



CONTROL RISK AND SUSTAINABILITY COMMITTEE

REGULATIONS

September 2018

ARTICLE 1 - PRELIMINARY PROVISIONS

These Regulations ("**Regulations**"), define the composition, the appointment, the duties and the operating rules of the Control Risk and Sustainability Committee ("**Committee**"), that was formed within the Board of Directors of SAFILO GROUP S.p.A ("**Company**").

ARTICLE 2 - COMPOSITION

The members of the Committee are appointed and may be dismissed by means of a resolution of the Board of Directors.

The Committee is composed of at least three independent directors, or, alternatively, of non-executive directors, the majority of which are independent.

At least one member of the Committee must have adequate experience in accounting and finance or risk management, his/her experience shall be evaluated by the Board of Directors upon his/her appointment.

Except for resignation or revocation, the members of the Committee remain in office for a three-year period corresponding to the office term of the Board of Directors that has appointed them. Any directors appointed as replacement of the original members will expire together with those in office at the time of their appointment.

ARTICLE 3 - CHAIRMANSHIP

The Committee appoints a Chairman from among its members who are independent directors. It is the Chairman's responsibility to convene and lead the meetings, coordinating and planning the Committee activities.

ARTICLE 4 - MEETINGS

The Committee is convened, for the performance of its duties, by the Chairman any time he/she deems it necessary - on his/her initiative or following a written request from at least one member - and in any case at least 2 (two) times a year, as well as upon request of the Chairman of the Board of Statutory Auditors or of the Chairman of the Board of Directors or of the director in charge of the internal control and risk management system or of the Group Chief Financial Officer or of the manager responsible for the internal audit function, and always prior to the meeting of the Board of Directors called to resolve upon the approval of the annual financial statements and the half-year report.

The meetings are held at the registered office of the Company or in another location indicated by the Chairman.

The notice, including the date, time and location of the meeting as well as the list of the items to be discussed, shall be sent by the secretary by email to each one of the members with at least a 5 day notice, or at least a 2 day notice in case of an emergency.

The Committee may however take valid decisions, even without a formal notice of call, if all the members are present.

The Chairman of the Board of Statutory Auditors attends the meetings of the Committee, he/she can appoint another standing Statutory Auditor to be present at the meeting on his/her behalf; in any case the other standing Statutory Auditors may participate. Furthermore, the Group Chief Financial Officer attends the meetings of the Committee.

The Chairman may invite to attend the meetings of the Committee, without voting rights, the Chairman of the Board of Directors, the director in charge of the internal control and risk management system, the managers of the audit company appointed from time to time and/or, with reference to specific items on the agenda, also other persons including directors or members of the company structure or third parties whose presence may be of help in the better performance of the Committee's functions.

The meetings of the Committee may take place via video or teleconference, on condition that it is possible to identify all participants and such identification must be reported in the related minutes and they must be able to follow the discussion of the items on the agenda and intervene in real time and exchange, if necessary, documents.

In the performance of its duties, the Committee is entitled to have access to the Company information and functions necessary for the performance of its tasks, as well as to consult with external advisors of its choice and at the Company's expenses, (provided that they are bound by a confidentiality agreement) and on condition that their independence and lack of conflicts of interests have been verified, chosen among subjects of renowned professionalism and competence.

ARTICLE 5 - ESTABLISHMENT AND RESOLUTIONS

The Committee meetings are validly held if the majority of its members are in attendance.

The resolutions of the Committee are considered valid with a favourable vote from the majority of the members in attendance. Should the votes be equal, the person chairing the meeting will have the casting

vote.

ARTICLE 6 - MINUTES

Minutes must be taken of the meetings of the Committee which, transcribed in the book held for this purpose, must be signed by the person chairing the meeting and the secretary appointed from time to time, even from among those who are not members of the Committee.

The minutes of the meetings of the Committee are filed in chronological order. Copy of the minutes shall be sent to the members of the Committee and to the standing members of the Board of Statutory Auditors.

ARTICLE 7 - NOTIFYING THE BOARD OF DIRECTORS

The Chairman of the Committee notifies the Board of Directors of all activities it carries out at the first possible Board meeting.

ARTICLE 8 - REMUNERATION

The members of the Committee have the right to be reimbursed for expenses incurred for reasons relating to their office and the Board of Directors may award additional remuneration to the members.

ARTICLE 9 - FINANCIAL RESOURCES

Financial resources, adequate to the performance of its duties, shall be made available to the Committee. To this end, the Board of Directors may alternatively resolve to allocate an ad hoc budget to the Committee or, from time to time, to pay for expenses that could be needed.

ARTICLE 10 – DUTIES OF THE COMMITTEE

The Committee, in compliance with the recommendations of the Corporate Governance Code has the duty to support, through adequate preliminary activities, having proposing and consultative functions, the evaluations and the decisions of the Board of Directors, in relation to the internal control and risk management system, as well as in relation to the approval of the periodical financial statements. In particular, in this regard, the Committee issues its prior opinion to the Board of Directors on:

- (i) the definition the guidelines for the internal control and the risk management system, ensuring that the main risks concerning the Company and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a management of the company consistent with the set strategic objectives;
- (ii) the evaluation, conducted at least on an annual basis, on the adequacy of the internal control and risk management system with reference to the corporate risk profile as well as its effectiveness;

- (iii)** the approval, on an annual basis, of the audit plan drawn up by the manager responsible for the internal audit function, after consulting the Board of Statutory Auditors and the director in charge of the internal control and the risk management system;
- (iv)** the description, included in the annual report on corporate governance, of the main characteristics of the internal control and the risk management system and of the coordination modalities of the subjects involved, expressing its evaluation on the overall adequacy of the same;
- (v)** the evaluation, after consulting the Board of Statutory Auditors, of the results presented by the external auditors in the eventual letter of suggestions and in the report on key issues emerged during the legal audit.

In assisting the Board of Directors, the Committee shall also:

- (a)** evaluate, together with the manager responsible for the drafting of the company's accounting documents and after consulting the auditing company and the Board of Statutory Auditors, the correct use of the accounting principles and their consistency for the purpose of the drafting of the consolidated financial statements;
- (b)** express opinions on specific aspects relating to the identification of the company's principal risks;
- (c)** examine the periodic reports, related to the evaluation of the internal control and the risk management system, and the reports of particular importance drawn up by the internal audit function;
- (d)** monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- (e)** demand to the internal audit function the performance of evaluations on specific operative areas, at the same time informing the Chairman of the Board of Statutory Auditors and the director in charge of internal control and risk management system, except in cases where the object of the evaluations are activities specifically carried out by the above-mentioned persons;
- (f)** report to the Board of Directors, at least on a half-yearly basis, on the occasion of the approval of the annual financial statements and of the half year report, on the activities carried out, as well as on the adequacy of the internal control and the risk management system;
- (g)** support, with adequate preliminary activities, the evaluations and decisions of the Board of Directors regarding the management of risks deriving from detrimental facts the Board of Directors has become aware of;
- (h)** share with the External Auditors their considerations about the annual audit plan in relation to both financial and non-financial consolidated reports;
- (i)** perform any additional duties that are assigned to it by the Board of Directors.

The Committee is responsible for giving its prior favourable opinion on the proposals of the director in charge of the internal control and the risk management system regarding *(i)* the appointment and dismissal of the manager in charge of the internal audit function; *(ii)* the adequacy of the resources assigned to the same for the performance of his/her duties; and *(iii)* the determination of his/her remuneration in compliance with the corporate policy.

The Committee has the duty to support the Board of Directors through adequate preliminary activities, having proposing and consultative functions, in the decisions relating to sustainability.

In this regard, the Committee shall also:

- (a) supervise sustainability issues related to the relevant business and to its interactions with all the stakeholders, mainly focusing on the following areas: environment, work practices, human rights, social responsibility, product responsibility;
- (b) examine the non-financial report drafted pursuant to Legislative Decree No. 254, December 30, 2016, verifying:
 - 1) the general layout of the consolidated non-financial report and the development of the related contents;
 - 2) the materiality analyses aiming at identifying relevant information in relation to the business profile and the corporate strategies;
 - 3) the adequacy of the tools related to the planning and reporting of the non-financial data;
 - 4) the adequacy of the internal control system related to the management of non-financial data;
 - 5) the completeness and transparency of the information provided by means of the non-financial report as well as the correct application of the reporting standards, issuing, in this regard, a prior opinion to the Board of Directors that shall approve such report;
- (c) support the Board of Directors in the definition of the sustainability strategy, also through:
 - 1) the development of an action plan to address the relevant sustainability items;
 - 2) the definition and adoption of a model for the measurement of the distribution among the stakeholders of the economic value generated by the Company;
 - 3) the formulation of specific corporate policies and the allocation of an adequate annual budget;
- (d) overseeing the evolution of sustainability also in the light of the related international guidelines and principles, monitoring:
 - 1) the implementation of the sustainability vision approved by the Board of Directors;
 - 2) the Group positioning on the market with reference to sustainability topics (such as for example green bonds, participation and inclusion in sustainability indexes, ESG principles and performance);
 - 3) initiatives involving local communities
 - 4) the socio-environmental impact of corporate activities.

ARTICLE 11 - AMENDMENTS

These Regulations may be amended by resolution of the Board of Directors, which may from time to time delegate to its members any power to amend these Regulations, within specific limits of their powers.

The Committee verifies periodically the adequacy of the present Regulations and submits to the Board of Directors any proposal of amendment or integration.