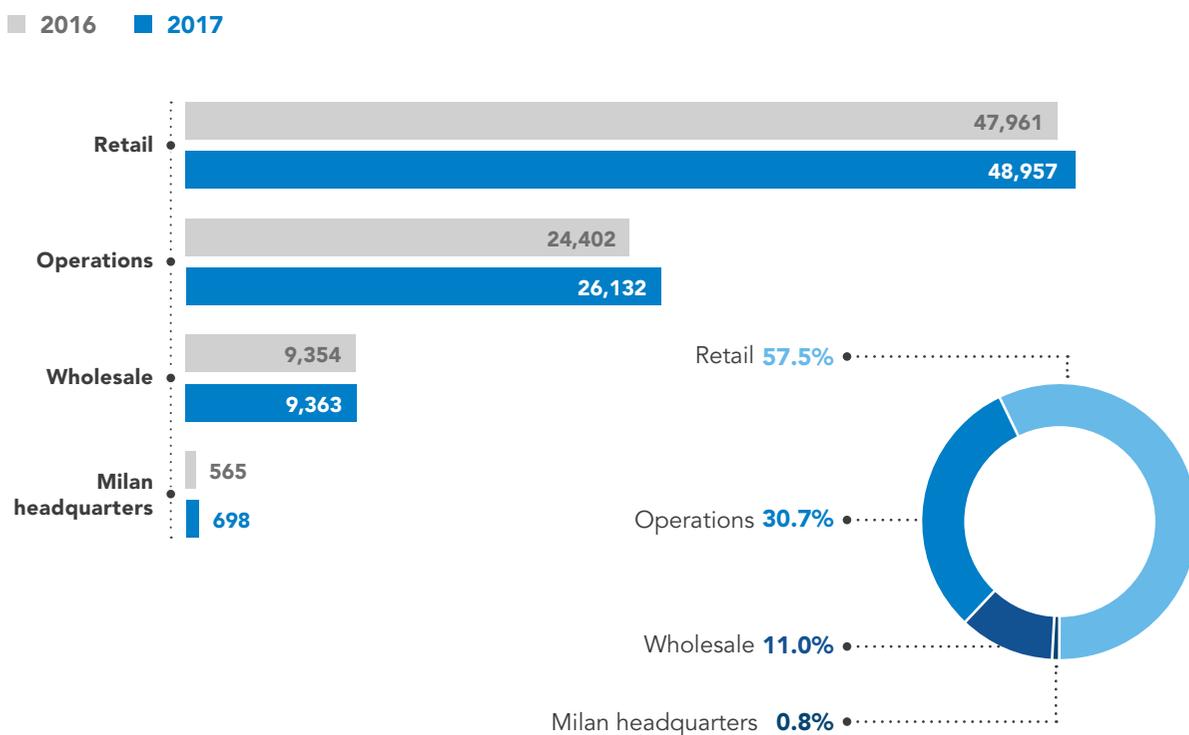
- the process of reviewing resources to give employees the necessary margin for growth and fulfillment;
- talent development, with the possibility of participating in training and advanced courses that provide all of the tools necessary to face a fast-changing world;
- performance monitoring of every individual.

The Group also continues to invest in emerging talents and expertise. Having qualified, motivated and engaged employees is crucial for its long-term success.

GROUP EMPLOYEES

As to December 31, 2017 Luxottica Group has 85,150 employees, 57.5% of whom are in the Retail business, 11.0% in the Wholesale business and 30.7% in production and logistic activities. The Milan headquarters employs 0.8% of the Group’s total workforce.

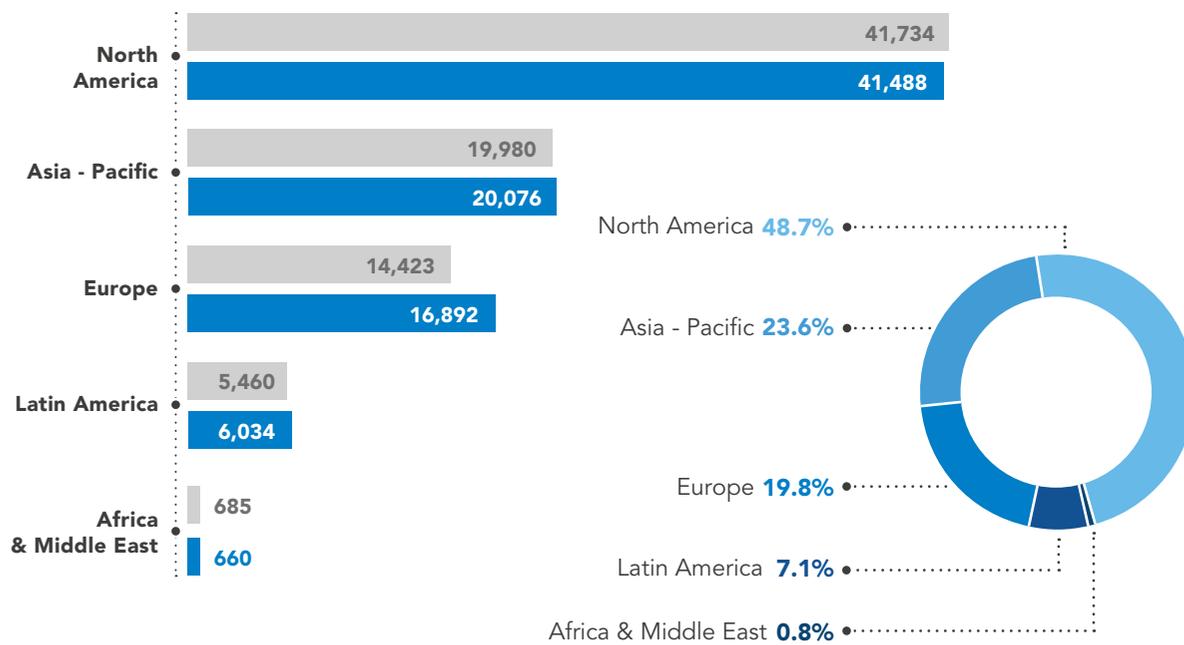
Distribution of employees by business area



Over the years Luxottica has continued to grow, with the number of the Group’s employees increasing by 3.5% from 2016 to 2017. This increase took place primarily in Europe (+17%) and Latin America (+10.5%).

Distribution of employees by geographical area

■ 2016 ■ 2017



Women represent 63% of the overall headcount and cover almost 50% of the managerial roles in the world. Luxottica aims to foster their development with initiatives that promote their talent and leadership. The solid and active participation of the female Italian managers in the training initiatives and seminars organized by Valore D is well established. In September 2017, the Company further underlined its commitment in this area by signing the “Manifesto for female employment”, a document that defines actions and concrete tools to ensure greater gender diversity and inclusion in Italian companies.

Around 64% of contracts are permanent (54,382 employees). The remaining 36% are fixed-term contracts and connected with the seasonal nature of the retail business and Operations.

As regards the type of contract, 66% of employees have full-time contracts.

Group employees in 2017			
	Total	Women %	Men %
Professional category			
Blue-collars	50,545	68%	32%
White-collars	28,593	59%	41%
Middle management	5,095	50%	50%
Senior management	917	31%	69%
Employment contract			
Permanent	54,382	61%	39%
Fixed-term	30,768	67%	33%
Full-time/Part-time^(a)			
Full-time	56,622	62%	38%
Part-time	28,528	66%	34%
Total	85,150	63%	37%

(a) Full-time: employee whose weekly, monthly or annual working hours are defined by the law and national legislation in the area of working hours
Part-time: employee who works fewer weekly, monthly or annual working hours than a Full-time employee

Luxottica is a company with over 50 years of history and an incredible youth employment rate. In fact, youth employment is a key focus for the Company, so much so that it was the first in Italy to introduce the idea of the “generational pact or handover”. This initiative makes it possible for around 100 Italian employees three years from retirement age to take a part-time role between 2015 and 2018 without any impact on their pension, and for the same number of youth workers, selected on merit, to be hired on a permanent basis.

The Group’s cutting-edge and far-sighted approach is also reflected by other important initiatives, such as the creation of the e-commerce team. Developed in 2016 and 2017 in the Milan headquarters, this new department dedicated exclusively to the Group’s e-commerce business involves around 70 people, 60% of whom are women, with an average age of 31 and a variety of wide-ranging expertise, the result of job rotation opportunities within the Group or know-how acquired externally.

Considering the entire Company population, approximately 45% of Luxottica’s employees are below 30, and they are followed by employees aged between 30 and 50. The majority of managers and senior managers belong to this latter age range: on average, 3 managerial roles in 4 are covered by people of between 30 and 50. Employees over 50 years of age are equally distributed among the various different roles in the Group.

Group employees by professional category and age group					
	Blue-collars	White-collars	Middle management	Senior management	Total
<30 years old	54%	35%	10%	1%	37,956
30-50 years old	37%	50%	73%	82%	37,372
>50 years old	9%	15%	17%	17%	9,822
Total	50,545	28,593	5,095	917	85,150

COMMITMENT TO EMPLOYEES

There is no sustainable development if the Group's growth is not accompanied by an improvement in the lives of those that work there and their families. This is why, since 2009, Luxottica has implemented a welfare system which has quickly become a benchmark model in Italy. The system involves economic, health, educational and social initiatives for the Company's over 10,000 Italian employees and their families.

Developed as a means of supporting the needs and well-being of employees and their families, since its launch Luxottica's welfare system has generated important results in terms of company well-being, such as:

- reduction in turnover and absenteeism with an improvement in employee attendance rates at the Group's production plants, also on working Saturdays;
- increase in the sense of belonging and loyalty to the Company;
- improvement in quality of life with an increase in the real value of the wages and purchasing power of employees, also thanks to the use of basic goods and services.

The main action areas are youth and education, income support, health and well-being, sustainable transport, personal and family services and the work-life balance.

The Group's approach to company welfare represents an innovative model also in terms of industrial relations. The trade union agreements at the basis of Italian welfare have contributed to the spread of a welfare culture in all geographical areas in which Luxottica is present, ensuring that welfare is not regarded in an isolated issue but rather integrated with the Company's productivity systems. Proof of this can be seen in the constant monitoring of the hourly cost of work including all welfare initiatives in the Italian, Chinese, US and Brazilian sites (where similar welfare models are active, aimed at supporting income and well-being). This makes it possible to highlight and control efficiencies and to sustainably redistribute income to employees.

For Luxottica, welfare is a system that is capable of financing itself. Part of the benefits, mainly the result of the increase in efficiency and productivity that derives from greater company well-being, are in fact invested in welfare initiatives, fostering a genuine virtuous cycle.

› To learn about the Group's main welfare initiatives visit www.luxottica.com

THE SAFETY CULTURE

Adapting work to the worker is the principle that underpins the health and safety protection afforded to all of the Group's employees. In fact, safety leads to well-being, prevention and collaboration. To encourage safe behavior and facilitate the management and prevention of risky situations, over the years the Company has developed a workplace health and safety culture. More specifically, Luxottica has introduced an organizational model at its production and logistics sites that focuses on prevention and protection with the aim of maintaining a safe working environment.

The guidelines for the Group's health and safety activities and initiatives go beyond fulfilling the training and information obligations set forth by local regulations and include:

- designing and maintaining an appropriate and safe workplace, guaranteeing full respect for ergonomic principles in the design of workspaces and relative equipment;

- continuous updating of the accident prevention management procedures and constant monitoring of industrial hygiene, taking into account physiological and behavioral aspects that may affect the occurrence of accidents and occupational diseases;
- training, through appropriate training programs.

THE "ZERO ACCIDENTS" PROGRAM

Social and moral responsibility towards workers: this is the path towards reducing accidents in the workplace. In order to guarantee higher safety levels and develop a genuine company culture in the area of accident prevention, in 2007 the Group launched its "Zero accidents" program in Italian sites, subsequently introducing it at its facility in Campinas (Brazil) in 2013.

All Italian production sites, beginning with Rovereto in 2012, have obtained OHSAS 18001:2007 certification for their occupational health and safety management systems, and this is currently being extended to the sites in Dongguan (China) and Campinas (Brazil).

The following indicators show how all of the initiatives have made it possible to contain employee health and safety risks, and this despite the increasing number of Operations employees.

KPI ^(a)	2017	2016	2015
Frequency rate ^(b)	1.4	1.7	1.8
Severity index ^(c)	0.02	0.03	0.04
Number of accidents	66	80	79
Number of first aid cases and close call accidents ^(d)	367	421	399
Number of reports of unsafe situations and SMAT audits ^(e)	27,190	23,025	4,725

(a) The GRI 403-2 disclosure was not followed when reporting the data as it does not coincide with the Company's internal classification and reporting methodologies. The indicators were developed in accordance with the "Workplace accident statistics" UNI 7249/2007 regulation and then integrated with additional Company-specific KPIs. The figures do not include the Atlanta logistics hub, which became fully operational in 2017 and for which the process of collating health and safety data was carried out only according to the American OSHA (Occupational Safety and Health Administration) standard. The data is therefore not homogeneous with respect to the Group's other production and logistics sites where a single method was used to determine the accidents and the days of work lost. The Group methodology is currently being applied to the Atlanta hub. The data relative to the "number of first aid cases and close call accidents" and the "number of reports of unsafe situations and SMAT audits" does not include the Foothill Ranch site either, for which investments are being made to adapt the mechanisms and processes to those of the rest of the Group.

(b) Frequency rate: number of events every 1,000,000 hours worked. This is the main indicator of accident trends because it takes account of the hours worked and not just the absolute number of accidents. It was calculated in accordance with the UNI 7249/2007 regulation, "Workplace accident statistics"

(c) Severity index: days of temporary inability to work due to injuries (calendar days from the first day of absence, excluding the day of the accident) per 1,000 hours worked. The indicator was calculated in accordance with the UNI 7249/2007 regulation, "Workplace accident statistics"

(d) First aid: an internal indicator that monitors events involving minor injuries that are generally handled by first aid operators.

Close call accident: an internal indicator that monitors events which may potentially lead to an accident/first aid event that might have caused an injury which, by pure chance, did not materialize.

(e) SMAT Audit (Safety Management Audit Training) is an auditing activity carried out at different levels of the organization to verify a series of environmental, health and safety aspects (working environment, Personal Protecting Equipment - PPE, training, machines etc.)

It is a program that requires investment, the continuous adjustment of infrastructure and the training of employees, and which has naturally led to significant improvements in safety at plants. The accident frequency rate fell by 22% between 2015 and 2017. In Italy alone, where the indicator has been monitored for longer, there was a 52% reduction between 2010 and 2017 and a 10% reduction in 2017.

To raise the awareness of employees in terms of recognizing and identifying hazardous situations, in 2015 the Group launched an audit process at various levels of the organization which led to the instal-

lation of the first Safety Corners in some production departments in Italy. Here, operators have the opportunity to report situations that are considered to be unsafe or potentially hazardous. The initiative was an instant success, as highlighted by the exponential growth in reports since 2015, and is indicative of an increasingly proactive approach in safety management by employees. Safety Corners continued to be installed in Italy in 2017 and are currently being extended to the Chinese and American facilities.

SAFETY INFORMATION AND TRAINING INITIATIVES

Safety Days on the themes of safety and prevention were held at the Italian and Brazilian plants in 2017. 23 training sessions were held in Italy alone, involving 432 people for a total of 1,704 hours of training provided. The precursor to the initiative was the Safety Day organized in 2013 in Dongguan with training activities and evacuation drills. The following year saw the first edition of Safety Week held at all Italian facilities: five days dedicated to training, education and prevention involving around 8,000 employees. The second edition of Safety Week was held at the Chinese sites in 2015.

In addition, since 2017 there has been a new section dedicated to health, safety and the environment on the OneLuxottica company intranet in Italy, China and Brazil.

A NEW WAY OF INTERPRETING SAFETY IN ITALY: BEHAVIOR-BASED SAFETY (BBS)

A number of studies have shown that more than 80% of workplace accidents are caused by at risk behavior. Inspired by the "Behavior-Based Safety (BBS)" concept, the Group has adopted a safety management methodology at its Italian plants that consists of reducing or eliminating unsafe behavior and actions through the involvement of its employees. Beginning at Cencenighe in 2014 and due to conclude at Agordo in 2018, the adoption of the BSS process has been gradual and will make it possible to:

- develop a culture of fully shared security, encouraging the active and voluntary participation of workers, above all through positive backup and feedback;
- build better relationships between employees, even outside the safety context, increasing the sense of belonging to the Company;
- ensure an even more "active participation by workers" as set forth by the Safety Consolidation Law (Legislative Decree 81/2008 et sequitur).

Protecting the environment

The responsible management of environmental issues is a strategic issue for the Group. The technological innovations and constant investments aimed at improving activities and processes have made the entire value chain increasingly more sustainable, in terms of water and energy consumption, CO₂ emissions, management and recycling of discards and waste. From the definition and implementation of policies and initiatives aimed at reducing the main environmental impacts to investments in industrial technologies with a low environmental impact, from the use of clean energy to a responsible and efficient use of resources, to the reduction and recovery of waste materials, everything is about sustainability.

The first major projects, mainly aimed at reducing atmospheric emissions, were launched in the early 2000s while in 2010⁸ Luxottica adopted a Health, Safety, Environmental and Energy policy founded on four primary objectives:

- protecting the environment, preventing and reducing accidents and injuries;
- developing a culture centered on health, safety and environmental management;
- respecting the requirements of applicable laws;
- continuously improving the management system.

This policy is applicable to all Group employees and workers and accessible to the public at www.luxottica.com.

Since 2011 a structured system has been in place for monitoring environmental impacts. Based on the monitoring of four environmental macro-issues (energy consumption, water consumption, emissions and waste), it is developed according to a process comprising the following phases:

- measurement of the environmental impacts generated by the Group's processes and activities through the installation of meters that make it possible to view energy consumption in real time;
- analysis of such impacts through the use of specific indicators and the standardization of internal reporting tools;
- identification of priority action areas and definition of new initiatives, projects and improvement plans;
- implementation of technical improvement projects (e.g., energy efficiency initiatives) and innovative macro projects (e.g., photovoltaic facility and biomass plants).

In fact, Luxottica's respect for the environment involves investments in the best low environmental impact technologies and increasingly effective production processes, guaranteeing a more efficient use of energy and natural resources and the responsible use of water resources. The 2015-2016 period in particular stood out for the substantial investments made in improving energy efficiency, treating water and, in Italy, the gradual introduction of energy from renewable sources, also self-produced. In 2016, the Group invested over Euro 2.7 million in projects for energy efficiency, the treatment of atmospheric emissions and the treatment and disposal of waste. Being long-term projects, 2017 saw the consolidation of the previous year's investments and evidence of the first benefits for the environment and the health and safety of employees. In fact, these investments resulted in virtuous behavior among employees, contributing to the efforts made to optimize energy and water consumption.

8. Last updated in June 2017

In 2017, the environmental investments made, which came to around Euro 2.3 million, focused on technical improvement projects and the monitoring of consumption at the plants and logistics sites across the world and the activities necessary to obtain ISO 14001 environmental management system certification in Brazil (November 2017) and China (March 2018).

Main environmental investments	Geographical area	Environmental benefits
Energy efficiency		
Gradual replacement of traditional lighting systems with low environmental impact LED bulbs and simultaneous replacement of lighting systems with automatic lighting control technologies	China, Italy	Reduction of electricity consumption compared with traditional technology
Change to water heating systems in the galvanizing tank lines in order to replace electrical resistance with water heat exchangers	Italy	Replacement of electricity with thermal energy from biomass plants to heat the tanks on the galvanizing lines
Optimization of the production and use of compressed air	Italy, US	Reduction in the energy cost of producing compressed air and optimization of the compressed air used at individual workstations
Water		
Installation of time delay valves in the washing plant to limit water consumption to the moments in which it is actually used in the process	Italy	Reduction and optimization of water consumption
Treatment and recovery of discharged industrial water for reuse in workplace air conditioning systems	Italy	Reduction of water consumption
Waste		
Facility for the treatment of waste water	Italy	Reduction in the amount of waste produced and reduction in the number of lorry journeys made externally to dispose of waste

In 2018, Luxottica will continue to invest in projects aimed at further improving energy efficiency and increasing renewable energy production, in management solutions, plants and techniques for reducing water consumption through its recycling and reuse, and in process activities that generate as little waste as possible. These initiatives will also be instrumental for obtaining the environmental certification for the Foothill Ranch facility and the Atlanta service center.

CERTIFICATIONS

A key part of Luxottica’s environmental policy is the environmental management, energy, and health and safety system certifications that Luxottica has strived to adopt in all of its sites and offices across the world since 2011.

In 2011 the Company adopted the ISO 14001 Environmental Management System in all its facilities and offices in Italy. The process of obtaining the certification at the other Group sites continued in 2017 with the one in Campinas (Brazil). In March 2018 the facility in Dongguan (China) also obtained the ISO 14001 certification.

Luxottica was the first Italian Company to obtain the ISO 50001 certification (the international standard for energy management issued in June 2011), for its energy management system for the Agordo factory, the Group’s operational core. This was followed in 2012 by the other five Italian manufacturing facilities and the Milan headquarters.

ENVIROMENT ISO 14001



ENERGY ISO 50001



H&S OHSAS 18001



▲ Manufacturing ● Lens laboratory ◆ Primary service center ● Milan headquarters

The Group's sustainability-based approach is also evident in its request for LEED⁹, the most prominent energy and sustainability certification standard in the world, presented by the Group for the new logistics hubs of Sedico, Dongguan and Atlanta constructed between 2016 and 2017. Dongguan was the first to receive it, rated at "Gold" level, while the certification process is ongoing for Atlanta and Sedico.

In fact, the buildings were designed and constructed with respect for the local communities and surrounding ecosystems, beginning with the choice of construction materials used. The monitoring of water and energy consumption, discharges, waste and atmospheric greenhouse gas emissions abides by the Luxottica standards, which are more stringent than local regulations.

MEASUREMENT OF ENVIRONMENTAL IMPACTS

The scope of the environmental impacts reported in this Statement coincides with the initial phases of the Group's value chain¹⁰: the manufacturing and supply chain of frames and sunglasses, focal point of the Operations area. The starting point was Italy with its six production sites, the subject of a 2016 analysis published in the Sustainability section of the Company website in April 2017. In line with the gradual inclusion approach adopted, the scope of this Statement includes the production and logistics sites in Italy, China, Brazil and the US, which represent almost all of the Group's Operations. The Bhiwadi site in India and the logistics hub of Jundiaí¹¹ in Brazil were excluded as they are exclusively dedicated to their respective local markets and are therefore less relevant.

The laboratories used to produce ophthalmic lenses were also excluded.

In 2016 and 2017 Luxottica invested significantly in strengthening its technology and logistics infrastructure in order to take advantage of new business opportunities in the lens world: three labs equipped with the most advanced machinery for the production of corrective lenses were set up in the new logistics hubs of Sedico, Atlanta and Dongguan. This makes it possible to integrate lenses and frames at source, giving rise to the complete pair, and to optimize the service levels in all of the Group's optical stores. In particular, in the US the Group is testing the closure of in-store lens laboratories in LensCrafters and the transfer of related lens treatment and finishing activities to the central laboratories in Dallas, Columbus and Atlanta, with important benefits in terms of the supply of increasingly digital lenses tailored to the needs of each customer.

9. LEED (Leadership in Energy and Environmental Design) is a voluntary certification program relating to the sustainability of buildings from an environmental, social, economic and health perspective. The aspects assessed include energy and water savings, the reduction of CO₂ emissions, materials used, choice of site and construction project. Gold level equates to a score of between 60 and 79 points. Platinum is the highest level of certification.

10. For more information on the Group's business model see "Luxottica Group at a glance"

11. The Jundiaí logistics hub is included in the project to measure the CO₂ emissions deriving from the transportation of finished products (glasses) between the primary distribution centers described in "Monitoring the Carbon footprint"

2017 environmental reporting scope		
Country	Facilities	Incidence on Group total production
Italy	Agordo, Sedico, Rovereto, Pederobba, Cencenighe and Lauriano	41%
China	Dongguan	46%
United States	Foothill Ranch	9%
Brazil	Campinas	4%

Country	Primary distribution centers	Average volumes managed per day
Italy	Sedico	240,000
China	Dongguan	220,000
United States	Atlanta	185,000
Brazil	-	

The extension of the non-financial reporting scope to the lens laboratories, thus completing the coverage of the Operations area, as well as to the Retail and Wholesale divisions in the main geographical areas, is currently ongoing.

THE USE OF ENERGY RESOURCES IN THE GROUP'S OPERATIONS

The total consumption of energy deriving from non-renewable resources can mainly be attributed to the consumption of grid electricity and, to a lesser extent, the consumption of natural gas and diesel used to heat the production and logistics sites within the reporting scope. Meanwhile, the total consumption of renewable energy is connected with hot water from biomass and electricity from photovoltaic energy and refers exclusively to the Italian sites.

Total energy consumption ^(a)			
	2017	2016	2015
Total consumption (millions kWh) of which:	380.5	349.3	322.8
- from non-renewable sources (millions kWh)	375.3	346.5	321.6
- from renewable sources (millions kWh)	5.2	2.8	1.2
Energy intensity (kWh/frame)	4.45	3.98	3.73

(a) Energy consumption refers to Luxottica manufacturing facilities in Italy, China, United States, Brazil and the main distribution centers in Italy, China and the United States. Data exclude electricity consumption from the grid by Data Centers, whereas the energy consumption by the US primary distribution center has been estimated. The conversion factor used to calculate energy consumption in GigaJoules is 1 kWh = 0.0036 GJ (source: International Energy Agency, www.iea.org). The consumption in TeraJoules was 1,162 TJ in 2015, 1,257 TJ in 2016 and 1,370 TJ in 2017

The general increase in energy consumption between 2015 and 2017 is due to a series of factors, such as:

- the increase in the product complexity and the different production mix, which resulted in an increase in the production of metal eyewear collections, whose processing involves around 70 different phases and the use of more energy-intensive technologies compared to other production technologies;

- the decision to carry out some production processes in Italy, China and the United States internally, with a consequent increase in installed capacity and the amount of fixed energy consumption;
- the construction, in 2016 and 2017, of the new logistics hubs in Sedico, Atlanta and Dongguan;
- the impact of the climate on electricity consumption (e.g. very cold winter in Italy and particularly hot summer in China).

Electricity and methane gas are the Group's two main sources of energy and account for almost all of the energy consumption of the production sites and distribution centers in the reporting scope. Diesel is used in the event of problems with the supply of electricity to the Chinese production site, and to supplement the thermal energy produced by the biomass plant in the Cencenighe site during the coldest periods of the year, typically January and December.

Total energy consumption from non-renewable sources			
	2017	2016	2015
Total consumption (millions kWh) of which:	375.3	346.5	321.6
- Electricity from the grid (millions kWh)	265.4	242.0	226.4
- Methane gas ^(a) (millions kWh)	109.4	102.2	93.7
- Diesel for heating ^(b) (millions kWh)	0.5	2.3	1.5

(a) The conversion factor used to calculate methane gas energy consumption in Kilowatt hours is 1 sm³ = 10.944 kWh (Source: Stogit measures converter)

(b) The conversion factor used to calculate diesel energy consumption for heating in Kilowatt hours is 1 l = 10.005 kWh (Source: Italian Greenhouse Gas Inventory 1990 – 2014 – National Inventory Report 2016 Annex 6 National Emission Factors – Istituto Superiore per la Protezione e la Ricerca Ambientale - ISPRA)

THE GENERATION OF ENERGY FROM RENEWABLE SOURCES

Since 2013, Luxottica has been investing in manufacturing plants that run on renewable energy, with the objective of reducing its Carbon footprint across the value chain.

The first one was the solar panel system in the Lauriano factory. Between 2014 and 2017, approximately 2,000 sqm of solar panels enabled the Company to reduce emissions by approximately 80 t/CO₂ per year.

In 2014, the first biomass heating system was built in the Cencenighe factory, which is used for heating the premises. In July 2016, the solid biomass fueled trigeneration system next to the Agordo factory was started. The system became fully operational during 2017. Built by Enel Energia, it has an electrical output of 199 kW and a thermal output of 1,220 kW, which is able to satisfy 40% of the heating requirements and 60% of cooling requirements within the factory.

The gradual roll-out of these plants has enabled Luxottica to replace part of the energy from non-renewable sources consumed in its sites with a growing quota of clean energy which, in the case of the photovoltaic power plant in Sedico and the biomass plant in Cencenighe, is self-generated. More specifically, the continuous increase in thermal energy from renewable sources has gone hand in hand with the gradual implementation and roll-out of the biomass plants in Cencenighe and Agordo between 2015 and 2017. In 2017, renewable energy accounted for around 4% of total energy consumption at Italian manufacturing sites.

Consumption of renewable energy in Italy			
	2017	2016	2015
Total consumption (millions kWh) of which:	5.2	2.8	1.2
- from photovoltaic (millions kWh)	0.2	0.2	0.2
- from biomass (millions kWh)	5.0	2.6	1.0
Incidence on total energy consumption (Italian manufacturing sites)	3.8%	2.1%	0.9%

MONITORING THE CARBON FOOTPRINT

One of the cornerstones of the environmental impact monitoring system is greenhouse gas emissions (GHG), which are reported on the basis of the international classification proposed by the GHG Protocol standard and used by the Global Reporting Initiative.

With reference to Scope 1 (direct greenhouse gas emissions from proprietary installations or installations controlled by the organization), the greenhouse gas emissions (in CO₂eq) are calculated on the basis of the emission factors applied to methane gas and heating fuel taken from the dedicated "GHG Protocol tool for stationary combustion"¹² made available by GHG Protocol. As for Scope 2 (indirect greenhouse gas emissions deriving from electricity generation, heating, cooling and steam energy, imported and consumed within the organization), the emissions deriving from electricity consumption are calculated using the emission factor corresponding to the energy mix of each of the countries in which Luxottica operates. The emission factors applied here come from the dedicated "GHG Protocol tool for purchased electricity"¹³, also made available by GHG Protocol.

In 2017 Luxottica extended and consolidated the monitoring and reporting scope of energy data and therefore of direct and indirect greenhouse gas emissions, laying the foundations for the monitoring and management of its carbon footprint at global level. CO₂eq emissions deriving solely from the Group's manufacturing activities and logistics hubs (Scope 1 and Scope 2) came to 153,205 tons in 2017, an increase of around 11% compared with 2016 due to the same factors that led to the increase in energy consumption previously discussed.

Greenhouse gas emissions			
	2017	2016	2015
Overall emissions (tCO₂eq) of which:	153,205	138,376	127,762
- Scope 1 ^(a) (% of total emissions)	12.8%	13.7%	13.1%
- Scope 2 (% of total emissions)	87.2%	86.3%	86.9%
Intensity of emissions per frame (KgCO₂eq/frame)	1.79	1.58	1.48

(a) Company car fuel is excluded from the calculation as this information is only partially available in the reporting scope. F-Gas emissions are included.

12. Version 4.1, World Resources Institute (WRI), 2015

13. Version 4.8, World Resources Institute (WRI), 2017

PROGRESS IN ITALY

The Italian manufacturing facilities were the first to be subject to non-financial reporting in 2016. In fact, this is where the Group's energy efficiency and environmental sustainability path began, a path that reached the important milestone of a 15% reduction in CO₂ emissions per unit between 2012 and 2015¹⁴.

In 2017 emissions rose to 1.05 kg CO₂eq per unit from 1.02 kg CO₂eq in 2016. On a like-for-like basis with 2016, i.e. excluding variations in the production mix, the impact of the lower product volumes and the growth in production capacity that negatively influenced environmental performances, the indicator would have fallen below 1.0 kg CO₂eq, underlining the validity of the initiatives undertaken.

MEASUREMENT OF THE CARBON FOOTPRINT IN THE GROUP'S DISTRIBUTION SYSTEM

In recent years efforts have been made to simplify the logistics chain. The review of delivery flows has been based on the close evaluation of the specific needs of the markets in order to better configure the transport service in terms of procurement times and frequencies, and the streamlining of delivered volumes. The effectiveness of the logistics process is even more crucial given the initiatives to optimize the levels of product stock along the supply chain, which require the operating model for the entire system to be increasingly synchronized. The main changes regard:

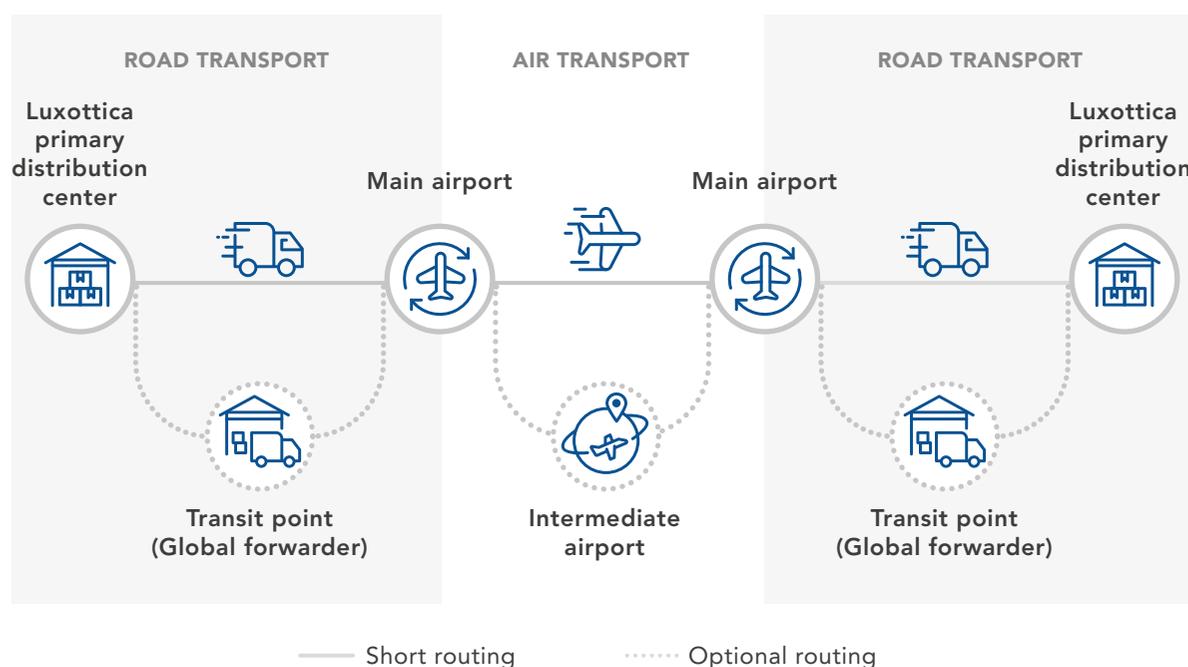
- the ongoing streamlining of the logistics network. In the last 10 years the number of distribution centers has gradually fallen to a total of 10 in 2017. The subsequent centralization of logistics activities, with volumes taken from secondary distribution centers and concentrated more heavily in primary distribution centers, has led to improved efficiency, speed and the quality of customer services;
- the construction of three logistics-production hubs in Sedico, Atlanta and Dongguan in 2016 and 2017, genuine service centers, including a laboratory for the production of ophthalmic lenses, making it possible to truly integrate logistics, lens production and the creation of complete pairs. The resulting extension of their scope of activity also includes services for the personalization of logistics or the finished product (e.g. Ray-Ban Remix), confirming their evolution from distribution centers to service centers. This is joined by the gradual centralization of the Oakley-branded apparel, footwear and accessories (AFA) business and, in some cases, of advertising material.

MONITORING SERVICE LEVELS: THE LAUNCH OF CO₂ CALCULATIONS

The entire distribution chain is managed and controlled through a system of indicators that measure service levels globally. As part of its initiatives to improve the monitoring and control of logistics, in 2017 Luxottica launched a project to measure CO₂ emissions stemming from the transportation of its products in order to monitor their environmental impact.

The first phase of the project, carried out in 2017 and reported in this Statement, quantified the emissions deriving from the transportation of finished products (eyewear) between the primary distribution centers of Sedico, Atlanta, Dongguan and Jundiaì (mapping of reorder flows). For such deliveries the service is provided by international transport suppliers known as "global forwarders" and takes place exclusively by air. The scope of analysis covers the entire flow, from the original distribution center to the destination distribution center, including emissions generated both through air transport and road transport between the distribution center and the airport. In fact, the transport service involves the transfer of the goods along a roughly defined route, as illustrated in the figure.

14. This figure refers to Italia Manufacturing, which includes all production sites and excludes the logistics site and headquarters in Milan



The calculation process has made it possible to estimate the energy consumption and relative CO₂ emissions deriving from deliveries of eyewear (reorder flows): during the year 70,716 tons of CO₂eq were consumed.

Route	Volumes transported (% on 2017 total)	Total distance covered (Km)	Distance covered (% on 2017 total)	Total emissions (tCO ₂ eq)	Total emissions (% on 2017 total) ^(a)
China - Italy	30%	16,805,495	15%	21,374	30%
China - United States	23%	49,780,716	45%	18,698	26%
Italy - United States	23%	9,294,463	9%	12,377	18%
Italy - China	8%	7,552,263	7%	5,419	8%
United States - Italy	8%	2,820,080	3%	2,811	4%
Italy - Brazil	3%	11,378,511	10%	2,159	3%
Other routes	5%	12,564,933	11%	7,878	11%
Total		110,196,461	100%	70,716	100%

(a) "Tank-to-wheel" emissions, i.e. emissions generated through the use of vehicles

Being the first measurements, the appropriateness of introducing alternative solutions for reducing environmental impact is currently undergoing assessment.

Projects aimed at improving the saturation of delivered volumes continue as do activities to redesign shipping flows in order to continue to streamline deliveries. The second phase of the project, already launched, involves the extension of the scope to quantify the emissions deriving from the deliveries and the transport services between the distribution centers and the final customer.

CONSUMPTION AND RESPONSIBLE MANAGEMENT OF WATER RESOURCES

The consumption of well and network water is monitored promptly, on a monthly basis, thanks to the presence of meters installed in all production sites and logistics hubs.

Water consumption			
	2017	2016	2015
Total water consumption (millions of m³)	3.07	3.22	3.38
of which:			
- Network water (% of total)	58.3%	54.2%	54.2%
- Well water (% of total)	41.7%	45.8%	45.8%
Water intensity (liters of water/frame)	35.89	36.63	39.05

Over the years Luxottica has invested in the management and optimization of the use of water resources, consumption of which has fallen year on year, from 3.4 million m³ in 2015 to 3.1 million m³ in 2017. This fall is the result of the gradual redevelopment of the main galvanizing plants with the aim of reducing consumption and flows of discharge water, beginning with the plants in Dongguan (2014) and Agordo (2016).

The new eco-sustainable galvanization technique, researched and adapted by Luxottica for the specifics of eyewear production, is an integrated water treatment and recycling system used to turn all three phases - washing, nickel-plating and finishing – into a continuous linear flow. This system fitted with a purification plant that allows the water to be reused in the process and in the heating of the tanks by cogeneration. The result was a reduction in the industrial consumption of water of around 80-90% on average in the first year of implementation. This has been joined by a reduction in CO₂ emissions with the tanks having been equipped with a thermal energy heating system that uses the energy produced by an integrated cogeneration plant.

In 2017, the Group focused on improving the process for the continuous monitoring of consumption, undertaking specific management and technical actions to promote the correct use of water in the Italian sites and logistics hub, where around 50% of the Group's overall water consumption takes place.

The introduction of closed circuit water systems in the galvanizing plants and in painting processes inside the other Group sites dedicated to the processing of metal in Italy is planned for 2018.

WASTE TREATMENT

In line with the Group's policy concerning the overall reduction of the environmental impact along the value chain, Luxottica has implemented policies to manage and recover waste materials from the production activities, as well as initiatives to recycle and reuse materials. The stations for the separate collection of waste in the distribution hubs for recycling packaging materials and the use of plastic instead of wooden pallets are just another example of these efforts.

Disposed and recovered waste^(a)			
	2017	2016	2015^(b)
Total waste (tons) of which:	33,637	35,544	26,366
- Waste disposed (%)	78%	81%	81%
- Waste recovered/recycled (%)	22%	19%	19%

(a) The breakdown between disposed and recovered/recycled waste is not available for the Foothill Ranch site

(b) 2015 waste data were not available for the Dongguan site, as their monitoring activity started in 2016

In 2017 the amount of waste generated by the Group's activities fell by 5.4% compared with the previous year. In addition, the quantity of waste recovered or recycled rose to 21.5% of all waste, proof of the effectiveness of the actions adopted by the Group.

More specifically, in 2016 and 2017 a waste water treatment system was installed at the Agordo site in order to reduce the quantity of waste produced. This led to a reduction in the total quantity of waste produced in 2017 and, as a result, a fall in the impact of its transportation for disposal. The number of lorry journeys fell by over 50% compared with the previous year, corresponding to a total of 33,000 km.

Waste by type^(a)			
	2017	2016	2015^(b)
Total waste (tons) of which:	33,637	35,544	26,366
- Non-hazardous waste	38.6%	40.7%	42.6%
- Hazardous waste	61.4%	59.3%	57.4%

(a) This figure was estimated for some types of waste and some geographies, such as China and the US, where the legislation in this area is different. For the Chinese sites the figure was estimated on the basis of the average volume of waste transported and the number of journeys made by waste transportation vehicles. Both information have been available since 2016. As regards the US, no information is available for the Atlanta logistics hub.

(b) 2015 waste data were not available for the Dongguan site, as their monitoring activity started in 2016

Hazardous waste represents around 61% of the total. Its increase in 2017 is mainly due to the gradual internalization of some production processes in China and to legislative changes in the classification of waste made by individual legislations.

No significant accidental leaks took place in the Group's facilities in 2017.

Index of GRI-referenced content

As indicated in the introduction to the Consolidated non-financial statement, the first phase of the project to report and communicate the environmental sustainability and social responsibility of the Luxottica Group involved - for issues relating to the environment (energy and water consumption, waste treatment, monitoring of the Carbon footprint), the health and safety of employees and supply chain management - the companies that carry out manufacturing and logistics activities for the Group (Operations).

The gradual extension of reporting to the companies in the Wholesale division, and more specifically commercial subsidiaries, and to the Retail division in the Group's main geographical areas represents the second phase of the project, currently ongoing, with the aim being to progressively communicate these data starting from the year that closes on December 31, 2018.

Italian Legislative Decree 254/2016	Key elements of Luxottica's sustainability strategy (material topics)	Chapter of the non-financial statement	Reference to other document or content of the Management report
<p>Art. 3 c.1 letter a A brief description of the business model</p>			<p>Refer to "Luxottica Group at a glance" inside the Management report</p>
<p>Art. 3 c.1 letter b A description of the policies pursued by the Company, the outcomes of those policies and related non-financial key performance indicators</p> <p>Art. 3 c.1 letter c The principal risks</p> <p>Art. 3 c.1 Respect for human rights, anti-corruption and bribery matters</p> <p>Art. 3 c.2 letters e, f Information relating to: - respect for human rights - right against corruption</p>	<p>The central importance of the system of values represented by the Group's Code of Ethics</p> <p>The responsible management of the supply chain</p>	<p>Commitment to excellence</p>	
<p>Art. 3 c.1 letter b A description of the policies pursued by the Company, the outcomes of those policies and related non-financial key performance indicators</p> <p>Art. 3 c.1 letter c The principal risks</p> <p>Art. 3 c.1 Social matters</p> <p>Art. 3 c.2 letter d Information relating to social matters</p>	<p>The culture of quality and consumer satisfaction</p>	<p>Visual well-being</p> <p>Commitment to excellence</p>	

GRI Standards and disclosures	Notes on methodology	Reporting years	Omissions / Notes on scope
GRI 103 (2016) "Management approach disclosure" for GRI 204 (2016) "Procurement practices"			
Disclosure 204-1 "Proportion of spending on local suppliers"	204-1 b. "Local" refers to purchases made in the geographical area in which the manufacturing facility is located 204-1 c. The "most significant operating sites" are the Group's manufacturing facilities in Italy, China, the United States and Brazil	2016, 2017	The data refers to the auditing of suppliers of direct materials and finished products that Luxottica conducts through its Responsible Sourcing and Manufacturing (LRSM) program. Suppliers of direct materials and finished products represent around 50% of purchases within the Group Operations and are mostly located in Europe and China, areas where the Group produces over 80% of its eyewear collections.
GRI 103 (2016) "Management approach disclosure" for GRI 205 (2016) "Anti-corruption"			
GRI 103 (2016) "Management approach disclosure" for GRI 308 (2016) "Supplier environmental assessment"			
Disclosure 308-2 "Negative environmental impacts in the supply chain and actions taken"		2015, 2016, 2017	The data refers to the auditing of suppliers of direct materials and finished products that Luxottica conducts through its Responsible Sourcing and Manufacturing (LRSM) program. Suppliers of direct materials and finished products represent around 50% of purchases within the Group Operations and are mostly located in Europe and China, areas where the Group produces over 80% of its eyewear collections.
GRI 103 (2016) "Management approach disclosure" for GRI 414 (2016) "Supplier social assessment"			
Disclosure 414-2 "Negative social impacts in the supply chain and actions taken"		2015, 2016, 2017	The data refers to the auditing of suppliers of direct materials and finished products that Luxottica conducts through its Responsible Sourcing and Manufacturing (LRSM) program. Suppliers of direct materials and finished products represent around 50% of purchases within the Group Operations and are mostly located in Europe and China, areas where the Group produces over 80% of its eyewear collections.
			With reference to the reporting scope (Operations) qualitative information and specific measures, such as the percent of returns, are presented.

Italian Legislative Decree 254/2016	Key elements of Luxottica's sustainability strategy (material topics)	Chapter of the non-financial statement	Reference to other document or content of the Management report
<p>Art. 3 c.1 letter b A description of the policies pursued by the Company, the outcomes of those policies and related non-financial key performance indicators</p> <p>Art. 3 c.1 letter c The principal risks</p> <p>Art. 3 c.1 Social and employee matters</p> <p>Art. 3 c.2 letters c, d Information relating to: - impacts on health and safety - social and employee-related matters, including the actions taken to ensure gender equality</p>	<p>The welfare system, the management of talent and diversity, the protection of employee health and safety</p> <p>The initiatives in the areas and local communities in which the Group operates</p>	<p>Social impact</p> <p>Commitment to excellence</p>	

GRI Standards and disclosures	Notes on methodology	Reporting years	Omissions / Notes on scope
Disclosure 102-7 a. i. "Total number of employees"		2016, 2017	
Disclosure 102-8 "Information on employees and other workers"		2017	It was not possible to report the breakdown by geographical area of employees according to contract type (permanent or fixed-term) in this Statement. This information will gradually be provided from the 2018 Non-financial statement onwards.
GRI 103 (2016) "Management approach disclosure" for GRI 201 (2016) "Economic performance"			
Disclosure 201-1 "Direct economic value generated and distributed"		2016, 2017	
GRI 103 (2016) "Management approach disclosure" for GRI 403 (2016) "Occupational health and safety"	The GRI 403-2 disclosure was not followed when reporting the data as it does not coincide with the Company's internal classification and reporting methodologies. The indicators were developed in accordance with the "Workplace accident statistics" UNI 7249/2007 regulation and then integrated with additional Company-specific KPIs.	2015, 2016, 2017	The scope of the health & safety matters reported in this Statement coincides with the Group's manufacturing and supply chain activities (Operations). The indicators presented do not include the Atlanta logistics hub which became fully operational in 2017 and for which the process of collating health and safety data was carried out only according to the American OSHA (Occupational Safety and Health Administration) standard. The data is therefore not homogeneous with respect to the Group's other manufacturing and logistics sites where a single method was used to determine the accidents and the days of work lost. The Group methodology is currently being applied to the Atlanta hub. The data relative to the "number of first aid cases and close call accidents" and the "number of reports of unsafe situations and SMAT audits" does not include the Foothill Ranch site either, for which investments are being made to adapt the mechanisms and processes to those of the rest of the Group.
GRI 103 (2016) "Management approach disclosure" for GRI 405 (2016) "Diversity and equal opportunity"			
Disclosure 405-1 b. "Diversity of employees: percentage of employees per employee category by gender and age group"		2017	

Italian Legislative Decree 254/2016	Key elements of Luxottica's sustainability strategy (material topics)	Chapter of the non-financial statement	Reference to other document or content of the Management report
<p>Art. 3 c.1 letter b A description of the policies pursued by the Company, the outcomes of those policies and related non-financial key performance indicators</p> <p>Art. 3 c.1 letter c The principal risks</p> <p>Art. 3 c.1 Environmental matters</p> <p>Art. 3 c.2 letters a, b, c Information relating to: - the use of renewable and/or non-renewable energy - greenhouse gas emissions and air pollution - the impact on the environment</p>	<p>The responsible management of energy resources, water and waste, and the use of alternative energy sources</p>	<p>Protecting the environment</p> <p>Commitment to excellence</p>	

GRI Standards and disclosures	Notes on methodology	Reporting years	Omissions / Notes on scope
GRI 103 (2016) "Management approach disclosure" for GRI 302 (2016) "Energy"			
Disclosure 302-1 "Energy consumption within the organization"		2015, 2016, 2017	The scope of analysis corresponds to the Group's manufacturing and logistics activities (Operations).
GRI 103 (2016) "Management approach disclosure" for GRI 303 (2016) "Water"			
Disclosure 303-1 "Water withdrawal by source"		2015, 2016, 2017	In this Statement it was not possible to report energy and water consumption, emissions and waste by type and method of disposal in accordance with the GRI Standards for companies in the Retail division, which comprises approximately 9,000 stores across the world, of which around 1,800 are franchises and over 7,000 are directly managed, and for the companies in the Wholesale division that do not carry out production and logistics activities.
GRI 103 (2016) "Management approach disclosure" for GRI 305 (2016) "Emissions"			
Disclosure 305-1 "Direct (Scope 1) GHG emissions"	The source of GWP emission factors that have been applied is the "GHG Protocol tool for stationary combustion" (Version 4.1, World Resources Institute (WRI), 2015) made available by GHG Protocol. The Gases included in the calculation, as specified inside the "GHG Protocol tool for stationary combustion", are CO ₂ , CH ₄ , N ₂ O. With reference to Fluorinated greenhouse gases (F-Gas), the GWP source is the "GHG Protocol - Global Warming Potential Values" (Fourth Assessment Report (AR4)). The Gases included in the calculation, as specified inside the "GHG Protocol - Global Warming Potential Values", are HFCs, PFCs, SF ₆ , NF ₃ . The F-Gas emissions of the Chinese plants are available and reported only for 2016 and 2017.	2015, 2016, 2017	With reference to Retail, the introduction of additional formats (free standing stores, shop-in-shops, concessions), the presence of stores in different types of channels (including department stores, shopping malls and travel retail locations), and the use, in most cases, of full service rental contracts in which the details required to summarize energy consumption and other useful items are not available, result in an extremely fragmented overview. As such, it was not possible to adequately identify and collect the necessary information to give a representation of the relative environmental performances.
Disclosure 305-2 "Energy indirect (Scope 2) GHG emissions"	The source of GWP emission factors that have been applied is the "GHG Protocol tool from purchased electricity" (Version 4.8, World Resources Institute (WRI), 2017) made available by GHG Protocol. The Gases included in the calculation, as specified inside the "GHG Protocol tool from purchased electricity", are CO ₂ , CH ₄ , N ₂ O. The GHG Protocol emission factors have been used as a proxy to quantify the Scope 2 GHG emissions under the market-based method. The calculation of Scope 2 emissions under the location-based method is consistent with the market-based method.	2015, 2016, 2017	This information will gradually be provided for the Group's main geographical areas from the 2018 Non-financial statement onwards.
GRI 103 (2016) "Management approach disclosure" for GRI 306 "Effluents and waste"			

Italian Legislative Decree 254/2016	Key elements of Luxottica's sustainability strategy (material topics)	Chapter of the non-financial statement	Reference to other document or content of the Management report
<p>Art. 3 c.1 letter b A description of the policies pursued by the Company, the outcomes of those policies and related non-financial key performance indicators</p> <p>Art. 3 c.1 letter c The principal risks</p> <p>Art. 3 c.1 Environmental matters</p> <p>Art. 3 c.2 letters a, b, c Information relating to: - the use of renewable and/or non-renewable energy - greenhouse gas emissions and air pollution - the impact on the environment</p>	<p>The responsible management of energy resources, water and waste, and the use of alternative energy sources</p>	<p>Protecting the environment</p> <p>Commitment to excellence</p>	
<p>Art. 3 c.3 Information are compared with those disclosed in the previous fiscal years</p>			
<p>Art. 10 c.1 letter a Diversity policy applied in relation to the Company's Board of Directors</p>			<p>Report on Corporate Governance and ownership structure</p>

GRI Standards and disclosures	Notes on methodology	Reporting years	Omissions / Notes on scope
Disclosure 306-2 "Waste by type and disposal method"	<p>The disposal method has been added where applicable.</p> <p>The data was estimated for some types of waste and some geographies, such as China and the US, where the legislation in this area is different. For the Chinese sites the figure was estimated on the basis of the average volume of waste transported and the number of journeys made by waste transportation vehicles. Both information have been available since 2016. As regards the US, no information is available for the Atlanta logistics hub nor is the breakdown between disposed and recovered/ recycled waste for the Foothill Ranch site.</p>	2015, 2016, 2017	<p>The scope of analysis corresponds to the Group's manufacturing and logistics activities (Operations).</p> <p>In this Statement it was not possible to report energy and water consumption, emissions and waste by type and method of disposal in accordance with the GRI Standards for companies in the Retail division, which comprises approximately 9,000 stores across the world, of which around 1,800 are franchises and over 7,000 are directly managed, and for the companies in the Wholesale division that do not carry out production and logistics activities.</p> <p>With reference to Retail, the introduction of additional formats (free standing stores, shop-in-shops, concessions), the presence of stores in different types of channels (including department stores, shopping malls and travel retail locations), and the use, in most cases, of full service rental contracts in which the details required to summarize energy consumption and other useful items are not available, result in an extremely fragmented overview. As such, it was not possible to adequately identify and collect the necessary information to give a representation of the relative environmental performances. This information will gradually be provided for the Group's main geographical areas from the 2018 Non-financial statement onwards.</p>
	The reported historical series is shown under the "Reporting years" column		
Disclosure 405-1 a. "Diversity of governance bodies"			

