ESSILOR INTERNATIONAL SA

MEETING DATE	Thu, 11 May 2017 10:45 am	TYPE	AGM	ISSUE DATE	Mon, 08 May 2017
MEETING LOCATION	Maison de la Mutualité 24, rue Saint-Victor 75005 Paris France				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Medical Supplies				

	PROPOSALS	ADVICE
O.1	**Approve Financial Statements** Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	For
O.2	**Approve Consolidated Financial Statements** Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	For
O.3	**Approve the Dividend** The Board proposes a dividend of EUR 1.50 per share. The dividend is covered by earnings. Acceptable proposal.	For
O.4	**Approval of the agreements and commitments pursuant to the provisions of articles l.225-38 and following of the French Commercial Code** At its meeting of January 15, 2017, the Board of Directors authorized the signing of an agency agreement with the bank Rothschild & Co to negotiate the terms and conditions of the combination with the Luxottica Group. The conditions of Rothschild & Co's assignment are consistent with usual market practices. No compensation was paid in 2016, as the commission was only payable if the planned combination with Luxottica was successfully completed. No serious concerns.	For
O.5	**Elect Ms Jeanette Wong** Independent Non-Executive Director.	For
O.6	**Re-elect Mr Philippe Alfroid** Non-Executive Director, not considered to be independent as as he has served on the Board for more than nine years. However, there is sufficient independent representation on the Board.	For
O.7	**Re-elect Ms Juliette Favre** Non-Executive Director, not considered to be independent as she is a Director representing employee shareholders. However, there is sufficient independent representation on the Board and the inclusion of these representatives are considered to be a good practice pursuant alignment between management and employees in case they are, as for Essilor, significant shareholders.	For
O.8	**Re-elect Mr Yi He** Non-Executive Director, not considered to be independent as he is a Director representing employee shareholders. However, there is sufficient independent representation on the Board and the inclusion of these representatives are considered to be a good practice pursuant alignment between management and employees in case they are, as for Essilor, significant shareholders.	For
O.9	**Re-elect Mr Hubert Sanieres** Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to Board balance, effective debate, and Board appraisal. Triodos opposes this resolution.	Oppose
O.10	**Elect Mr Laurent Vacherot** President and Chief Operating Officer.	For

O.11 Approval of the commitments referred to in Articles L.225-42-1 of the French Commercial Code relating to the Severance Pay for Mr Hubert Sagnieres **Oppose**

It is proposed to approve a severance package for the Chairman&CEO of an amount equivalent to two year's contractual compensation in the event that his contract is terminated by the Company, subject to achievement of performance criteria. As the value of the proposed agreement may exceed one year fixed salary, Triodos opposes this resolution.

O.12 Approval of the commitments referred to in Articles L.225-42-1 of the French Commercial Code relating to the Severance Pay for Mr Laurent Vacherot **Oppose**

It is proposed to approve a severance package for the COO of an amount equivalent to two year's contractual compensation in the event that his contract is terminated by the Company, subject to achievement of performance criteria. As the value of the proposed agreement may exceed one year fixed salary, Triodos opposes this resolution.

O.13 Advisory review of the compensation owed or paid to Mr Hubert Sagnieres **Oppose**

It is proposed to approve the remuneration paid or due to the Chairman and CEO with an advisory vote. There are excessiveness concerns as the total potential variable remuneration exceeded 200% of the salary, together with performance share awards. However, the Company has not disclosed quantified targets against which the achievements and the corresponding variable remuneration has been calculated. Although common practice in this market as this is deemed sensitive information, it prevents from an accurate assessment and may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed.

Triodos opposes this resolution based on potential excessive remuneration.

O.14 Advisory review of the compensation owed or paid to Mr Laurent Vacherot **Oppose**

It is proposed to approve the remuneration paid or due to the COO with an advisory vote. There are excessiveness concerns as the total potential variable remuneration exceeded 200% of the salary, together with performance share awards. However, the Company has not disclosed quantified targets against which the achievements and the corresponding variable remuneration has been calculated. Although common practice in this market as this is deemed sensitive information, it prevents from an accurate assessment and may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed.

Triodos opposes this resolution based on potential excessive remuneration.

O.15 Approve Remuneration Policy for Executive Officers **Oppose**

It is proposed to approve the remuneration policy with a binding vote. Variable remuneration does not seem to be consistently capped and as such there are excessiveness concerns as the total potential variable remuneration may exceed 200% of the salary. In addition, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. There are no claw back clauses in place over the entirety of the variable remuneration component, which makes is unlikely for shareholders to reclaim that variable remuneration unfairly paid out. On these grounds, Triodos opposes this resolution.

O.16 Approve Fees Payable to the Board of Directors **For**

It is proposed to increase the fees payable to directors by less than 10% on annnual basis. Within recommended guidelines.

O.17 Authorise Share Repurchase **Oppose**

Authority sought to allow the Board to repurchase and use capital stock within legal boundaries. The authority exceeds 5% of the share capital. As the Company has not duly provided an explanation regarding the rationale behind the proposal, Triodos opposes this resolution.

E.18* Approve Issue of Shares for Employee Saving Plan **For**

Authority for a capital increase for up to 1.5% of share capital under resolution 18 and 19, for employees participating to saving plans. The maximum discount applied will be 20% on the market share price on average over the 20 days preceding the decision that fixes the date for subscription. It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership. Meets guidelines.

E.19* **Approve Issue of Shares for Employee Saving Plan for Employees of Foreign Affiliates** **For**

Authority for a capital increase for up to 1.5% of share capital under resolution 18 and 19, for employees participating to saving plans. The maximum discount applied will be 20% on the market share price on average over the 20 days preceding the decision that fixes the date for subscription. It is considered that it is in the best interests of the company and its shareholders to provide employees with an opportunity to benefit from business success and increase their share ownership. Meets guidelines.

E.20* **Amend Articles: Articles 12 and 14** **For**

It is proposed to amend Articles 12 and 14 of the Articles, concerning the duration of the term of office after the merger with Luxottica becomes effective: three years for directors and four years for employee representatives. Although annual elections are preferred, the proposal is in line with market practice.

E.21* **Revision of Articles as from the Final Completion of the Partial Contribution of All Luxottica Securities held by Delfin to Essilor International** **For**

It is proposed to approve a new version of the Articles, following the merger between Essilor and Luxottica, including a consolidation of various replication of legal and regulatory provisions and the introduction of the possibility to appoint a Vice-Chairman and to cancel the casting vote of the Chairman of the Board of Directors). It is also proposed that you modify the rules related to the vote in the general meeting, by establishing a voting rights cap of 31% for all shareholders (in accordance with the computation method described in the by-laws) and the cancellation of the double voting rights. Although no voting rights caps would be preferred, it is considered that the the cancellation of the double voting rights and of casting vote of the Chairman are in the interest of minority shareholders.

Triodos supports this resolution.

E.22* **Approve Contribution in Kind of Luxottica Shares by Delfin and its Valuation** **For**

It is proposed to approve the conditions of the consideration for the Contribution through the Company's issuance through a capital increase (the "Capital Increase") of 139,612,447 new ordinary shares, corresponding to an exchange ratio of 0.461 new Essilor share for 1 Luxottica share contributed, and that the difference between the Contribution value and the par value of the Company's Capital Increase i.e., EUR 13,148,712,389.04, represents the value of the contribution premium to which the rights of former and new shareholders will apply and shall be credited to a "contribution premium" account in the Company's balance sheet.

Such transactions are considered on the basis of whether the transaction has been adequately explained and whether there is sufficient independent oversight of the recommended transaction. The circular contains full details of the transaction and there is a sufficient balance of independence on the board.

Triodos supports this resolution.

E.23* **Issue Shares for Cash** **For**

It is proposed to increase the share capital without pre-emptive rights, through issuance of shares without preferential subscription rights, as consideration for the shares tendered to the mandatory exchange offer initiated by Essilor International. In line with the merger transaction between Essilor and Luxottica.

Triodos supports this resolution.

E.24* **Approve Sale of Company Assets to Delamare Sovra** **For**

It is proposed to approve the transfer of all assets and equity to Essilor's subsidiary Delamare Sovra. This item is functional to the merger with Luxottica.

Triodos supports this resolution.

E.25* **Amend Articles: Article 2** **For**

It is proposed to change the Corporate purpose in order to include the acquisition, holding and management of all shares or securities of French or foreign companies. No serious concerns.

Triodos supports this resolution.

O.26	**Elect Mr Leonardo Del Vecchio** Non-Executive Director, not considered to be independent as he is the founder of the Luxottica Group and has been Chairman of the Board since it was formed in 1961. He is also the controller of Delfin, the major shareholder of EssilorLuxottica. However, there is sufficient independent representation on the Board.	**For**
O.27	**Elect Mr. Romolo Bardin** Non-Executive Director, not considered to be independent as he is the Chief Executive Officer of Delfin Sàrl, the major shareholder of the combined entity. However, there is sufficient independent representation on the Board.	**For**
O.28	**Elect Mr. Giovanni Giallombardo** Non-Executive Director, not considered to be independent as he is on the Board of Delfin Sarl, the controlling shareholder of the merged company. However, there is sufficient independent representation on the Board.	**For**
O.29	**Elect Ms. Rafaella Mazzoli** Independent Non-Executive Director.	**For**
O.30	**Elect Mr. Francesco Milleri** Non-Executive Director, not considered to be independent as she is Vice-Chairman of Luxottica, merging with the Company. However, there is sufficient independent representation on the Board.	**For**
O.31	**Elect Mr. Gianni Mion** Independent Non-Executive Director.	**For**
O.32	**Elect Ms. Lucia Morselli** Independent Non-Executive Director.	**For**
O.33	**Elect Ms. Lucia Scocchia** Independent Non-Executive Director.	**For**
O.34	**Elect Mr. Hubert Sagnieres** Non-Executive Director, not considered to be independent as he is Chairman&CEO of Essilor, merging with Luxottica. However, there is sufficient independent representation on the Board.	**For**
O.35	**Elect Ms. Juliette Favre** Non-Executive Director. Not considered to be independent as she is a Director representing employee shareholders of Essilor. It is considered that the election or re-election of representatives of employee shareholders have potential to create a positive influence in areas of decision making normally reserved for the Board and senior management. Triodos supports this resolution.	**For**
O.36	**Elect Ms. Henrietta Fore** Independent Non-Executive Director.	**For**
O.37	**Elect Mr. Bernard Hours** Independent Non-Executive Director.	**For**
O.38	**Elect Ms. Annette Messemer** Independent Non-Executive Director.	**For**
O.39	**Elect Mr. Olivier Pecoux** Non-Executive Director. Not considered to be independent, owing to a tenure of more than nine years. There is sufficient independent representation on the Board.	**For**
O.40	**Authorize Filing of Required Documents/Other Formalities** Standard Resolution.	**For**
	**** = Special resolution***	

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal O.1 - Approve Financial Statements

In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

Proposal O.4 - Approval of the agreements and commitments pursuant to the provisions of articles l.225-38 and following of the French Commercial Code

Shareholders are asked to approve the statutory auditors' special report, in compliance with article L. 225-38 and following of the French Commercial Code, concerning the agreements authorised by the Board during the year under review.

Proposal O.13 - Advisory review of the compensation owed or paid to Mr Hubert Sagnieres

In addition to a binding vote on remuneration policy, companies in this market submit to shareholders the compensation paid or due to executive directors, with an advisory vote. There are no concrete measures in case shareholders oppose this resolution: as per the corporate governance code (recommendation 24.3) the Board of Directors should deliberate on the issue at a following Board meeting and communicate immediately the intended follow-up.

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