Modern Slavery Act 2015
Luxottica Statement

Modern slavery is a crime and a gross violation of fundamental human rights. Luxottica is committed to making continuous improvements to workers’ employment and workplace conditions including, but not limited to, the prevention of forced, bonded and trafficked labour. This is supported by the company’s policies and initiative and is endorsed by a committed organisation and leadership.

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 and sets out the steps Luxottica has taken to ensure that slavery and human trafficking is not taking place in our supply chain or in any part of our business. It constitutes our slavery and human trafficking statement for the financial year ending 2018.

Our Business and supply chain

Luxottica is a market leader in the design, manufacture and distribution of fashion, luxury, sports and performance eyewear with high technical and stylistic quality.

Among its core strengths, a strong and well-balanced brand portfolio includes iconic proprietary brands such as Ray-Ban, Oakley, Vogue Eyewear, Persol, Oliver Peoples, Alain Mikli and Arnette as well as highly attractive and prestigious licenses including Giorgio Armani, Burberry, Bulgari, Chanel, Dolce&Gabbana, Michael Kors, Prada, Ralph Lauren, Tiffany & Co., Versace and Valentino.

Luxottica's international expansion has developed its geographic footprint worldwide. The Group's global wholesale distribution network covers more than 150 countries and is complemented by an extensive retail network of approximately 9,100 stores, with LensCrafters and Pearle Vision in North America, OPSM and LensCrafters in Asia-Pacific, GMO in Latin America, Salmoiraghi&Viganò in Italy and Sunglass Hut worldwide.

One of the Group’s competitive advantages is the vertically integrated business model built over the years, covering the entire value chain: design, product development, manufacturing, logistics and distribution.

Product design, development and manufacturing take place in Luxottica’s six production facilities in Italy, three factories in China, one in Brazil and one facility in the United States devoted to sports and performance eyewear. Luxottica also has a small plant in India serving the local market.

Luxottica also has produced sun and ophthalmic lenses for more than 20 years. The Company has increased its manufacturing capacity with the recent addition of three new laboratories in Europe, North America and Asia-Pacific which are completely integrated with its logistics hubs.
Our policies on slavery and human trafficking

Sustainability in its wider meaning - environmental, social, economic - is a principle which is deeply rooted in Luxottica’s story and one that has evolved over the years to become part of the fabric of the Company.

Since the outset, Luxottica has stood out for being a socially responsible Company, ready to respond to changes and the emergence of new requirements with innovative solutions. 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.

Moreover, for Luxottica social equity means protecting the rights of its people, empowering their future and ensuring their well-being around the world. Fair and accountable management practices employed by the Group and the social development of the local communities where Luxottica is present are fundamental values of the company.

For this reason, we are committed to ensure that in our supply chains and in any part of our business there is no forced labor or human trafficking. The commitment of the Group is concretely expressed by a system of codes, regulations and policies developed by Luxottica according to the best international standards; Luxottica’s Code of Ethics and Responsible Sourcing Principles are two fundamental milestones in this sense.

Code of Ethics

The Code of Ethics sets out the principles and fundamental values that inspire the conduct, and the ethical and responsible enterprise culture of Luxottica. It seeks to ensure that propriety, fairness, integrity, loyalty and professional rigor guide transactions and the way of doing business both inside and outside the company, by placing respect for the laws and regulations in the countries in which Luxottica Group operates, as well as respect for company procedures, at the centre of attention.

The Code of Ethics applies to all companies, geographies and functions in the Group, and must be adopted by all stakeholders with direct relations with the Group’s business, including all employees, collaborators and suppliers. Moreover, suppliers are required to take actions against corruption, to prevent committing any other criminal offence and protect the dignity of human beings.

The Code of Ethics is available at this link:
Luxottica Responsible Sourcing (LRS) policy

For Luxottica, the supply chain is fundamental to ensure the high quality of its products and services. At the same time, to maintain the solid reputation of the Group, social and environmental responsibility is an essential element that Luxottica must guarantee across the entire supply chain. Luxottica Responsible Sourcing (LRS) is the global program of Luxottica Group that aims at the continuous improvement of the supply base in terms of environment, health & safety and labor performance.

These Luxottica Responsible Sourcing Principles describe:

I. the Mission of Luxottica in terms of social responsibility

II. the Standard that Luxottica uses as its reference to select and evaluate its suppliers performance with respect to social responsibility.

Amongst many pillars, the Freely Chosen Employment one clearly specifies that suppliers must not use forced labor, whether in the form of prison labor, indentured labor, bonded labor or any other form of forced labor.

The Responsible Sourcing Principles are available at this link:


Due diligence processes and audits of suppliers

Luxottica uses suppliers of raw materials, components, finished products and services. Luxottica’s suppliers are based in China (40%), Europe (48%), Asia - Pacific (7%), USA (4%), Latin America (1%). In Italy and China the Group produces over 80% of its eyewear collections.

Luxottica fosters the development of the territories in which it works, cooperating with a large number of suppliers in Italy and abroad, paying special attention to developing countries. This dedication to the socio-economic development of the local community is one of the strongest characterizing commitments of the Group.

The principles on which relations with each supplier are based are outlined in the Group’s Code of Ethics. The relationship between Luxottica and its suppliers is based on the principles of objectivity, fairness and impartiality, guaranteeing equal opportunities, preserving ethical principles and integrity, these values being central to the Group’s working methods.
In fact, Luxottica’s relationships with its suppliers go far beyond the commercial sphere: they also share the same values of social and environmental responsibility. The selection criteria used for suppliers is based on the SA8000 certification and in the Global Compound specifications, which are adopted for both Company-owned and licensed brands.

Compliance with the above policies is a requirement of doing business with Luxottica. Luxottica incorporates these principles in the selection and monitoring process with respect to its supply chain. As part of our initiative to identify and mitigate risk we implement the followings:

**Luxottica Responsible Sourcing and Manufacturing Governance**

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” mechanism 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 onsite 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.

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1 The Group’s “zero tolerance” criteria relate 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
Luxottica engages a qualified third party to monitor the suppliers’ compliance with ethical principles and environmental and social responsibilities, as well as to implement corrective actions in the event of non-compliance with the Group Code of Ethics and/or local regulations.

In line with its commitment to sustainability, the Luxottica Responsible Sourcing and Manufacturing program focuses on the suppliers of direct materials and finished products and has progressively extended its geographic coverage to Europe, in addition to Asia-Pacific and Latin America.

The number of current and potential suppliers of direct materials for the eyewear business that were subject to audits increased from 28 in 2017 to 45 in 2018 as follows:

- 10 follow-up audits due to the unsatisfactory results of the audits of the previous year;
- 9 preventive audits, in order to establish a number of alternative suppliers in the event of particularly critical situations;
- 26 maintenance audits, in order to continue to be qualified as Group suppliers.

For ten suppliers, incidences of non-compliance with LRSM requirements were identified in terms of total number of working hours and of consecutive working days. For eight of these suppliers a follow-up audit has been deemed necessary (three performed at the end of 2018 and five planned in 2019). For two suppliers Luxottica decided to discontinue the relationship.

No cases of environmental non-compliance were identified.

**Number of suppliers audited for their social and environmental impacts**

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<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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<tr>
<td>Number of suppliers subject to auditing</td>
<td>45</td>
<td>28</td>
<td>20</td>
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<td>Incidence versus total purchases for the eyewear business covered by the LRSM program</td>
<td>55%</td>
<td>39%</td>
<td>22%</td>
<td>21%</td>
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The audit process on AFA suppliers, which was introduced in 2017, continued in 2018, as a result of the procurement centralization process following the integration of Oakley’s activities in the Group. In 2018, 21 audits were carried out on production plants of suppliers located in Asia-Pacific, Latin America and Europe.

Finally, in 2018 Luxottica assessed the opportunity to extend the LRSM program to suppliers of indirect materials (materials used in the production process) and maintenance services inside the Operations. A pilot test was conducted in China in order to verify the immediate application of LRSM audit system to this type of suppliers.
Training

In 2018, Luxottica launched a training workshop on responsible sourcing for strategic suppliers. China was the first geographic area to be involved due to its high-risk profile and the amount of purchases made by the Group, which in China produces over 40% of its frames and sunglasses.

The workshop involved the Company’s 50 strategic suppliers in China, for a total of 100 people in three days, and covered topics that are usually verified during the on-site audits: labor and human rights, business ethics, health and safety and the environment, in addition to LRMS principles and Luxottica’s Code of Ethics.

Luxottica used a third party to perform the training in the local language, assuring that all attendees could actively participate and understand the topics.

Other training initiatives for suppliers are planned for 2019.

Approved by the directors of Luxottica North Europe Limited, Luxottica Retail UK Limited and signed on their behalf:

J Williams
Director
3 May 2019