

## Executive corporate officer's compensation

### Chairman and Chief Executive Officer's compensation

At its meeting on September 22, 2016, the Board of Directors determined the gross annual compensation to be paid in respect of 2017 to Hubert Sagnières in his capacity as Chairman and Chief Executive Officer, and the number of performance shares to be granted to him under the September 2016 plan, in line with the Executive Officers and Compensation Committee's recommendations.

For 2017, the Board of Directors decided to maintain Hubert Sagnières' annual cash compensation (salary plus target and maximum bonuses) at the same level as in 2016.

	2016	2017
<b>Salary</b>	€800,000	€800,000
<b>Target bonus for the year</b>	€800,000	€800,000
<i>Maximum bonus for the year</i>	€1,600,000	€1,600,000

The performance objectives for 2017 will be defined in the first quarter, when the Board meets to assess the degree to which the 2016 objectives were met and to determine the bonus payable for that year.

### Long-term compensation/2016 grant

At its meeting on September 22, 2016, the Board of Directors approved a change to the timing of long-term incentive plans for all employees, in line with the Executive Officers and Compensation Committee's recommendations. Until now, the plans were submitted to the approval of the Board of Directors at its meeting at the end of November or in early December. However, they will now be submitted to the approval of the Board of Directors at the end of September or in early October. This adjustment will enable the Group to better coordinate its compensation policy in a given calendar year. It also aims to enhance the consistency of the performance management cycle.

The Board of Directors also decided, pursuant to the 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> resolutions approved by the May 5, 2015 Shareholders' Meeting, to grant performance shares and capped performance stock options to 12,037 employees. Up to 1,491,625 shares may be awarded under these plans, of which 1,372,233 under the performance share plan and 119,392 under the capped performance stock option plan.

In this regard, and in line with the Executive Officers and Compensation Committee's recommendations, the Board decided to grant 35,000 performance shares to Hubert Sagnières, the same number as in 2015, corresponding to 2.3% of the total authorized award and 0.016% of the Company's issued capital at August 31, 2016.

The shares will only vest if the grantee is still employed by the Company on the vesting date, and are subject to the performance conditions described below.

For all grantees (employees and executives), the number of shares that vest will depend on the annualized growth in the Essilor share price during the performance measurement period extending from the third to the sixth anniversary of the grant date.

Additionally:

- For Executive Committee members, the number of shares that vest will also depend on the average rate of achievement of the Company financial performance component of their annual bonus targets, calculated over the performance measurement period from 3 to 6 years.
- For Executive Board Directors<sup>1</sup>, the number of shares that vest will also depend on the average rate of achievement of their annual bonus targets, calculated over the performance measurement period from 3 to 6 years.

Because these average achievement rates are capped at 1, the application of this vesting condition can only lead to a reduction in the number of shares that vest for members of the Executive Committee and Executive Board Directors.

The vesting period is set at a minimum of three years for French tax residents, followed by a two-year lock-up period, and at a minimum of four years for non-French tax residents, with no lock-up period.

In addition to the lock-up period applicable to all performance shares, Executive Board Directors<sup>1</sup> are required to retain one-third of the vested shares for their entire term of office. This requirement no longer applies when the cumulative value of the shares they permanently hold through vesting or the exercise of stock options represents the equivalent of two years' total cash at target (salary plus target bonus).

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<sup>1</sup> In 2016, Hubert Sagnières, Chairman and Chief Executive Officer, was the only Executive Board Director of Essilor International.

## **About Essilor**

*The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its mission is to improve lives by improving sight. To support this mission, Essilor allocates more than €200 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Its flagship brands are Varilux<sup>®</sup>, Crizal<sup>®</sup>, Transitions<sup>®</sup>, Eyezen<sup>™</sup>, Xperio<sup>®</sup>, Foster Grant<sup>®</sup>, Bolon<sup>™</sup> and Costa<sup>®</sup>. It also develops and markets equipment, instruments and services for eyecare professionals.*

*Essilor reported consolidated revenue of more than €6.7 billion in 2015 and employs 61,000 people worldwide. It markets its products in more than 100 countries and has 32 plants, 490 prescription laboratories and edging facilities, as well as five research and development centers around the world. For more information, please visit [www.essilor.com](http://www.essilor.com).*

*The Essilor share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.*

*Codes and symbols: ISIN: FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.*

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