



Safilo Group S.p.A.

Registered office in Padova 35129 – Zona Industriale, Settima Strada 15

Corporate capital of Euro 313,299,825.00 fully paid-in.

Registered with the Company Register of Padova with no. 03032950242

**INFORMATION DOCUMENT
CONCERNING A TRANSACTION WITH RELATED PARTIES OF GREATER IMPORTANCE**

*(Document drafted pursuant to Article 5 of the Regulations for transactions with related parties
approved by Consob with resolution no. 17221 of March 12, 2010)*

June 22, 2017

INTRODUCTION

This information document (“**Information Document**”) has been drafted by Safilo Group S.p.A. (“**Safilo Group**” or the “**Company**”) pursuant to Article 5 of the Regulations approved by Consob with resolution no. 17221 of March 12, 2010, concerning transactions with related parties (the “**Regulations**”), as well as Article 3.2, letter (f), of the procedure for transactions with related parties approved by the Board of Directors of Safilo Group on November 5, 2010, as subsequently amended, published on the Company’s website (www.safilogroup.com/en/) (the “**Procedure**”).

This Information Document illustrates the renewal agreement of the 2015-2016 Master Agreement (the “**Master Agreement**”), binding agreement, signed on June 20, 2017 by Safilo S.p.A., (“**Safilo**”), controlled by Safilo Group, and GrandVision Supply Chain B.V. (“**GVSCBV**”) controlled by GrandVision N.V. (“**GNVV**”), controlled by HAL Holding N.V. (“**Letter of Intent**”).

It is appropriate to recall that, on September 7, 2015, Safilo and GVSCBV signed the Master Agreement that rules the general terms and conditions for the sale of sunglasses and optical frames by the companies of the group controlled by Safilo Group (“**Safilo Group**”) to the companies of the GNVV group (“**GNVV Group**”), a leading international optical group with several optical chains in Europe, South America and Asia (the “**Transaction**”).

To this end, on November 6, 2014, the Board of Directors of Safilo Group, based on the favourable opinion of the Transactions with Related Parties Committee issued on October 30, 2014 (confirmed by the Transactions with Related Parties Committee, in its new composition, on August 4, 2015). Approved the whole Transaction as well as the terms and conditions of the Master Agreement, granting the Chief Executive Officer with the powers to sign said Master Agreement, which was executed on September 7, 2015.

The Letter of Intent rules the renewal of the Master Agreement (expired on December 31, 2016), therefore the Master Agreement shall have effect between the parties until June 30, 2017. The Letter of Intent also provides for the negotiation in good faith between Safilo and GVSCBV of the terms and conditions of a longer-term agreement (“**LT Agreement**”). Should the parties not sign the LT Agreement by June 30, 2017, the Letter of Intent (and, therefore, the Master Agreement) shall be automatically renewed for a further period of 6 months (i.e. until December 31, 2017).

It is specified that, even if the Transaction is a transaction whose terms and conditions are standard or in line with the market, the Company did not avail itself of the exemption right provided for under Article 4.1.3 of the Procedure (and therefore decided to publish this Information Document), in order to ensure a high level of transparency to the market and to the shareholders, taking into consideration the particularly significant size of the Transaction.

1. WARNINGS

In the light of the terms and conditions of the Master Agreement and of the Letter of Intent – as better described in this Information Document – it is deemed that, as of the date of the present Information Document, the Transaction is in the interest of Safilo, of the Company and of Safilo Group and it does not entail risks connected to the fact that the other party is a related party and/or to the potential conflicts of interests, resulting from the Transaction, in fact all the controlling measures, guaranteeing the substantial and procedural correctness of the Transaction and of its terms and conditions, have been adopted.

2. INFORMATION ON THE TRANSACTION

2.1 Description of the characteristics, modalities, terms and conditions of the Transaction.

The Transaction consists in the signing of a Letter of Intent renewing and proposing again the same terms and conditions of the Master Agreement having binding effect until June 30, 2017. The Transaction also includes the automatic renewal of the Letter of Intent and of the Master Agreement for a further period of 6 months (i.e. until December 31, 2017) should the parties not sign the LT Agreement by June 30, 2017.

As mentioned above, the Letter of Intent is part of the long-standing commercial relationships between Safilo Group and GVVN Group (proposing again the same structure) and it renews for a further period of six months the Master Agreement regulating the possible and future sales of sunglasses and optical frames by Safilo Group to GVVN Group, operating in the sales of the above-mentioned products, as well as some connected promotional activities; so this agreement falls within the ordinary business of the Group.

In particular, the Letter of Intent (and the Master Agreement) provides for the terms and conditions applicable to the sales, by Safilo Group to GVVN Group, of sunglasses and optical frames – bearing the Group own and licensed trademarks – (the “**Products**”).

Below listed are details on the main terms and conditions of the Letter of Intent (and of the Master Agreement):

- The Letter of Intent provides for the renewal for a further period of six months, from January 1 to June 30, 2017 of the Master Agreement and the possible automatic further renewal of six months, from July 1 to December 2017;
- the sales and the relative invoicing (with some exceptions) are between each company of the GNVN Group and Safilo and/or other companies of Safilo Group;
- the commercial terms and conditions provided for by the Letter of Intent (for example discounts, marketing contributions, promotions, returns) are applicable to all the sales of the Products between each company of Safilo Group and each company of GNVN Group (so called regulatory agreement);
- the commercial terms and conditions are standard or in line with the market (see following paragraph 2.4).

With reference to the commercial terms and conditions (for example discounts, marketing contributions, promotions, returns) related to the sales of the Products between each company of Safilo Group and each company of GNVN Group (so called regulatory agreement), it is specified that, in compliance with the policy of Safilo Group regarding the sales of Products to its commercial partners, the commercial terms and conditions can be summarized as follows:

- discounts, promotions and/or marketing contributions, i.e. contributions for promotional activities in order to promote the Products and increase their sales and their presence on the market, are applied to the turnover generated by the sales of Products of Safilo to the optical chains owned by GNVN Group, divided on the bases of specific commercial criteria (i.e. clusters, doors and banners);
- the above-mentioned discounts and/or marketing contributions are applied within the limits of specific percentages as indicated in the Master Agreement;
- these percentages are both fixed and variable, between a minimum and a maximum, taking into consideration the volume of the turnover of Safilo in each retail chain (divided by cluster and door).

2.2 Information on the related parties with whom the Transaction is entered into, on the relevant degree of relation, on the nature and extent of the interests of such parties in the Transaction.

As of the date of the present Information Document, GVSCBV is a related party of Safilo Group, as it is controlled by HAL Holding N.V., that is the controlling company of Safilo Group.

The parties have a commercial interest in the Transaction, in fact the Letter of Intent and the Master Agreement is a significant framework agreement, governing all the future commercial relations that

will be established between the groups. The Company has no knowledge of other interests of GVSCBV in the Transaction.

2.3 Information on the economic rationale and convenience of the Transaction for Safilo and for the Company.

With the closing of the Transaction, Safilo, the Company and Safilo Group intend to reinforce and increase the turnover and the penetration of the Products into the markets where GNVN Group operates. From the strategic and entrepreneurial point of view, the Transaction seems convenient because GNVN Group has an extended retail network at a global level, suitable to permit an implementation and extension of the business of Safilo Group, confirming and reinforcing the presence of its Products on the market.

From an economic point of view, the Transaction seems convenient because it guarantees an adequate level of commercial marginality and profitability for Safilo Group.

2.4 Modalities for determination of the amount of the Transaction and evaluation of its consistency with market values related to similar transactions.

As stated above, the Letter of Intent and the Master Agreement are framework agreements, that rule the future commercial relation with GNVN Group; consequently, it is not possible to define *ex ante* the total amount of the Transaction, i.e. the total amounts that will be paid by GNVN Group on the basis of the annual gross volume of the turnover, taking into account that GNVN Group has no obligations to place orders of Products with Safilo Group.

Therefore, for the purposes of the Procedure, the equivalent value relevance ratio was calculated taking into consideration several parameters (the “**Amount of the Transaction**”):

- the revenues of the commercial transactions with the GNVN Group, earned by Safilo, during the period from January 1, 2016 to December 31, 2016, equal to approximately Euro 79.916 million;
- the volumes of turnover estimated based on commercial analysis, forecast evaluations and sales simulations, with reference to year 2017, on which some discounts, bonuses and other reward systems, in compliance with the commercial policy of the Group, were applied.

In order to verify if the commercial terms and conditions of the Transaction could be considered in line with the market or standard on the basis of objective comparable elements, it has been deemed appropriate to perform some analysis, also from a comparative point of view, based on the commercial relation with companies or groups whose business is the retail sale of the Products, as specified here below.

In particular, such analysis concerned:

- the commercial relation with GNVV Group and the commercial policy adopted by Safilo with reference to Safilo's other clients that are business model-wise comparable (on the basis of specific targets) to the GNVV Group (so called "**Comparable Clients**") that may represent Safilo's business (with some limitations connected to the fact that the clients selected could not be totally comparable to the GNVV Group and to its territoriality);
- the verification of economic conditions agreed with a panel of other clients of Safilo and the analysis of the commercial margin achieved by the Company on the performed sales comparable with the sales to be performed in accordance with the Master Agreement ("benchmark"). Safilo's counterparts that were included in the panel, that is three Comparable Clients, were selected based on their 2016 net turnover and based on the fact that they operate on a worldwide scale;
- the performance of commercial marginality achieved by the selected transactions and verified in the light of the above and the comparison between the commercial marginality achieved by the GNVV Group and that of the benchmark;
- the comparability of the terms and conditions of the Master Agreement with the standard or the market ones.

Based on the above, the terms and conditions of the Letter of Intent and of the Master Agreement and the Amount of the Transaction resulted adequate and in line with the policy applied by the Company to other unrelated parties, for comparable commercial agreements and with equivalent transactions for peculiarity, risk and entity.

From a commercial point of view

Safilo Group, based on its commercial policy, applies to the GNVV Group some discounts, promotions and marketing contributions as well as to other clients.

The terms and conditions of payment, applicable to the GNVV Group, are in line with those applied to Comparable Clients.

From the point of view of the economic conditions – analysis of the commercial marginality

The economic conditions, also taking into consideration the utilized reward systems and the maximum level of returns and the complexity of the logistics requirements, are substantially consistent with the ones applied to other Comparable Clients.

It is clearly confirmed by an analysis on the overall margin and by a benchmark analysis on some specific SKUs margin. Commercial marginality of the selected SKUs sold to GNVV was analyzed

compared with the SKUs sold and that could be sold to Comparable Clients, that represented the reference and comparison benchmark. The SKUs were selected based on some criteria:

- SKUs with a relevant turnover;
- a sample of SKUs sold (number of delivered units net of returns) to GNVV Group and to a Comparable Client and related to different models and brands;

The performance of commercial marginality compared with selected SKUs was made on the basis of price lists, of the Master Agreement and of the commercial agreement with the Comparable Clients.

From these analysis, the commercial marginality appears substantially included between the minimum and the maximum marginality of the Comparable Clients.

With reference to the overall commercial marginality analysis, it is highlighted that the commercial margin in percentage is substantially in line with the margins of the main Comparable Clients.

Furthermore, pursuant to the joint provisions of Articles 3.1, letter (d) and 3.2, letter (b) of the Procedure, on May 4, 2017 the Transactions with Related Parties Committee presented to the Board of Directors of the Company its favorable written opinion, concerning the Company's interest in closing the Transaction, as well as the convenience and substantial fairness of the relevant terms and conditions. Precisely, in its opinion, the Transactions with Related Parties Committee declares the Company's interest in closing the Transaction, as well as the convenience and substantial fairness of the relevant terms and conditions.

2.5 Illustration of the economic, patrimonial and financial effects of the Transaction.

With reference to the economic effects of the Transaction for Safilo Group, it is highlighted that the Transaction is adequate to guarantee a suitable level of commercial marginality and profitability.

In consideration of the extension of the global retail structure of GNVV Group, the Transaction allows Safilo Group to maintain, implement and expand its business, reinforcing the presence of its Products on the market and the level of turnover.

2.6 Impact of the Transaction on the remuneration of the members of the administrative body of the company and/or of companies controlled by the latter.

The remuneration of the members of the corporate bodies shall not vary as a consequence of the Transaction.

It is underlined that, as indicated in the Report on the Remuneration published during the current year, the remuneration of the Chief Executive Officer is also composed by an annual variable part, that shall be obtained upon achievement of set company targets, that could be influenced not by the signing of the Letter of Intent, but indirectly by the volume of the business that could be achieved by

signing it, that, as at December 31, 2016, is equal to 6.24% of the total turnover of Safilo Group, as well as by the overall results that might be negatively impacted by the discounts applied by Safilo Group in its commercial relationships.

2.7 Carrying out of and participation to the negotiations. Procedures for the approval of the Transaction.

Introduction

The execution of the Letter of Intent is a part of the ordinary business of Safilo, and, more generally, of Safilo Group, in fact it is functional to the activity of sales of Products, one of the main and typical activities generating revenues for the Group. Moreover, the ordinary nature of the Transaction can be confirmed in consideration of the characteristics of the counterpart, a primary global group operating in the field of sale of Products, of the recurring commercial relation between the Group and the GNVV Group (the Letter of Intent follows previous agreements with GNVV Group) as well as of the contractual terms and conditions of the Letter of Intent (and of the Master Agreement).

Notwithstanding the above-mentioned characteristic of the Transaction and the fact that the terms and conditions are standard or in line with the market, the Company chose to apply the Procedure (and not to avail itself of the exemption right provided for by the Procedure) and it also chose to draw up this Information Document pursuant to Article 5 of the Regulations, in consideration of the size of the Transaction connected to the territorial extension of GNVV business.

Carrying out of and participation to the negotiations

The negotiations with GNVV have been carried out by Joanna Onland, *Chief Commercial Officer, WE & Global Key Accounts*, supported by all the management of the Group and supervised by Luisa Deplazes de Andrade Delgado, *Chief Executive Officer*, who, in compliance with the Regulations, the Procedure and the corporate best practice, have always updated the Chairman and all the directors, in particular the members of the Transactions with Related Parties Committee, about the evolution of the negotiations, sending them, duly in advance, appropriate information about the essential terms of the Transaction, as determined during the negotiations and giving them the possibility to ask for information and to make their comments.

Procedure for the approval of the Transaction

Since the Transaction exceeds the relevance thresholds set forth in the Regulations and the Procedure – and, in particular, the threshold relating to the equivalent-value relevance ratio, as the ratio between

the amount the Transaction and the net equity is higher than 5% – the Transaction qualifies as "transaction with related parties of greater importance" in accordance with the Regulations.

In consideration of the fact that the Transaction is made by the controlled company Safilo, the Board of Directors of Safilo Group examined and approved the Transaction, after examining the Transactions with Related Parties Committee's non-binding opinion, pursuant to Article 3.3 of the Procedure.

In particular, pursuant to the Regulations and the Procedure, the Transactions with Related Parties Committee was involved in the preparatory activities by being timely, completely and adequately informed and updated by the management on the evolution of the ongoing negotiations aimed at the execution of the Letter of Intent. The Letter of Intent and all the related documentation was submitted to the Transactions with Related Parties Committee for its prior examination, which, on May 4, 2017, expressed its favorable opinion on the same Transaction.

Later on, the Board of Directors, on May 9, 2017, with the favorable vote of the majority of the directors in attendance and with the abstained vote of Melchert Frans Groot, non-executive director, and Jeffrey Alan Cole, independent director, whom declared that, in light of the their role as members of the Supervisory Committee of GNVV and pursuant to Article 2391 of the Italian Civil Code and Article 150 of the Italian Financial Act, they were potentially bearer of a third party interest in connection with the completion of the Transaction, approved the Transaction as a whole and the terms and conditions of the Letter of Intent, presented as a draft, granting Luisa Deplazes de Andrade Delgado, Chief Executive Officer, with any and all the powers to finalize the negotiation and execute the same Letter of Intent, in line with the terms and conditions approved by the Board.

In execution of this resolution, the Letter of Intent was signed on June 20, 2017.