



REPORT ON THE REMUNERATION

**(Report drafted pursuant to article 123-*ter* of the TUF and article 84-*quater*
of Consob Regulation no. 11971)**

SHAREHOLDERS' MEETING April 27, 2016

REPORT ON REMUNERATION

1. Introduction

This document (hereinafter, the “**Report**”) has been drawn up in accordance with article 123-ter of legislative decree no. 58 of February 24, 1998 (“TUF”) and article 84-quater of Consob Regulation no. 11971 (“RE”), introduced by resolution no. 18049 of December 23, 2011 and is consistent with the provisions of article 6 of Borsa Italiana S.p.A.’s Corporate Governance Code.

This Report was approved by the Remuneration and Nomination Committee on March 4, 2016 and by the Board of Directors on March 14, 2016.

2. Definitions

In this Report, the terms in bold shall have the meaning given to each of them herein below.

Annual Total Compensation: means the sum of (i) the remuneration gross annual fixed component, (ii) the annual variable component which the beneficiary would receive upon reaching the targets and (iii) the yearly update of the medium-long term variable component (as performance-related equity plans or other benefits as long-term bonus), if and when made available by a decision of the Board of Directors.

Chief Executive Officer: the Company (or a strategically important subsidiary’s) Chief Executive Officer.

Company: SAFILO GROUP S.p.A.

Executive Directors: (i) the Chief Executive Officer of the Company (or of a strategically important subsidiary); (ii) the directors with executive duties within the Company or within a strategically important subsidiary or within the controlling company if the duties also regard to the Company. The deputation of powers or the assignment of powers only in urgent cases to directors without management duties is not sufficient to classify the latter as executive directors, unless such powers are, *de facto*, exercised very frequently.

Group or Safilo Group: means all the companies included in SAFILO GROUP S.p.A.’s consolidated financial statements.

Management: means all Executive Directors and Managers with strategic duties.

Managers with strategic responsibilities: managers, identified by the Company’s Board of Directors, with the power and responsibility for planning and controlling the Company’s activities or the power to adopt decisions that may affect the Company’s development and future perspectives.

Non-Executive Directors: the Company's directors, with no specific duties in the development of corporate strategies and/or individual (operational and/or management) delegations.

Gross Annual Fixed Component: means the remuneration of gross annual fixed fees and/or gross annual fixed salary.

STAR: *Short Term Achievement Reward*, the annual variable component of the remuneration linked to the achievement of defined Company Performance Targets.

2010-2013 Stock Option Plan or 2010-2013 Plan: means the stock-based remuneration plan resolved upon by Safilo's Shareholders' Meeting held on November 5, 2010, aimed at providing incentives for and retaining the Company's and/or its subsidiaries' Management.

2014-2016 Stock Option Plan or 2014-2016 Plan: means the stock-based remuneration plan resolved upon by Safilo's Shareholders' Meeting held on April 15, 2014, aimed at providing incentives for and retaining the Company's and/or its subsidiaries' Management.

SECTION I

1. Bodies and persons involved in drafting, approving and implementing the remuneration policy properly

The main bodies and persons involved in drafting, approving and implementing the remuneration policy are:

- a) *the Shareholders' Meeting*
- b) *the Board of Directors*
- c) *the Chief Executive Officer*
- d) *the Board of Statutory Auditors*
- e) *the Remuneration and Nomination Committee*

a) *The Shareholders' Meeting shall:*

- fix the remuneration of the Board of Directors, of the executive Committee, if any, and of the Statutory Auditors, according to article 2364, paragraph 1, no. 3, of the Italian Civil Code;
- express non-binding consultative advice on Section I of this Report;
- obtain adequate information on the implementation of the remuneration policy;
- resolve on equity or other remuneration plans, if any, reserved to the members of the Board of Directors, to employees or collaborators, according to article 114-bis, TUF.

b) *The Board of Directors shall:*

- approve the remuneration policy;

- fix the remuneration of directors with specific duties and of managers with strategic responsibilities;
 - set up an internal Remuneration and Nomination Committee;
 - draw up equity or other remuneration plans, if any, and submit them to the Shareholders' Meeting for its approval, pursuant to article 114-*bis*, TUF;
 - implement equity or other remuneration plans.
- c) *Chief Executive Officer shall:*
- implement the remuneration policies based on this Report;
 - provide the Remuneration and Nomination Committee with any useful information for the latter to assess the suitability and actual enforcement of the remuneration policy.
- d) *The Board of Statutory Auditors shall:*
- perform an advisory activity, expressing such opinions as requested by the existing regulations.
- e) *The Remuneration and Nomination Committee:*
- as regards the duties of the Remuneration and Nomination Committee, reference should be made to the paragraph below.

2. Remuneration and Nomination Committee

The Remuneration Committee was established in 2005 by the Company's Board of Directors and performs enquiry, advisory and proposal-making duties. On December 6, 2012, the Board of Directors resolved to set up a Nomination Committee composed for the most part by independent directors, incorporating the same in the existing Remuneration Committee, which thus changed its name to "**Remuneration and Nomination Committee**" (hereinafter, also, "**Committee**"), as provided for by Article 4 of Borsa Italiana S.p.A.'s Corporate Governance Code.

2.1 Composition

On the date of approval of this Report, the Committee is composed of:

- Jeffrey Alan Cole (Chairman): Independent Director;
- Robert Polet: (member): Non-Executive Director;
- Marco Jesi (member): Independent Director.

2.2 Duties

The Remuneration and Nomination Committee shall:

- approve the remuneration policy as well as the Report and submit the same to the Board of Directors for its final approval;
- submit proposals to the Board of Directors for the remuneration of the Management;
- periodically evaluate the criteria adopted for the remuneration of the Management;
- submit to the Board of Directors their recommendations in relation to stock options and other stock-based incentive schemes for Management;

- monitor the implementation of the decisions adopted and of the corporate policy on remunerations.

2.3 Operating procedures

The Committee shall appoint a Chairman, from among its members, who shall coordinate and plan the Committee's activities.

The Committee shall meet at the registered office (or at another office selected by the Chairman) on the Chairman's initiative or on their own initiative or upon the written request of one single member of the Committee and, in any case, before the date of the Board of Directors meeting convened to resolve upon the remuneration of the directors entrusted with special duties and/or of the top management of the Company and of the Group. The meeting shall be convened by registered letter delivered by hand and/or by facsimile and/or e-mail sent to each member on giving 5 days prior notice, or 2 days if urgent. The notice of call may omit reference to the items on the agenda. However, the Committee may validly resolve, even failing a formal call, if all members are present. The Chairman will preside at the Committee's meetings; failing the Chairman, the eldest member will preside. The Committee's meetings may be held via video or teleconference. The Committee shall be considered held in the place where the Chairman is. The Chairman may ask the Chairman of the Board of Directors to take part, with no right to vote, in the meetings of the Committee.

The resolutions of the Committee are validly adopted with the favourable vote of the majority of members. In case of equal votes, the vote of the Chairman, or of the person standing for him/her, shall prevail.

The Committee shall draw up minutes of the meetings, which are recorded in a special book kept by the Chairman and are signed by the Chairman, or by the person standing for him/her, and by the secretary appointed from time to time even among persons unrelated to the Committee.

The Committee shall timely inform the Board of Directors about all the activities performed.

3. Inspiring principles of the remuneration policy and its purposes

The Company sets out and applies a remuneration policy designed to attract and retain, for all key positions and functions, highly competent resources, so as to maintain proper professional standards within a highly competitive market.

The objective of this policy is to align employee' and shareholders' interests, by pursuing the primary aim of creating sustainable value in the medium-long term, through the implementation of a strong relation between remuneration, on one side, and individual and Group's performance, on the other side. In particular, the mechanisms through which economic

remunerations are determined create a generally balanced remuneration structure, through a proper balancing between fixed and variable components.

The policy is the result of a clear and transparent process in which a central role is played by the Company's Remuneration and Nomination Committee and the Board of Directors.

The Human Resources Department, in coordination with the Chief Executive Officer and the Chief Financial Officer, starts the proposal-making process, oversees its implementation within the Company and its co-ordination at a Group level, both for fixed and variable remuneration components connected to the incentive system.

Any deviation from the policy guidelines in determining the Management's remuneration must be approved by the Board of Directors, subject to the opinion or proposal of the Company's Remuneration and Nomination Committee.

At least once a year, on occasion of the presentation of the Report, the Chairman of the Remuneration and Nomination Committee shall report to the Board of Directors on the compliance with the policy.

The remuneration policy adopted for this fiscal year and for 2016 does not show any substantial differences from the policy adopted in the previous fiscal year.

4. Policies on fixed and variable components of the remuneration

The remuneration policy has been determined with a view to ensuring a generally balanced remuneration system, through a proper balancing between fixed and variable components.

The annual variable component (so-called STAR) allows an evaluation of the beneficiary's performance on a yearly basis. The STAR targets for the Chief Executive Officer are set by the Board of Directors upon the proposal of the Remuneration and Nomination Committee and are connected to the yearly performance of the Group.

The STAR targets for Managers with strategic responsibilities (who are not Executive Directors) are set by the Board of Directors upon the proposal of the Remuneration and Nomination Committee, assisted by the Human Resources Department and the Group Management Control Department. These targets are connected to the Company's and/or the Group's performance.

The Group fixes a "maximum" ceiling to the incentive payable should the target objectives be overachieved.

The fixed and variable components' respective weight, with respect to the total remuneration, is

for the Chief Executive Officer:

- the fixed component generally weighs between 30% and 40% of the Annual Total Compensation;
- the (annual) STAR incentive corresponds to a percentage of the gross annual fixed remuneration weighing up to 100% of said remuneration;
- the annualized medium-long term variable component (performance-related equity plans or long-term bonus) weighs between 45% and 55% of the total variable component (STAR incentive and medium-long term variable component) of the Annual Total Compensation.

for Managers with strategic responsibilities:

- the fixed component's weight generally ranges between 55% and 67% of the Annual Total Compensation;
- the (annual) STAR incentive, as managers of the Group, is equal to a pre-determined percentage of the gross annual fixed remuneration as manager, whose weight generally is approximately 50% of said remuneration, corresponding approximately to a range between 25% and 35% with respect to the Annual Total Compensation;
- the annualized medium-long term variable component (performance-related equity plans) weights approximately between 15% and 40% of the total variable component (STAR incentive and medium-long term variable component) of the Annual Total Compensation, corresponding to a range between approximately 5% and 20% of the Annual Total Compensation.

5. Non-monetary benefit policy

In line with the market, the remuneration package of the Chief Executive Officer and of the Managers with strategic responsibilities shall include, also in relation to their position as managers of the Group, some benefits, which are an integral part thereof. These consist primarily of pension, insurance and health plans, insurance policy, so-called D&O (*Directors & Officers*) Liability, with respect to third-party civil liability, reviewed during the year 2015, and company car.

6. Criteria used for the evaluation of the performance targets in order to allocate shares, options, other financial instruments or other variable components of remuneration

With reference to the variable components of the remuneration of the Chief Executive Officer, as manager of the Group, and of the Managers with strategic responsibilities, it should be noted that, the Remuneration and Nomination Committee shall propose every year the STAR targets to the Board of Directors and, the following year, verify the performance of the Director/Manager with strategic responsibilities so as to verify – for the purpose of the

resolutions that the Board of Directors shall adopt – that STAR targets in the previous year have been achieved.

7. Consistency of the remuneration policy with the pursuit of the Company's long-term interests

The objective of the remuneration policy is to align employees' and shareholders' interests, by pursuing the primary aim of creating sustainable value in the medium-long term, through the implementation of a strong relationship between remuneration, on one side, individual and Group's performance, on the other side. In particular, the mechanisms through which economic remunerations are determined, create a generally balanced remuneration system, through a proper balancing between fixed and variable components, by avoiding imbalances that may lead to behaviours not in line with the Company's result sustainability requirements and risk management.

8. Accrual of rights, deferred payment systems, with indication of deferment periods and criteria used for determining such periods and ex post adjustment measures, if any

Reference should be made in this respect to paragraph 4, section II, Part I.

9. Information on the provision for clauses regarding the holding of portfolio securities after their acquisition, with indication of the holding periods and the criteria used for determining such periods

The incentive plans based on financial instruments do not provide for any clause regarding the holding of these instruments in the portfolio after their acquisition.

10. Policy about the treatment provided for in the event of termination of office or termination of employment

In case of interruption of an existing relationship with the Group for reasons other than just cause, the Group's approach is to try to reach an agreement to terminate the relationship by mutual consent. Without prejudice, in any case, to the obligations existing under the law and/or arising from the National collective agreements for managers, the agreements for the termination of employment with the Group are guided by the applicable reference criteria on this subject and comply with the rules and procedures in force in the country in which the agreement is entered into.

The Company sets out certain internal criteria to which the other companies of the Group shall also conform for managing agreements concerning the early termination of employment for managers and/or directors holding special offices.

As regards the Managers with strategic responsibilities, the criteria and guarantees provided for by the law and/or by the national collective agreement for managers do apply. In some cases, by way of integration to the provisions of law and/or of the national collective agreement for managers, the Company and the Managers with strategic responsibilities may enter into agreements regulating *ex ante* the economic treatment provided for in the event of early termination, if any, on the Company's initiative.

With regard to the consequences of termination on the rights granted under the 2010-2013 Stock Option Plan and the 2014-2016 Stock Option Plan, reference should be entirely made to the informative documents drawn up pursuant to article 84-bis of the Issuers' Regulation, as well as to all the documents about said Plans drawn up in accordance with the existing regulations. All such documentation is available on the Company's web site, in the *Investors Relations/Corporate Governance* section.

11. Insurance, social security or pension covers other than mandatory ones

In line with the market, the Group provides for social security, insurance and health schemes for accidents and sickness, so-called D&O (*Directors & Officers*) Liability, with respect to third-party civil liability, reviewed during the year 2015.

12. Remuneration policy adopted in respect of a) independent directors, b) participation in committees, c) certain positions (chairman, vice-chairman)

No *ad-hoc* remuneration policy is envisaged with respect to a) independent directors, b) participation in committees, c) certain positions (chairman, vice-chairman)

As far as Non-Executive Directors are concerned, if they do not hold any specific position (e.g. Chairman of the Board of Directors, member of the Control and Risk Committee, Remuneration and Nomination Committee and/or supervisory body according to Legislative Decree 231/2001), their remuneration consists exclusively of a gross annual fixed component, not depending on the issuer's economic results, amounting to 50 thousand EURO to be paid in quarterly instalments, plus refund of any expense borne in the performance of their duties.

The Board of Directors may pay to the Board of Directors' Chairman, to the Vice-Chairman and to the directors who take part in internal committees an additional compensation (besides the compensation they receive as Non-Executive Directors); such compensation is fixed by the Board of Directors depending on the particular mandate held and the activity specifically carried out. Moreover, the aforesaid directors are entitled to the reimbursement of any expense borne because of their mandate.

The analysis of the positioning, composition and more generally of the competitiveness of the Executive Directors' remuneration is made by Remuneration and Nomination Committee and by

the Board of Directors based on market data and studies provided by independent external specialised companies.

SECTION II

Part I

Part I herein provides a suitable representation of each of the items comprising the remuneration of Executive, Non-Executive Directors and Managers with strategic responsibilities, as well as of the treatment in the event of cessation of office or termination of employment and incentive plans based on financial instruments.

1) Remuneration of Executive Directors

The Group's policy provides that Executive Directors be related to the Company by an employment contract as managers.

Upon their appointment or at the first meeting after their appointment, the Remuneration and Nomination Committee shall propose to the Board of Directors the remuneration payable to the Executive Directors (excluding their remunerations under their employment as managers).

The Executive Directors' remuneration is composed by:

- a gross annual fixed component;
- an annual variable component achievable upon reaching pre-established corporate targets (so-called STAR);
- a medium-long term variable component paid in equity instruments (performance stock option) through the allocation of stock options or in long-term bonuses, subject – *inter alia* - to the achievement of certain performance targets;

As managers of the Group, Executive Directors are also entitled to the following:

- an additional gross annual fixed component;
- customary benefits.

In the overall determining (and in determining each of the components) of the Executive Directors' remuneration, the Board of Directors will take into account their specific duties assigned to the former, the office held within the Company and any related responsibilities. As regards the variable components of the Executive Directors' remuneration it should be noted that each year the Remuneration and Nomination Committee submits STAR targets to the Board of Directors and, the year after, it checks the performance of the director for the purpose of verifying the achievement of the STAR targets in the year before.

The Chief Executive Officer's remuneration shall be determined according to the general criteria referred to in previous paragraph 4 – Section I.

Furthermore, it is the Remuneration and Nomination Committee's duty to evaluate the proposal for the allocation and the size of the medium-long term variable component (performance-related equity plans or long-term bonuses).

In line with the market, the remuneration package of Safilo Executive Directors includes, also in relation to their position as managers of the Group, some benefits, which are an integral part thereof. These primarily consist of pension, insurance and health (accidents and sickness) plans, insurance policy co-called D&O (*Directors & Officers*) Liability, reviewed during the year 2015, with respect to third-party civil liability, company's car.

The Board of Directors, upon proposal of the Remuneration and Nomination Committee, may grant an extraordinary bonus (also called signing bonus) to such directors in connection with specific operations of strategic importance and/or impact on the Company's and/or the Group's results and management requirements.

The Remuneration and Nomination Committee and the Board of Directors shall, respectively, evaluate and previously approve any additional compensation that might be paid to Executive Directors for any other duties assigned to them within any subsidiary's boards of directors.

2) Remuneration of Non-Executive Directors.

As far as Non-Executive Directors are concerned reference should be made to paragraph 12 e 13 – Section I.

3) Remuneration of Managers with strategic responsibilities

The remuneration of Managers with strategic responsibilities is determined with the aim to: (i) balance the fixed and variable components over time; (ii) implement a flexible approach to remuneration; (iii) achieve orientation to performance related to drivers correlated to the corporate role without encouraging any risky and short-term behaviours.

Specifically, like the Chief Executive Officer, the remuneration of Managers with strategic responsibilities generally consists the following elements:

- a gross annual fixed component;
- an annual variable component on the achievement of the pre-established corporate targets (so-called STAR);
- a medium-long term variable component paid as equity instruments (performance stock options) through the allocation of stock options, subject – *inter alia* - to the achievement of certain performance targets;

- customary benefits.

As it happens for Executive Directors, also with reference to the variable components of the remuneration payable to the Managers with strategic duties, each year the Remuneration and Nomination Committee submits to the Board of Directors the STAR targets and, the year after, checks the performance of the manager for the purpose of the verifying the achievement of the STAR targets in the year before.

The remuneration shall be determined according to the general criteria referred to in previous paragraph 4. – Section I.

Furthermore, it is the Remuneration and Nomination Committee's duty to evaluate the proposal for the allocation and the size of the medium-long term variable component (performance-related equity plans).

The Group does not pay any discretionary bonus to Managers with strategic responsibilities.

The Board of Directors, upon proposal of the Remuneration and Nomination Committee, may grant an extraordinary bonus (also as signing bonus) to such managers in connection with specific operations of strategic importance and/or impact on the Company's and/or the Group's results and management requirements.

The process for determining the remuneration of Managers with strategic responsibilities is similar to the one described for Executive Directors.

The Remuneration and Nomination Committee shall evaluate the consistency of the remuneration with the Group remuneration policy.

4) Incentive plans based on financial instruments

The remuneration policy adopted by the Company provides for the use of an incentive plans based on financial instruments for the period 2010-2013 and for the period 2014-2016; in particular:

Stock Option Plan 2010-2013

The Extraordinary Meeting held on 5 November 2010 resolved to increase the Company's share capital by a maximum nominal amount of EURO 8,500,000.00 (eight million five hundred thousand/00) through the issue of a maximum no. of 1,700,000 (one million seven hundred thousand) new ordinary shares of the nominal value of EURO 5.00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The adoption of the 2010-2013 Plan is aimed at providing incentives for and retaining the Company's and/or other directors and/or managers of Safilo's companies (or equivalent officers), to be identified by name, even at various times, by the Company's Board of Directors, upon proposal of the Remuneration and Nomination Committee, from among Executive Directors and, more generally, from among those who hold major offices thus being more directly liable for business results, in line with equity incentive plans widely used in Italy and overseas (hereinafter, the "**Beneficiaries**" or the "**Beneficiary**").

In particular, the aim of the 2010-2013 Plan is to involve those who hold major positions in the achievement of Safilo Group's strategic targets, so as to increase their loyalty towards the Group and ensure at the same time the alignment of their interests to shareholders', with a view to a long term value creation for the Group.

The 2010-2013 Plan was implemented through the free allocation of max. 1,700,000 options, which give each Beneficiary the right to subscribe newly issued ordinary shares of the Company – of a nominal value of EURO 5.00 each, deriving from the aforesaid capital increase, against payment and separately, excluding the right of option pursuant to article 2441, fourth paragraph, second indent, of the Italian Civil Code. Each option will correspond to one share.

The subscription price was determined, from time to time, based on the weighted average of the prices of SAFILO GROUP S.p.A. ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in the month preceding the meeting of the Board of Directors which allocated the rights of option issued within the 2010-2013 Plan ("preceding month" shall mean the period from the day preceding the meeting of the Board of Directors which proceeds to the allocation of the options until the same day of the previous calendar month, it being understood that in said period, for the purpose of determining the weighted average, the days on which stock exchanges were open were taken into account), except for the first *tranche*, the price of which has been set at EURO 8.0470, fixed according to the weighted average of the prices of SAFILO GROUP S.p.A. ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in July 2010, corresponding to the month preceding the date on which the Remuneration Committee (now Remuneration and Nomination Committee) submitted, for the first time, to the Board of Directors for approval, the guidelines of an equity incentive plan to be adopted.

The subscription of shares by the Beneficiaries of the options will depend on the satisfaction of the following conditions:

- the Beneficiary has not ceased the labour/administration relationship with the Company, or with another company of the Group, on the maturity date of the options, save for any exceptions provided for by the Regulation; and
- with reference to the options allocated within the first *tranche*, the fact that the EBIT emerging from the Company's consolidated financial statements as of any of the financial years ended 31.12.2010, 31.12.2011 or 31.12.2012 has been at least

equal to EURO 60,000,000; with reference to the options allocated within the second *tranche*, the fact that the EBIT emerging from the Company's consolidated financial statements as of any of the financial years ended 31.12.2011, 31.12.2012 or 31.12.2013 has been at least equal to EURO 66,000,000; with reference to the options allocated within the third *tranche*, the fact that the EBIT emerging from the Company's consolidated financial statements as of any of the financial years ended 31.12.2012, 31.12.2013 or 31.12.2014 has been at least equal to EURO 72,500,000; with reference to the options allocated within the fourth *tranche* and to those allocated by December 31, 2013, the fact that the EBIT emerging from the Company's consolidated financial statements as of any of the financial years ended 31.12.2013, 31.12.2014 or 31.12.2015 has been at least equal to EURO 80,000,000.

For the purposes hereof, EBIT means the net operating income in a certain financial year, adjusted to take account of any investment and divestment, emerging from the audited financial statements, which will be approved by the Company's shareholders' meeting and as determined by the same Company's Board of Directors.

The options are exercised in the periods laid down in the Plan's Rules which are expected to be the following:

- with regard to the first *tranche* options, the period from the day after the date of approval by the Meeting of the financial statements as at 31.12.2012 until the relevant expiry date (31 May 2016);
- with regard to the second *tranche* options, the period from the day after the date of approval by the Meeting of the financial statements as at 31.12.2013 until the relevant expiry date (31 May 2017);
- with regard to the third *tranche* options, the period from the day after the date of approval by the Meeting of the financial statements as at 31.12.2014 until the relevant expiry date (31 May 2018);
- with regard to the fourth *tranche* options, the period from the day after the date of approval by the Meeting of the financial statements as at 31.12.2015 until the relevant expiry date (31 May 2019).

It should be noted that on November 13, 2013 the Board of Directors amended the rules of the Plan so as to reallocate some options that shall be reassigned by the Company as a consequence of the resignations of some Beneficiaries. These re-assignable options shall be exercised subject to the same performance conditions and exercise period applicable to the fourth *tranche* options.

Considering the above, the options allocated within different *tranches* will have a different maturity date, it being however understood that the deadline for the exercise of the options allocated within the last *tranche* will be 31 May 2019.

The options that can be exercised for which no subscription price has been paid to the Company will automatically lapse and will lose any effect and validity for the Beneficiary, with consequent release of the Company from any obligation towards the same Beneficiary.

Stock Option Plan 2014-2016

The Extraordinary Shareholders' Meeting held on April 15th, 2014 resolved to increase the share capital by a maximum nominal amount of EUR 7,500,000.00 (seven million five hundred thousand/00) through the issue of a maximum of no. 1,500,000 (one million five hundred thousand) new ordinary shares of the nominal value of EUR 5.00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The adoption of the 2014-2016 Stock Option Plan (the "**Plan 2014-2016**") is aimed at providing incentives for and retaining the Company's and/or other Safilo companies' directors and/or managers (or equivalent officers), to be identified by name, even at various times, by the Company's Board of Directors, upon proposal of the Remuneration and Nomination Committee, from among Executive Directors and, more generally, from among those who hold more important offices thus being more directly liable for their company's results, in line with the equity incentive schemes, which are very popular in Italy and overseas (hereinafter, the "**Beneficiaries**" or the "**Beneficiary**").

In particular, the Plan 2014-2016 is a tool used to involve those who hold important offices in the achievement of Safilo Group's strategic targets, so as to increase their loyalty towards the Group, thus ensuring at the same time an adjustment to the shareholders' interests, with a view to a constant increase of the Group value.

The subscription price will correspond to the weighted average of the official prices of SAFILO GROUP S.p.A. ordinary shares registered on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. in the month preceding the meeting of the Board of Directors which allocated the rights of option issued within the Plan 2014-2016.

The options granted shall vest upon the occurrence of the following performance conditions:

- with reference to the Options granted under the First Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2014, 31.12.2015 or 31.12.2016 has been at least equal to Euro 80,000,000; with reference to the Options granted under the Second Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2015, 31.12.2016 or 31.12.2017 has been at least equal to Euro 85,000,000; with reference to the Options granted under the Third Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2016, 31.12.2017 or 31.12.2018 has been at least equal to Euro 90,000,000; and

- save as otherwise expressly provided by the regulations of the Plan 2014-2016, the employment/directorship of the relevant Beneficiary shall be in force on the vesting date of the relevant Options.

For the purposes hereof, EBIT means the net operating income of a certain financial year, adjusted to take account of any investment and divestment, emerging from the audited financial statements, which will be approved by the Company's Shareholders Meeting and as determined by the same Company's Board of Directors.

The options that were assigned to the Beneficiary are exercisable during the periods established in the regulations of the 2014-2016 Plan, in particular:

- with reference to the Options granted under the First Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2016 until its own expiry date (May 31, 2022);
- with reference to the Options granted under the Second Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2017 until its own the expiry date (May 31, 2023);
- with reference to the Options granted under the Third Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2018 until its own expiry date (May 31, 2024).

The 2014-2016 Plan grants the possibility to accelerate the exercise of the awarded Options, with respect to the exercise periods indicated above, in certain cases of termination of the relevant employment/directorship due to the circumstances specified in the 2014-2016 Plan itself.

The exercisable options for which the relevant exercise form has been delivered, but the exercise price has not been paid in full, in compliance with the same exercise form, will be considered as non-exercised in full and will become null and void, with consequent release of the Company from any obligation towards the same Beneficiary; it remaining understood that any portion of the exercise price that has been paid by the relevant Beneficiary shall be promptly returned to the latter.

For more details on the 2010-2013 Stock Option Plan and for 2014-2016 Stock Option Plan, reference should be made to the notes to the financial statements, to the informative documents drawn up pursuant to article 84-*bis* of the Issuers' Regulation and to all documents about the aforesaid Plans drawn up in compliance with the existing rules. Any such

documentation is available on the web site in the *Investors Relations - Corporate Governance* section.

For more details, please refer to the report about remuneration plans based on financial instruments provided for by article 114-*bis* TUF.

5) Agreements providing for indemnities in the event of early termination of employment

The Company and the Chief Executive Officer have entered into an agreement intended to regulate *ex ante* the economic treatment provided for in the event of early termination, upon the Company's initiative without a just cause. More specifically, this agreement provides for an indemnity that should be determined by the Issuers or by Safilo S.p.A., as the case may be. Such indemnity, that shall be accrued upon occurrence of some additional circumstances, consists in the following "exit package": (i) a notice period equal to 6 (six) months, during which the Chief Executive Officer shall remain available to perform corporate offices in the company bodies and in some companies of the Group; (ii) the payment of a gross amount equal to 12 months of the fixed fees of the Chief Executive Officer for his offices in the corporate bodies of the Issuer or of Safilo S.p.A., in addition to 12 month fixed salary as Safilo S.p.A.'s employee; (iii) both the long-term bonuses for the Chief Executive Officer, for a total amount equal to EURO 3,000,000.00 (three millions/00), that will be paid according to the deadlines initially set by the bonus allocation plan.

There is no agreement providing, in favour of the Chief Executive Officer and of the Managers with strategic responsibilities, for the granting or maintenance of non-monetary benefits after cessation of office or termination of employment ("post-retirement perks") or the making of advisory agreements following the cessation or termination and there is no agreement providing for non-compete clauses.

With regard to the consequences of termination on the rights granted under the 2010-2013 Stock Option Plan and 2014-2016 Stock Option Plan, as for the Chief Executive Officer and the Managers with strategic responsibilities, reference should be entirely made to the informative documents drawn up pursuant to article 84-*bis* of the Issuers' Regulation as well as to all the documents about said Plans drawn up in accordance with the existing regulations. All such documentation is available on the Company's web site, in the Investors Relations/Corporate Governance section.

Part II

This Part II analytically illustrates the compensation paid in the reference financial year, for any title and in any form, by the Company and by subsidiaries and affiliates.

TABLE 1: Remunerations paid to the members of the administrative and supervisory bodies, to general managers and other managers with strategic responsibilities.

TABLE 2: Stock options allocated to the members of the administrative bodies, to general managers and other managers with strategic responsibilities.

TABLE 3B: monetary incentive plans in favour of the members of the administrative bodies, of general managers and other managers with strategic responsibilities.

Table containing the information on the participation of the members of the administrative and supervisory bodies and of general managers.

Table containing the information on the participation of the other managers with strategic responsibilities

TABLE 1: Compensation paid to members of the management and control bodies, general managers and other directors with strategic responsibilities

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
ROBERT BRAM POLET	Chairman of the BoD of Safilo Group S.p.A. and director	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				120.000	10.000					130.000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				120.000	10.000					130.000		
LUISA DEPLAZES DE ANDRADE DELGADO	Chief Executive Officer	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				450.000		254.667		0	9.050	713.717	114.097	
(II) Compensation paid by subsidiaries and associates				350.000				42.811	28.761	421.572		
(III) Total				800.000		254.667		42.811	37.811	1.135.289	114.097	
GIOVANNI CISERANI	Director	From 1.1.2015 to 27.4.2015	Approval of the financial statements 2015									
(I) Compensation paid by the company that prepares the financial statements				16.667						16.667		
(II) Compensation paid by subsidiaries and associates												
(III) Total				16.667						16.667		
JEFFREY ALAN COLE	Director	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				50.000	18.583					68.583		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50.000	18.583					68.583		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
MELCHERT FRANS GROOT	Director	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				50.000	13.333					63.333		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50.000	13.333					63.333		
MARCO JESI	Director	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				50.000	16.667					66.667		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50.000	16.667					66.667		
EUGENIO RAZELLI	Director	Year 2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				50.000	36.250					86.250		
(II) Compensation paid by subsidiaries and associates					10.000					10.000		
(III) Total				50.000	46.250					96.250		
MASSIMILIANO TABACCHI	Director	From 1.1.2015 to 27.4.2015	Approval of the financial statements 2015									
(I) Compensation paid by the company that prepares the financial statements				16.667	3.333					20.000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				16.667	3.333					20.000		
INES MAZZILLI	Director	From 27.4.2015 to 31.12.2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				33.333	20.000					53.333		
(II) Compensation paid by subsidiaries and associates												

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
(III) Total				33.333	20.000					53.333		
GUIDO GUZZETTI	Director	From 27.4.2015 to 31.12.2015	Approval of the financial statements 2017									
(I) Compensation paid by the company that prepares the financial statements				33.333	10.000					43.333		
(II) Compensation paid by subsidiaries and associates												
(III) Total				33.333	10.000					43.333		
2	Managers with strategic responsibilities	Year 2015										
(I) Compensation paid by the company that prepares the financial statements				30.000						30.000	125.261	
(II) Compensation paid by subsidiaries and associates				856.585		136.883		18.728	6.670	1.018.866		
(III) Total				886.585		136.883		18.728	6.670	1.048.866	125.261	
PAOLO NICOLAI	Chairman of Statutory auditors	Year 2015	Approval of the financial statements 2016									
(I) Compensation paid by the company that prepares the financial statements				57.000						57.000		
(II) Compensation paid by subsidiaries and associates				57.000						57.000		
(III) Total				144.000						144.000		
FRANCO CORGNATI	Standing statutory auditor	Year 2015	Approval of the financial statements 2016									
(I) Compensation paid by the company that prepares the financial statements				38.000	10.000					48.000		
(II) Compensation paid by subsidiaries and associates				38.000	10.000					48.000		
(III) Total				76.000	20.000					96.000		
BETTINA SOLIMANDO	Standing statutory auditor	Year 2015	Approval of the financial statements 2016									
(I) Compensation paid by the company that prepares the financial statements				38.000						38.000		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
(II) Compensation paid by subsidiaries and associates				38.000						38.000		
(III) Total				76.000						76.000		

The present Board of Directors was appointed by the Shareholders' Meeting held on April 27th, 2015.

The present Board of Statutory Auditors was appointed by the Shareholders' Meeting held on April 15th, 2014. The previous Board of Statutory Auditors was composed of the same members.

TABLE 2: Stock options allocated to members of the management body, general managers and directors with strategic responsibilities

A	B	(1)	Options held at the start of the financial year (FY)			Options allocated during the FY						Options exercised during the FY			Options that expired during the FY	Options held at end of the FY	Options for the FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Position	Plan	No. of Options	Exercise price	Exercise period (from - to)	No. of Options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares at option allocation	No. of Options	Exercise price	Market price of underlying shares at exercise date	No. of Options	No. of Options	Fair value
Luisa Deplazes de Andrade Delgado	CEO																
(I) Compensation paid by the company that prepares the financial statements		Plan 2014-2016 (SM 15/04/2015)	70.000	15,05	From 31/12/2016 ¹ to 31/05/2022	90.000	13,29	From 31/12/2017 ² to 31/05/2023	198.000	RNC 04.03.2015 BoD 05.03.2015	13,71					160.000	114.097
(II) Compensation paid by subsidiaries and associates																	
(III) Total			70.000			90.000			198.000							160.000	114.097
Massimiliano Tabacchi	Director																
		Plan 2010-2013 (SM 05/11/2010)	15.000	5,54	From 28/04/2015 to 31/05/2018											15.000	-
(II) Compensation paid by subsidiaries and associates																	
(III) Total			15.000													15.000	-
2	Manager with strategic responsibilities																
(I) Compensation paid by the company that prepares the financial statements		Plan 2010-2013 (SM 05/11/2010)	35.000	14,54	From 31/12/2015 ³ to 31/05/2019											35.000	25.010

¹ It means, the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31/12/2016

² It means, the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31/12/2017

³ It means, the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31/12/2015

A	B	(1)	Options held at the start of the financial year (FY)			Options allocated during the FY						Options exercised during the FY			Options that expired during the FY	Options held at end of the FY	Options for the FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Position	Plan	No. of Options	Exercise price	Exercise period (from - to)	No. of Options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares at option allocation	No. of Options	Exercise price	Market price of underlying shares at exercise date	No. of Options	No. of Options	Fair value
		Plan 2015-2016 (SM 15/04/2015)	35.000	15,05	From 31/12/2016 ⁴ to 31/05/2022	120.000	13,29	From 31/12/2017 ⁵ to 31/05/2023	264.000	RNC 04.03.2015 BoD 05.03.2015	13,71					155.000	100.251
(II) Compensation paid by subsidiaries and associates																	
(III) Total			70.000			120.000			264.000							190.000	125.261

⁴ It means, the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31/12/2016

⁵ It means, the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31/12/2017

TABLE 3B: Monetary incentive plans for members of the management body, general managers and directors with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
Name and surname	Position	Plan	Bonus for year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred again	
Luisa Deplazes de Andrade Delgado	CEO								
(I) Compensation paid by the company that prepares the financial statements			254.667						
(II) Compensation paid by subsidiaries and associates									
(III) Total			254.667						
2	Managers with strategic responsibilities								
(I) Compensation paid by the company that prepares the financial statements									
(II) Compensation paid by subsidiaries and associates			136.883						
(III) Total			136.883						

Schedule n. 7-ter - Table 1: Equity investments of members of the management and control bodies and general managers

Name and surname	Position	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	no. of shares owned at end of FY in progress
Directors						
Robert Polet	Chairman	SAFILO GROUP S.p.A.	-	-	-	-
Luisa Deplazes de Andrade Delgado	CEO	SAFILO GROUP S.p.A.	20.600	-	-	20.600
Jeffrey A. Cole	Director	SAFILO GROUP S.p.A.	2.250	1.000	-	3.250
Melchert Frans Groot	Director	SAFILO GROUP S.p.A.	-	-	-	-
Guido Guzzetti	Director	SAFILO GROUP S.p.A.	-	-	-	-
Marco Jesi	Director	SAFILO GROUP S.p.A.	-	-	-	-
Ines Mazzilli	Director	SAFILO GROUP S.p.A.	-	-	-	-
Eugenio Razelli	Director	SAFILO GROUP S.p.A.	-	-	-	-
TERMINATED DIRECTORS						
Giovanni Ciserani	Director	SAFILO GROUP S.p.A.	9.750	-	9.750	-
Massimiliano Tabacchi	Director	SAFILO GROUP S.p.A.	43.590	-	43.590	-
Board of statutory auditors						
Paolo Nicolai	Chairman	SAFILO GROUP S.p.A.	-	-	-	-
Franco Corgnati	Standing statutory auditor	SAFILO GROUP S.p.A.	-	-	-	-
Bettina Solimando	Standing statutory auditor	SAFILO GROUP S.p.A.	-	-	-	-

Schedule n. 7-ter - TABLE 2: Equity investments of other directors with strategic responsibilities

No. of directors with strategic responsibilities	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	No. of shares owned at end of FY in progress
2	SAFILO GROUP S.p.A.	1.000	-	-	1.000