

Report of the Directors pursuant to Article 125-ter of the Legislative Decree no. 58 of February 24, 1998, ("T.U.F."), and Article 84-ter of Consob Regulation adopted by means of resolution no. 11971 of May 14, 1999 (as subsequently amended)



**REPORT OF THE DIRECTORS
FOR THE SHAREHOLDERS' MEETING OF
SAFILO GROUP S.p.A.
CALLED ON APRIL 15th, 2014, IN SINGLE CALL**

**(Report drafted pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the
Consob Regulation)**

SHAREHOLDERS' MEETING APRIL 15TH, 2014

REPORT

Dear Shareholders,

We make available to you, at the registered office and the secondary office of the Company, as well as on the Company's web site www.safilo.com, pursuant to Section 125-ter of the T.U.F. and Section 84-ter of the Consob Regulation, a report relating to the proposals concerning the following items on the agenda of the ordinary and extraordinary Shareholders' Meeting, to which you have been called to take part, at the secondary office of the Company, in Padua, at Zona Industriale, Settima Strada no. 15, on April 15th, 2014, at 10:00am, in single call, to discuss and resolve upon the following:

AGENDA

Ordinary session

- 1. Financial statements as at December 31, 2013; Presentation of the consolidated financial statements as at December 31, 2013; Reports of the Directors, the Board of Statutory Auditors and the Auditing Company; inherent and consequent resolutions;**
- 2. Report to the Shareholders' Meeting on the Group's Remuneration Policy;**
- 3. *Omissis* [Please refer to the separate report drafted by the Board of Directors pursuant to article 114-bis of the T.U.F. and pursuant to article 84-bis of the Consob Regulation – in compliance with Scheme no. 7 of the Annex 3A of the Consob Regulation];**
- 4. *Omissis* [Please refer to the separate report drafted by the Board of Directors pursuant to article 125-ter of the T.U.F. and Article 84-ter of the Consob Regulation];**
- 5. Appointment of the Board of Statutory Auditors and its Chairman, with the previous determination of their remunerations for the entire term of their office;**
- 6. Proposal to reduce the number of the members of the Board of Directors from nine to eight; pertinent and consequent resolutions;**

Extraordinary session

- 1. *Omissis* [Please refer to the separate report drafted by the Board of Directors pursuant to article 125-ter of the T.U.F. and pursuant to article 72 of the Consob Regulation – in compliance with Scheme no. 2 of the Annex 3A of the Consob Regulation]**

This Report shall be read together with the separate report concerning the proposals relating to the items of the agenda of the Shareholders' Meeting, drafted pursuant to the articles of the T.U.F. and of the Consob Regulation applicable from time to time.

First item on the agenda – ordinary session

Financial statements as at December 31, 2013; Presentation of the consolidated financial statements as at December 31, 2013; Reports of the Directors, the Board of Statutory Auditors and the Auditing Company; Inherent and consequent resolutions

Reference is made to the documentation relating to this item on the agenda that will be made available in due course at the registered office and the secondary office of the Company, in Padua, as well as on the Company's web site www.safilo.com (section Investor Relations/Financial Documents/Reports) in compliance with the legal terms, and in any case no later than March 24th, 2014.

Second item on the agenda – ordinary session

Report to the Shareholders' Meeting on the Group's Remuneration Policy

With reference to this item on the agenda, reference is made to the Report on the remuneration - drawn up in accordance with article 123-ter of Legislative Decree no. 58 of 24 February 1998 ("TUF") and article 84-quater of Consob Regulation no. 11971 ("Consob Regulation") and consistent with the provisions of Borsa Italiana S.p.A.'s Corporate Governance Code - that will be made available in due course at the registered office and the secondary office of the Company, in Padua, as well as on the Company's web site www.safilo.com (section Investor Relations/Corporate Governance/Shareholders' Meeting) in compliance with the legal terms, and in any case no later than March 24th, 2014.

That being stated, the Shareholders' Meeting is asked, pursuant to article 123-ter T.U.F., to favourably resolve upon section 1 of the Report on the Remuneration.

Fifth item on the agenda – ordinary session

Appointment of the Board of Statutory Auditors and its Chairman, with the previous determination of their remunerations for the entire term of their office

Dear Shareholders,

the Board of Statutory Auditors of your Company ceases from the office due to the expiration of the relevant term; therefore, we invite you to appoint the new auditing body.

Without prejudice to what has been already illustrated in the notice of call of the Shareholders' Meeting, we hereby remind you that the appointment of the Board of Statutory Auditors is carried out in accordance with the provisions set forth under article 27 of the Articles of Association, published on the Company's web site in the section Investor Relations/Corporate Governance and attached hereto, to which you are fully referred.

The procedures for the deposit of the lists and the modalities of appointment of the statutory auditors are briefly summarized herein below.

The Board of Statutory Auditors consists of three standing Statutory Auditors and two alternates that remain in office for three fiscal years and may be re-appointed.

The Statutory Auditors will be appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders, so as to: (a) allow the minority to appoint one standing member and one alternate member, and (b) ensure the balance between genders (masculine and feminine) represented within the Board of Statutory Auditors.

The number of candidates appearing on the lists may not exceed the number of Statutory Auditors that are up to the appointment. Each candidate shall be listed with a sequential number. Each list, except for those containing less than three candidates, shall be composed of a number of candidates belonging to the underrepresented gender (masculine or feminine) so that, should such list result as the Statutory Auditors Majority List (as defined in the Articles of Association), from such list a number of statutory auditors belonging to the underrepresented gender are elected equal to, at least, one fifth of the elected statutory auditors (the "**Reduced Quota**").

No candidate may appear in more than one list, otherwise they will be disqualified.

The lists, containing the names of the candidates for the office of standing statutory auditor and alternate statutory auditor, prepared in compliance with the Reduced Quota of Statutory Auditors to be elected, shall be signed by the shareholders presenting them and filed at the Company's registered offices at least 25 (twenty-five) days in advance of the date set for the Shareholders' Meeting, in single call, and must be accompanied by:

- (i) information on the identity of the shareholders who have presented the lists, specifying their overall percentage interest in share capital. The certificate attesting the ownership of at least the

minimum shareholding required to present a list of candidates, determined having regard to the amount of shares registered in favour of the concerned shareholders on the same day when the lists are deposited with the Company, can be delivered to same Company also after the deposit of the lists, provided that such certificate is delivered at least 21 (twenty-one) days before the date the Shareholders' Meeting;

- (ii) a statement by the shareholders, other than those who individually or jointly own a controlling or majority interest, confirming the absence of relationships connecting them to the latter, as defined by article 144-*quinquies* of the Consob Regulation;
- (iii) comprehensive details on the personal characteristics and experience of the candidates;
- (iv) a statement by the candidates themselves confirming that they are in possession of the requirements envisaged by law, that there are no reasons of ineligibility and incompatibility against them holding office and that they meet the requirements of integrity and experience established by law for members of the Board of Statutory Auditors;
- (v) statements by the candidates in which they accept their candidacy and provide details of the number of their appointments as directors or statutory auditors in other companies, with the undertaking to update this list at the date of the Shareholders' Meeting.
- (vi) any other information required by current statutory and regulatory provisions.

The lists that are not compliant with the above provisions will be deemed as if they had not been submitted.

In the event that on the expiry date for the deposit of the lists, only one list is deposited, or only lists submitted by shareholders that are connected with each other, pursuant to article 144-*quinquies* of the Consob Regulation, are deposited, it will be possible to submit additional lists within the third day following such expiry date; in such case, the threshold for the submission of the lists, equal to 2.5% of the share capital of the Company, as indicated in the notice of call, will be reduced by a half. The Company will communicate these circumstances without delay and in accordance with the terms set forth by current laws and regulations.

The deposited lists will be made available to the public at the registered office of the Company, on the Company's web site and with the other modalities provided by the applicable laws and regulations, at least twenty-one (21) days prior to the Shareholders' Meeting, on single call, convened to resolve upon the appointment of the members of the Board of Statutory Auditors.

The Shareholders' Meeting will appoint as Chairman of the Board of Statutory Auditors the standing Statutory Auditor elected from the minority list, if submitted.

On the contrary, in the event that only one list is submitted, or admitted to the vote, all candidates of such list will be appointed as standing Statutory Auditors and alternate Statutory Auditors in accordance with the number with which the candidates are ordered in the same list and in the relative sections.

In case no list is submitted or in the event it is not possible to appoint one or more Statutory Auditors in accordance with the voting list mechanism, the Shareholders' Meeting will resolve with the majorities provided by the law and ensuring, in any case, the presence of the required number of members belonging to the underrepresented gender (masculine or feminine) between the standing members of the Board of Statutory Auditors, such as to comply with the Reduced Quota, of statutory auditors to be elected.

With regard to the determination of the remuneration due to the Board of Statutory Auditors, the shareholders intending to deposit the lists are kindly invited to put forward proposals relating to such remuneration.

The above being states, the Shareholders are requested to:

- vote the lists of candidates for the office of Statutory Auditor submitted in compliance with the terms and provisions set forth under article 27 of the Articles of Association and published pursuant to the current laws and regulations;
- appoint the Chairman of the Board of Statutory Auditors in accordance with article 27 of the Articles of Association;
- *[resolution upon the remuneration].*

Sixth item on the agenda – ordinary session

Proposal to reduce the number of the members of the Board of Directors from nine to eight; pertinent and consequent resolutions

Dear Shareholders,

as previously disclosed to the market on November 8th, 2013, the director Roberto Vedovotto resigned from his position as non-executive member of the Board of Directors of the Company, with effect from the same date, November 8th, 2013, in order to pursue new professional opportunities. The Articles of

Association set an automatic system of replacement; pursuant to which, the first not appointed candidate on the same list from which the resigning director was elected, would have automatically taken over. However, due to the sudden unavailability of such candidate, it has not been possible to proceed with the above-described automatic replacement.

The Board of Directors, in light of the expertise of its members, as well as of the costs connected with the search and the co-optation of a new member, has deemed to be able to operate adequately and efficiently with a Board composed of 8 members, instead of 9 as the Shareholders' Meeting resolved at time of the appointment of the Board of Directors, therefore it deems it unnecessary to proceed with the search of a new person to be co-opted in place of the resigning director.

In the light of above, the Board of Directors proposes to the Shareholders' Meeting to reduce the number of the directors from 9, as previously set, to the current 8 directors; such number has been deemed appropriate by the Board of Directors for its proper functioning.

Padua, March 5th, 2014

for the Board of Directors
Robert Polet
Chairman