



**REGULATIONS  
FOR  
TRANSACTIONS WITH RELATED PARTIES**

**July 1, 2021**

## PREAMBLE

These regulations (“**TRP Regulations**”) were approved by the Board of Directors of Safilo Group S.p.A. (“**Safilo**” or the “**Company**” and, together with any subsidiary of Safilo, the “**Safilo Group**”), following the favourable opinion of the Transactions with Related Parties Committee (as defined below) pursuant to Article 2391-*bis* of the Italian Civil Code and of Article 4, of the CONSOB Regulation concerning transactions with related parties, adopted through resolution No. 17221 of March 12, 2010 as subsequently amended (“**CONSOB Regulation**”).

The TRP Regulations set out the rules, modalities and principles governing the approval and execution of the Transactions with Related Parties (as defined below) carried out by Safilo and/or by the Safilo Group, in order to ensure transparency and substantial and procedural fairness of the transactions with related parties.

The Board of Directors of the Company, upon proposal of the Transactions with Related Parties Committee, shall periodically evaluate, and, in any case, at least every three years, the necessity and/or the opportunity to proceed with a review of the TRP Regulations, taking into account, among other things, any changes that may have occurred in the ownership structure and the effectiveness demonstrated by the Regulation itself in operational practice, or in order to align them with regulatory or organizational changes of the Company and/or Group.

The Board of Statutory Auditors shall ensure compliance of the TRP Regulations with the the principles set out in the CONSOB Regulation and their observance and report to the shareholders’ meeting under Article 153 of the Italian Financial Act (as defined below).

### 1. DEFINITIONS

In these TRP Regulations, all the words and/or expressions which are not expressly defined and which are relevant for the purposes of identifying the Related Parties or the Transactions with Related Parties, or definitions which are functional for the application of these TRP Regulations shall have the same meaning ascribed to them by the CONSOB Regulation.

For the purposes of these TRP Regulations, the following definitions shall be considered:

**Corporate Governance Code:** the corporate governance code for listed companies adopted by the Corporate Governance Committee of Borsa Italiana S.p.A..

**Directors Involved:** the directors having, on their own behalf or on behalf of third parties, a conflicting interest in the Transaction with Related Parties.

**Independent Directors:** the directors who satisfy the independence requirements set forth by the Corporate Governance Code.

**Issuers’ Regulation:** the Regulation adopted by CONSOB with Resolution No. 11971 of May 14, 1999 and subsequent amendments and integrations.

**Italian Financial Act (TUF):** the Legislative Decree No. 58 of 24 February 1998 and its subsequent amendments and integrations.

**Management:** the managers of the Company and the other companies of the Safilo Group in charge of the examination and/or approval and/or implementation of a Transaction with Related Parties, as identified on the basis of the system of delegations and/or of the organization chart in force at the time of the concerned transaction.

**Managers with Strategic Responsibilities:** the managers having the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Company, including the directors and the standing Statutory Auditors.

**MAR:** Regulation EU No. 596/2014.

**Petty Transactions with Related Parties:** the Transactions with Related Parties of a petty amount, meaning those:

- i. in case the counterparty of the Transaction with Related Parties is a legal person, those having a counter value equal to or lower than Euro 200,000.00;
- ii. in case the counterparty of the Transaction with Related Parties is a physical person, those having a counter value equal to or lower than Euro 100,000.00

**Register of Related Parties:** the specific register set by Safilo where the Related Parties are registered.

**Related Parties:** those parties defined as such by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EC) No. 1606/2002. Annex 1 to these TRP Regulations reports the definition of Related Parties in force on 1 July 2021 and the related functional definitions, as contained in the Appendix to the CONSOB Regulation.

**Remuneration and Nomination Committee:** the remuneration and nomination Committee of the Company.

**Standard Transactions with Related Parties:** the Transactions with Related Parties carried out in the ordinary course of business and any related financial activities of the Company and/or of Safilo Group, pursued at market or standard terms, meaning (i) at terms similar to those applied by Safilo Group to unrelated parties for transactions that are similar in terms of nature, extent and risk, or (ii) that is based on regulated rates or at fixed prices, or (iii) at terms similar to those applied with parties with which Safilo Group is legally obliged to contract at a certain price.

**Transactions with Related Parties:** those transaction defined as such by the international accounting principles adopted according to the procedure referred to in Article 6 of Regulation (EC) No. 1606/2002, and therefore any transfer of resources, services or obligations between Safilo (or companies directly or indirectly controlled by Safilo) and one or more Related Parties, regardless of whether for a consideration or not.

**Transactions with Related Parties Committee:** the Transactions with Related Parties Committee of the Company, composed of three Independent Directors.

**Transactions with Related Parties of Greater Importance:** the Transactions with Related Parties where at least one of the following indicators of significance, applicable according to the specific transaction, is higher than the 5% threshold:

- (a) Equivalent-value relevance ratio: ratio between the counter value of the Transaction with Related Parties and the net equity value stemming from the latest consolidated balance sheet published by Safilo or, if greater, the market capitalization of Safilo at the end of the last trading day included in the period covered by the latest published periodical accounting document (annual or six-monthly financial report or the periodic financial information, if disclosed). In particular:
  - (i) should the economic conditions of the Transaction with Related Parties be determined, the equivalent counter value of the Transaction with Related Parties shall be:
    - (1) for the cash components, the amount paid to or received from the contractual counterparty;
    - (2) for the components consisting of financial instruments, the fair value determined as at the date of the Transaction with Related Parties, pursuant to the international accounting standards adopted by Regulation (EC) No. 1606/2002;

- (3) for Transactions with Related Parties regarding financing or granting of guarantees, the maximum amount payable/secured.
  - (ii) if the economic conditions of the Transaction with Related Parties depend, in whole or in part, on magnitudes not yet known or undetermined, the counter value of the Transaction with Related Parties is the maximum receivable or payable value under the agreement.
- (b) Asset relevance ratio: ratio between the total assets of the entity object of the Transaction with Related Parties and the total assets of Safilo. The data to be used shall be obtained from the most recently consolidated balance sheet published by Safilo. Whenever possible, similar data should be used to determine the total assets of the entity object of the Transaction with Related Parties.
  - (i) for Transactions with Related Parties involving the acquisition and sale of shares in companies that have an impact on Safilo's consolidation perimeter, the value of the numerator is made up of the total assets of the participated company, regardless of the percentage of capital being disposed of.
  - (ii) for Transactions with Related Parties regarding acquisition and disposal of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is:
    - (1) in case of acquisitions, the counter value of the Transaction with Related Parties plus the liabilities of the acquired company, if transferred to the purchaser;
    - (2) in case of sales, the consideration received for the activities sold.
  - (iii) For Transactions with Related Parties regarding the acquisition and sale of other assets (other than the participations in companies), the value of the numerator is:
    - (1) in case of acquisitions, the greater between the consideration and the book value that will be attributed to the assets following the transaction;
    - (2) in case of sales, the book value of the assets before the completion of the transaction;
- (c) Liabilities relevance ratio: ratio between the overall amount of liabilities of the acquired entity and the total assets of Safilo. Data to be used must be drawn from the most recently published consolidated balance sheet of Safilo. Whenever possible, similar data shall be used to determine the total liabilities of the company or branch of business acquired.

**Transactions with Related Parties of Lesser Importance:** the Transactions with Related Parties different from the Transactions with Related Parties of Greater Importance and from Petty Transactions with Related Parties.

**Unrelated Independent Directors:** Safilo's Independent Directors members of the Transactions with Related Parties Committee who are not the counterparty of a specific Transaction with Related Party nor its Related Parties.

**Unrelated Shareholders:** refers to individuals who have the right to vote at the shareholders' meeting, who are not the counterparty of a particular transaction nor Related Parties of the Company or of the counterparty of a particular transaction.

## 2. IDENTIFICATION OF RELATED PARTIES AND OF TRANSACTIONS WITH RELATED PARTIES

### 2.1 Identification of Related Parties

Parent companies of Safilo and Managers with Strategic Responsibilities provide the Company with the necessary information to enable the Company to identify related Parties and communicate any updates to the information provided in a timely manner.

The Legal and Corporate Affairs Department is responsible for keeping the Register of Related Parties and updating it on the basis of the information received and, in any case,, it verifies, at least annually, the existing mapping.

The Legal and Corporate Affairs Department transmits the Register of Related Parties to members of the Global Leadership Team, Country Managers, cCief financial officers of subsidiaries, as well as other subjects identified in agreement with the Group Chief Financial Officer (i) on an annual basis and (ii) promptly in the event of any updates.

## **2.2 Identification of Transactions with Related Parties**

Prior to the completion of any transaction by Safilo, directly or through any of its subsidiaries, the Management shall verify if:

- (a) the counterparty to the transaction falls within the entities identified as Related Parties in the Register of Related Parties;
- (b) the transaction qualifies as a Petty Transaction with Related Parties;
- (c) the transaction is the execution of a framework resolution pursuant to paragraph 5 of these Regulations.

In order to identify the Transactions with Related Parties, the Management shall take into account the essence of the relationship rather than its mere legal form.

Should the Management find out that a certain transaction to be carried out by Safilo (also through any of its subsidiaries) is a Transaction with Related Parties, the Management shall promptly provide complete and adequate information on the Transaction with Related Parties to the Group Chief Financial Officer and the Legal and Corporate Affairs Department, within the limits of the data and elements available as at such date.

The Group Chief Financial Officer and the Legal and Corporate Affairs Department assess whether the proposed Related Party Transaction falls within the additional cases of exemption referred to in paragraph 3 below, and/or whether it falls within the Transactions with Related Parties of Greater Importance or between Transactions with Related Parties of Lesser Importance, as well as the procedural and information regime applicable based on the characteristics of the Transaction.

In case the identification of a Related Party or the traceability of the Transaction to the category of Standard Transactions with Related Party is controversial, the evaluation shall be made by the Transactions with Related Parties Committee.

## **3. CASES OF EXCLUSION AND EXEMPTION AND RELATED ACTIVITIES OF THE TRANSACTIONS WITH RELATED PARTIES COMMITTEE**

### **3.1 Cases of exclusion and exemption**

These Regulations shall not apply to:

- (a) resolutions of the shareholders' meeting on compensations granted to directors pursuant to Article 2389, paragraph 1, of the Italian Civil Code;
- (b) resolutions of the Board of Directors regarding the remuneration of executive directors comprised in the overall amount determined in advance by the shareholders' meeting pursuant to Article 2389, paragraph 3, of the Italian Civil Code and Article 23 of the Articles of Association;

- (c) resolutions of the shareholders' meeting on compensations granted to Statutory Auditors pursuant to Article 2402 of the Italian Civil Code;
- (d) transactions approved by the Company and intended for all the shareholders at the same conditions, including:
  - capital increases with pre-emptive rights, including for servicing convertible bonds, and gratuitous capital increases pursuant to Article 2442 of the Italian Civil Code;
  - total or partial demergers, with assignment of shares on a proportional basis;
  - share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445 of Italian Civil Code, and purchases of treasury shares in accordance with Article 132 of the Italian Financial Act;
- (e) to Petty Transactions with Related Parties;
- (f) without prejudice to the provision under the following paragraph 6.3:
  - i. the remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to Article 114-*bis* of the Italian Financial Act and its enactment regulations;
  - ii. the resolutions (different from the resolutions under points (a) and (b) above) concerning the remuneration of executive directors and managers with strategic responsibilities, provided that:
    - the Company has adopted a remuneration policy approved by the shareholders' meeting;
    - the Remuneration and Nomination Committee has been involved in the definition of the remuneration policy;
    - the remuneration awarded is identified in accordance with such policy and quantified on the basis of criteria that do not involve discretionary assessments;
  - iii. Standard Transactions with Related Parties.

In case Standard Transactions with Related Parties qualify as Transactions of Greater Importance, without prejudice to the Article 17 of MAR, Safilo shall comply with the following disclosure obligations:

- within seven days from the approval by the competent body of the transaction or, if the competent body resolves to submit a contract proposal, from the moment when the contract (even preliminary) is signed or, in cases of competence of or authorization by the shareholders' meeting, it shall provide CONSOB and the Transactions with Related Parties Committee with information regarding the counterparty, the object and the consideration of the Transactions with Related Parties that benefited from the exemption and the reason why it is believed that the transaction is ordinary and concluded at conditions equivalent to market or standard conditions, providing objective evidence;
- it shall state in the interim management report and in the annual report, within the context of the information required pursuant to Article 5, paragraph 8, of the CONSOB Regulation, which Transactions with Related Parties subject to the above disclosure obligations have benefited from this exemption;

- iv. Transactions with related Parties with or between companies controlled (even jointly) by Safilo, and Transactions with Related Parties with companies under common control, provided that in the counterparties of the Transactions there are no interests - qualified as significant pursuant to what provided below - from other Related Parties of the Company.

The following are not in any case considered significant interests: (i) the mere sharing of one or more directors or Managers with Strategic Responsibilities between the Company and its subsidiaries and/or associates; and (ii) the mere holding of an equity investment in the subsidiary or associated company by other subsidiaries or associates of the Company.

For the purposes of the exemption referred to in this point, the interests arising from shareholding or asset relationships with the subsidiary or associate of the Company that is the counterpart of a specific Transaction are considered significant, if these relationships are such as to guide the choices of the subsidiary or associate to the satisfaction of the interest held by the Related Party: In particular, the following are considered significant:

- interests existing in case of sharing of one or more Managers with Strategic Responsibilities in the event that such Managers benefit from compensation plans based on financial instruments or of variable remuneration plans based on the results achieved by subsidiaries or associates with which the transaction has been executed, taking however into account the weight of the remuneration depending on the performance of the subsidiary/associate with respect to the overall remuneration of the Manager with Strategic Responsibilities;
- interests of the controlling entity of Safilo, if the weighted stake held by it (even indirectly) in the counterparty to the Transaction with Related Parties, controlled by, or under common control with Safilo, is greater than the weighted stake that the same controlling entity holds in Safilo;
- all interests of Related Parties defined as significant through specific resolutions of the Board of Directors.

The Board of Directors resolves on the significance of the interests of a Related Party, also upon request of one of its members, or upon request of the Board of Statutory Auditors.

### **3.2 Activities of the Transactions with Related Parties Committee in relation to exempted Transactions**

The Transactions with Related Party Committee receives on an annual basis, within the scheduled date of the Board of Directors meeting approving the draft financial statements and the consolidated financial statements, information on the application of the exemption cases identified above with reference to Transactions with Related Parties of Greater Importance. The Committee is provided, in particular, with a report prepared by the Legal and Corporate Affairs Department in collaboration and coordination with the Finance and Accounting Function, which includes a description of the transaction, the nature of the correlation, the assessments in relation to the application of the exemption and any fact-based elements supporting these assessments.

The Transactions with Related Party Committee shall verify the correct application of the exemption conditions to the Standard Transactions with Related Parties of Greater Importance in the first

possible meeting and, in any case, within 3 months of receipt of the communication referred to in the previous paragraph 3.1(f)(iii).

#### **4. PROCEDURES FOR THE PRELIMINARY ACTIVITIES TO AND APPROVAL OF TRANSACTIONS WITH RELATED PARTIES**

##### **4.1 Preliminary Activities to and approval of Transactions with Related Parties of Lesser Importance**

- (a) The approval of a Transaction with Related Parties of Lesser Importance falls within the powers of the managing bodies delegated by the Board of Directors (the “**Delegate Bodies**”).
- (b) Delegate Bodies, where deemed appropriate, may submit Transactions with Related Parties of Lesser Importance, for which they would be competent according to letter (a) above, to the approval by the Board of Directors.
- (c) Without prejudice to the provisions of Article 2391 of the Italian Civil Code, if the Transaction is approved by the Board of Directors, the Directors Involved abstain from voting. In this case, the Directors Involved are counted for the purposes of calculating the quorum for establishing the Board of Directors but are excluded from the calculation for the purposes of calculating the decision-making quorum.
- (d) In any case, Transactions with Related Parties of Lesser Importance shall be approved only upon obtainment of the non-binding opinion of the Transactions with Related Parties Committee. The Transactions with Related Parties Committee could request the assistance, at the Company’s expense, of one or more independent experts of its choice. When choosing such experts, the Transactions with Related Parties Committee shall avail itself of advisors of renown expertise and professionalism, being competent in the area of the transaction and the Committee shall also ascertain their independence and the lack of conflicts of interests, taking into account the relationship detailed in paragraph 2.4 of Annex 4 to CONSOB Regulation (attached to these Regulations as Annex 2).
- (e) The opinion of the Transactions with Related Parties Transactions with Related Parties Committee shall take into consideration the interest of the Company in the completion of such transaction and the convenience and substantial correctness of its underlying terms, but it shall not contain any opinion regarding other aspects and, in particular, management choices that are and remain of exclusive competence of the Board of Directors or of the competent Delegate Body. The Transactions with Related Parties Committee expresses its opinion in writing at least one (1) day before the scheduled date for the approval of each transaction; the opinion is attached to the minutes of the Transactions with Related Parties Committee.
- (f) The individuals and/or managing bodies involved in the negotiation phase and/or in the initial inquiries shall provide the Transactions with Related Parties Committee and the competent corporate body entrusted with the power to resolve on the Transaction with Related Parties of Lesser Importance (being it the Board of Directors or a Delegate Body) with complete and adequate information regarding the specific transaction to be approved including, in particular, information about the nature of the relationship, the operative formalities of the transaction, the conditions (including the economic ones) for its realisation, underlying interests and reasons.
- (g) If the Transaction is approved by the Board of Directors, the minutes of its resolutions shall outline in detail the reasons of the interest of the Company in the completion of the relevant transaction and the convenience and substantial correctness of the underlying conditions for the



Company and the Safilo Group. In case of Standard Transactions with Related Parties, the documentation shall include objective elements of comparison.

- (h) Delegate Bodies or the Board of Directors (as the case may be), shall report on a quarterly basis on the execution of Transactions with related Parties of Lesser Importance, providing all the information necessary to illustrate in detail such transactions, for the benefit of the Board of Directors (in case of transactions carried out by a Delegate Body) and the Board of Statutory Auditors.
- (i) In case of a negative opinion of the Transactions with Related Parties Transactions with Related Parties Committee, Safilo (within fifteen (15) days of the closing day of each quarter) shall make available to the public (at the registered office and in the manner set out under Part III, Title II, Chapter I of the Issuers' Regulations) a document containing an indication of the counterpart, of the object and the consideration of the Transactions with Related Parties of Lesser Importance approved in such quarter notwithstanding the above mentioned negative opinion, as well as the reasons why it has been deemed advisable not to share that opinion. Within the same term, the opinion of the Transactions with Related Parties Transactions with Related Parties Committee shall be made available to the public through the information document or through the Company website.
- (l) Should one or more members of the Transactions with Related Parties Committee be related with regard to a specific Transaction with Related Parties of Lesser Importance, the opinion referred to under letter (d) above shall be issued by the remaining Unrelated Independent Directors. In case of a deadlock or in case none of the Independent Directors are Unrelated, the opinion referred to under letter (d) above shall be issued by the Board of Statutory Auditors, provided that the members of the Board of Statutory Auditors having, on their behalf or on behalf of any third parties, an interest in the completion of the relevant transaction shall notify the other statutory auditors of such circumstance, specifying the nature, terms, source and extent of his/her interest. The remaining provisions of this paragraph 4.1 shall apply to any possible extent.

#### **4.2 Preliminary Activities to and Approval of Transactions with Related Parties of Greater Importance**

- (a) The approval of Transactions with Related Parties of Greater Importance falls exclusively within the powers of the Board of Directors. Without prejudice to the provisions of Article 2391 of the Italian Civil Code, the Directors Involved abstain from voting. In this case, the Directors Involved are counted for the purposes of calculating the quorum for establishing the Board of Directors but are excluded from the calculation for the purposes of calculating the decision-making quorum.
- (b) The Board of Directors shall approve the Transactions with Related Parties of Greater Importance only upon obtainment of a binding favourable opinion of the Transactions with Related Parties Committee. The Transactions with Related Parties Committee could request the assistance of one or more independent experts of its choice, at the Company's expense. When choosing such experts, the Transactions with Related Parties Committee shall avail itself of advisors of renown expertise and professionalism, being competent in the area of the transaction and the Committee shall also ascertain their independence and the lack of conflicts of interests taking into account the relationship detailed in paragraph 2.4 of Annex 4 to CONSOB Regulation (attached to these Regulations as Annex 2).
- (c) The opinion of the Transactions with Related Parties Committee shall take into consideration the interest of the Company in the completion of such transaction and the convenience and substantial correctness of its underlying terms, but it shall not contain any opinion regarding

other aspects and, in particular, management choices that are and remain of exclusive competence of the Board of Directors. The Transactions with Related Parties Committee expresses its opinion in writing at least one (1) day before the scheduled date for the approval of each transaction; the opinion is attached to the minutes of the Transactions with Related Parties Committee.

- (d) The Transactions with Related Parties Committee, or one or more of its delegate members, is timely involved in the negotiation phase and the initial inquiries of the Transactions with Related Parties of Greater Importance through the transmission of complete and updated information and with the power to request information and to express opinions to the managing bodies and entities responsible for the carrying on of negotiations and/or inquiries. For this purpose, as soon as the negotiation phase and/or the initial inquiries have started, the individuals and/or managing bodies involved in the negotiation phase and/or in the initial inquiries informs the Transactions with Related Parties Committee about the negotiation/inquiries providing an initial illustration of the essential content of the Transaction with Related Parties and the modalities through which it will be carried out; the same individuals and/or managing bodies will keep the Related Party Transactions Committee constantly and promptly updated in relation to the evolution of the negotiations and any possible variation of conditions, terms and/or essential characteristics of the concerned transaction.
- (e) The provisions of paragraph 4.1, letters (f), (g), (h), and (l) shall apply, *mutatis mutandis*.
- (f) The opinion of the Transactions with Related Parties Committee may be:
  - 1) *Favourable*, when it totally agrees with the transaction;
  - 2) *Favourable but conditioned*, when the total agreement with the transaction is subject to the acceptance of the Committee's remarks expressly included in the same opinion. Should this be the case the Board of Directors may proceed with the approval of the transaction without the issuance of a new opinion of the Transactions with Related Parties Committee on condition that the above-mentioned remarks are implemented when the transaction is concluded or executed;
  - 3) *Negative*, when it includes remarks even on one single aspect of the transaction, unless the same opinion includes an express favourable opinion to the closure of the transactions. Should this be the case the opinion shall include the reasons why the Committee believes that the above-mentioned remarks do not invalidate the overall opinion on the interest of the Company in the completion of such transaction and the convenience and substantial correctness of its underlying terms.
- (g) In case the opinion of the Transactions with Related Parties Committee is negative, the Board of Directors may submit the Transactions with Related Parties of Greater Importance to the ordinary shareholders' meeting for its authorization, which, pursuant to Article 25 of the Articles of Association and without prejudice to the majorities required by law and the provisions in force concerning conflicts of interest, shall resolve also with the favourable vote of at least half of the voting Unrelated Shareholders, on condition that the Unrelated Shareholders in attendance at the meeting represent at least 10% of the share capital with voting right (so called whitewash mechanism).

For the purpose of this letter (g), the determination and identification, during the shareholders' meeting, of each related or Unrelated Shareholder is made and stated by the chairman of shareholders' meeting at the beginning of such meeting, on the basis of the information available to him.

#### **4.3 Procedures for transactions carried out by subsidiaries**

The provisions set forth in the previous paragraphs 2.2 and 3 shall also apply to Transactions with Related Parties carried out by the Company's subsidiaries.

Should the transaction carried out by the subsidiary qualify as a Transaction with Related Party of Greater Importance, such transaction shall be previously approved by the Board of Directors, upon a binding opinion of the Transactions with Related Parties Committee. The provisions set forth in the previous paragraph 4.2 shall apply, to the extent possible.

Should the transaction carried out by the subsidiary qualify as a Transaction with Related Party of Lesser Importance, such transaction shall be previously approved by the Delegated Bodies, upon a non-binding opinion of the Transactions with Related Parties Committee. The provisions set forth in the previous paragraph 4.1 shall apply, to the extent possible.

#### **4.4 Procedures for transactions that are the competence of the shareholders' meeting**

In the event that, pursuant to applicable provisions of law or the Articles of Association, the Transactions with Related Parties are submitted to, or require the authorization of, the shareholders' meeting, in the negotiation phase, in the preliminary inquiry and the approval stages of the proposal of resolution to be submitted to the shareholders' meeting, the procedure set forth under paragraphs 4.1 and 4.2 above shall apply, depending on whether the Transaction qualifies as of Greater or Lesser Importance.

If provided for in the Articles of Association, the Board of Directors may approve the proposals of resolution concerning Transactions with Related Parties of Greater Importance to be submitted to the shareholders' meeting notwithstanding the contrary opinion of the Transactions with Related Parties Committee. In such case, however, the shareholders' meeting resolves on the proposal of the Board of Directors, in accordance with Article 11, paragraph 3 of the CONSOB Regulation, with the majorities set out by the law, provided that, should a number of Unrelated Shareholders representing at least 10 % of share capital with voting rights be in attendance at the shareholders' meeting, also the majority of such Unrelated Shareholders has voted in favour of the transaction.

#### **4.5 Urgent transactions**

*4.5.1 Transactions with Related Parties that are not the competence of the shareholders' meeting, nor to be authorized by the same*

If the Transaction does not fall within the competence of the shareholders' meeting nor to be authorized by same, in compliance with the provisions of Article 26 of the Articles of Association, without prejudice to the disclosure obligations provided for in paragraph 6.2 below, where applicable, as well as the reserve of competence to resolve upon of the Board of Directors in the event of a Transaction of Greater Importance, the Urgent Transactions with Related Parties may be concluded in derogation of the provisions of paragraphs 4.1 and 4.2 above in compliance with the following provisions:

- for Transactions with Related Parties falling under the responsibility of a Delegate Body, the Chairman of the Board of Directors and the Chairman of the Transactions with Related Parties Committee shall be timely informed, and, in any case, before the execution of the Transaction, with regard to the reasons of urgency;
- without prejudice to their effectiveness, such Transactions with Related Parties are subsequently subject to a non-binding resolution to be adopted by the next occurring ordinary shareholders' meeting;

- the Board of Director calling the Shareholders' Meeting shall prepare a report containing an adequate justification of the reasons for urgency and the Board of Statutory Auditors reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
- the report and the assessment of the Board of Statutory Auditors shall be made available to the public at least 21 days before the date of the Shareholders' Meeting at the registered office of the Company and in compliance with the rules set forth under Part III, Title II, Chapter I of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in paragraph 6.2, if drafted;
- within the day following the Shareholders' Meeting, the Company shall disclose to the public, in compliance with the rules specified in Part III, Title II, Chapter I of the Issuers' Regulation, the poll results, with specific regard to the number of total votes cast by Unrelated Shareholders.

*4.5.2 Transactions with Related Parties that are the competence of the shareholders' meeting, or to be authorized by the same*

If the Transaction is the competence of the Shareholders' Meeting or is to be authorized by same, in compliance with the provisions of Article 26 of the Articles of Association, without prejudice to the disclosure obligations provided for in paragraph 6.2 below, where applicable, the Urgent Transactions with Related Parties may be concluded in derogation of the provisions of paragraph 4.1 4.4 above in compliance with the following provisions:

- occurrence of "cases of urgency linked to corporate disruption", being the latter defined as:
  - (x) significant losses pursuant to Articles 2446 and 2447 of the Italian Civil Code;
  - (y) cases where the Company is subject to bankruptcy or insolvency procedures or in case of uncertainties as to the going concern of the Company expressed by the Company or its auditor;
  - (z) financial losses deemed to probably lead – in the short term – to a relevant capital reduction pursuant to Articles 2446 and 2447 of the Italian Civil Code;
- the Board of Director calling the Shareholders' Meeting shall prepare a report containing an adequate justification of the reasons for urgency and the Board of Statutory Auditors reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
- the report and the assessment of the Board of Statutory Auditors shall be made available to the public at least 21 days before the date of the Shareholders' Meeting at the registered office of the Company and in compliance with the rules set forth under Part III, Title II, Chapter I of the Issuers Regulation. These documents may be contained in the disclosure document referred to in paragraph 6.2;
- if the assessment of the Board of Statutory Auditors is negative, the Shareholders' Meeting shall resolve pursuant to the whitewash mechanism set forth under paragraph 4.2 (g) above;
- if the assessment of the Board of Statutory Auditors is positive, within the day following the Shareholders' Meeting, the Company shall disclose to the public, in compliance with the rules specified in Part III, Title II, Chapter I of the Issuers' Regulation, the poll results, with specific regard to the number of total votes cast by Unrelated Shareholders.

## 5. FRAMEWORK RESOLUTIONS

The Board of Directors may approve framework resolutions in relation to a series of homogeneous Transactions with certain categories of Related Parties (the “**Homogeneous Transactions with Related Parties**”), in compliance with the conditions set out below:

- (a) The framework resolution must be effective for a period of time not longer than one year and must indicate, with sufficient precision, the transactions subject to the resolutions themselves, specifying the maximum expected amount (the “**Maximum Amount**”) of the Homogeneous Transactions with Related Parties to be carried out in the period of effectiveness of the framework resolution and the reason of the conditions envisaged for the execution of these Homogeneous Transactions with Related Parties.
- (b) In case the Maximum Amount is lower than all the applicable indicators of significance provided for in the definition of Transactions with Related Parties of Greater Importance, the Board of Directors shall approve the framework resolution in accordance with the procedure provided under the previous paragraph 4.1 of these TRP Regulations.
- (c) In case the Maximum Amount is higher than any of the applicable indicators of significance provided for in the definition of Transactions with Related Parties of Greater Importance, the Board of Directors shall (i) approve the framework resolution in accordance with the procedure set out under the previous paragraph 4.2 of these TRP Regulations and (ii) publish a (single) information document pursuant to the following paragraph 6.2.
- (d) The procedures provided under the previous paragraph 4 of these TRP Regulations shall not be applied to the various Homogeneous Transactions with Related Parties which are the object of a framework resolution.
- (e) The Management competent for the execution of the Homogeneous Transactions with Related Parties object of a framework resolution shall provide the Board of Directors, through the Legal and Corporate Affairs Department, with full information on at least a quarterly basis regarding the implementation of the same framework resolution.

## 6. DISCLOSURE OBLIGATIONS IN RELATION TO TRANSACTIONS WITH RELATED PARTIES

### 6.1 Press releases pursuant to Article 17 of MAR

Should a transaction with related Parties be published through a price sensitive press release pursuant to Article 17 of MAR, such press release shall contain, in addition to other information to be published pursuant to that rule, the following information:

- a) the description of the transaction;
- b) an indication that the counterparty to the transaction is a Related Party and the description of the nature of the relationship;
- c) the legal or commercial name of the counterparty to the transaction;
- d) if the transaction qualifies as a Transaction with Related Parties of Lesser or Greater Importance and the indication of the possible subsequent publication of an information document pursuant to the following paragraph 6.2;
- e) the procedure which has been or shall be followed for the transaction approval and, in particular, whether the Company has used a case of exclusion set forth in paragraph 3 of these TRP Regulations;

- f) any approval of the transaction despite the contrary opinion of the Transactions with Related Parties Committee.

## **6.2 Information Document**

In the event of Transactions with Related Parties of Greater Importance carried out by Safilo or by one of its subsidiaries, the Company shall draft and publish an information document prepared in accordance with Annex 4 of the CONSOB Regulation (attached to these Regulations as Annex 2). In case of Transactions with Related Parties of Greater Importance carried out by any subsidiary of Safilo, the Management of this subsidiary shall promptly provide the Legal and Corporate Affairs Department with the information needed for the drafting of the above-mentioned information document.

Should the Company be obliged, with regard to a Transaction with Related Parties of Greater Importance, to draft an information document in accordance with Articles 70 or 71 of the Issuers' Regulation (significant mergers, demergers, capital increases through the transfer of assets in kind, acquisition or sale), the Company may publish a single document containing also the information required by said Articles 70 and 71 of the Issuers' Regulation. In such case, the information document is made available to the public at the registered office of the Company and in the manner set out under Part III, Title II, Chapter I of the Issuers' Regulations, within the shorter term between those provided by each of the applicable provisions. Should the information be published in separated documents, the Company may include such information by reference to the information document already published.

When a Transaction with Related Parties or a series of Transactions with Related Parties that are cumulative pursuant to the following 6.2.1 are identified as Transaction(s) with Related Parties of Greater Importance according to the indicators of significance and this result is manifestly unreasonable in view of special circumstances, the Company may require CONSOB to indicate alternative arrangements to be followed in determining the significance indexes. To this end, the Company notifies CONSOB of the essential characteristics of the concerned transaction and the specific circumstances upon which the request is based prior to the conclusion of the relevant negotiations.

### *6.2.1 Cumulative Transactions*

The information document must also be drawn up if, in the course of a financial year, Safilo concludes with the same Related Party, or with parties related to both the latter and Safilo, Related Party Transactions that are homogeneous or carried out in execution of the same plan. which, although not individually qualifiable as Transactions with Related Parties of Greater Importance, exceed, where cumulatively considered, the indicators of significance envisaged for Transactions with Related Parties of Greater Importance. For the purposes of assessing whether the Transactions with Related Parties, considered cumulatively, give rise to a Transaction with Related Parties of Greater Importance:

- Transactions with Related Parties excluded pursuant to paragraph 3 above are not considered;
- the relevance of each individual transaction must be determined on the basis of the indicators of significance applicable to it;
- the results for each indicator are summed together.

Transactions with Related Parties carried out by the subsidiaries must in any case be taken into account in the calculation of the cumulation, while Transactions implemented pursuant

to a framework resolution covered by an information document published pursuant to paragraph 5(c) above must not be taken into account for the purposes of cumulation.

Transactions with Related Parties which have been cumulated and that have been made public through the publication of an information document should no longer be considered, although the exercise has not yet elapsed, in verifying whether the limits are again exceeded on a cumulative basis.

The fact that Transactions with Related Parties subject to cumulation exceed any of the thresholds established for the identification of Transactions with Related Parties of Greater Importance is relevant only for the purposes of publishing the information document provided for in this paragraph.

#### *6.2.2 Terms of publication of the information document*

The information document shall be made available to the public at the registered office and in the manner described in Part III, Title II, Chapter I of the Issuers' Regulations, within seven days of approval by the competent body of the Transaction or, if the competent body resolves to submit a contract proposal, from the point at which the contract, even preliminary, is signed according to the applicable rules. In cases of competence or Shareholders' Meeting authorization, the same information document shall be made available within seven days of the approval of the proposal to be submitted to the Shareholders' Meeting.

Should the indicators of significance be exceeded by a cumulation of transactions, the information document shall be made available to the public within fifteen days of the approval of transaction or of the conclusion of the contract leading to the exceeding of the indicator of significance and shall contain information, including on an aggregate basis for homogeneous transactions, on all cumulated transactions.

Should transactions exceeding the indicators of significance be carried out by subsidiaries, both on an individual and a cumulative basis (that is, if the Transaction with Related Parties that determines the exceeding of the indicators of significance is carried out by one of the subsidiaries, the information document shall be made available to the public within fifteen days from the time when Safilo became aware of the approval of the transaction or the conclusion of the contract.

### **6.3 Financial information and coordination with the administrative and accounting procedures pursuant to Article 154-bis of the Italian Financial Act**

Safilo, pursuant to Article 154-ter of the Italian Financial Act, shall provide information, in the interim management report and annual report:

- on individual Transactions with Related Parties of Greater Importance concluded during the reporting period (possibly also through incorporation by reference of information documents already published but reporting on any significant updates);
- on any other individual Transactions with Related Parties concluded in the reporting period, that have materially affected the financial position or results of the Company;
- on any change or development of Transactions with Related Parties described in the last annual report that had a material effect on the financial position or results of the Company during the reporting period.

In order to guarantee the coordination with the administrative and accounting procedures pursuant to Article 154-bis of the Italian Financial Act, the periodical information on Transactions with Related

Parties shall be also provided to the Manager Responsible for preparing the Company's Financial Statements ("*Dirigente Preposto*").



## ANNEX 1

### Appendix to CONSOB Regulation

#### Definitions of related parties and transactions with related parties and definitions functional to them according to international accounting standards

1. Definitions of related parties and transactions with related parties in accordance with international accounting standards

For the purposes of Article 3(1)(a) of the CONSOB Regulation, the definitions contained in the international accounting standards referred to below shall apply:

#### *Related parties*

A related party is a person or entity that is related to the entity that is preparing its financial statements

(a) **A person** or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An **entity** is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) [IAS 24, paragraph 9].

In the definition of related party, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, a subsidiary of an associate and the investor that has significant influence over the associate are related to each other [IAS 24, paragraph 12].

#### *Transactions with related parties*

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged [IAS 24, paragraph 9].

2. Functional definitions to those of “related parties” and “transactions with related parties” according to international accounting principles

The notions of “control”, “joint control”, “significant influence”, are defined in IFRS 10, IFRS 11 (Joint arrangements) and in IAS 28 (Investments in associates and joint ventures) and are used with the meanings specified in those IFRS [IAS 24, paragraph 9].

*Key management personnel*

Key management personnel are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company [IAS 24, paragraph 9].

*Close relatives*

Close relatives of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the company, and include:

- (a) the individual’s children and spouse or domestic partner;
- (b) children of the individual’s spouse or domestic partner;
- (c) dependents of the individual or the individual’s domestic partner [IAS 24, paragraph 9].

3. Principles of interpretation of the definitions

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form [IAS 24, paragraph 10].

The interpretation of the definitions above is accomplished by referring to the set of international accounting standards adopted by the procedure laid down in Article 6 of Regulation (EC) No. 1606/2002.

## ANNEX 2

### Annex 4 to CONSOB Regulation

#### **INFORMATION DOCUMENT CONCERNING TRANSACTIONS OF GREATER IMPORTANCE WITH RELATED PARTIES**

For companies quoted on regulated markets, with their common stock widely distributed among the public (hereinafter "the companies"), and conducting transactions of greater importance with related parties, the information document foreseen by Article 5 shall contain at least the following information:

##### ***Contents***

##### ***1. Warnings***

Highlight, in summary, the risks related to potential conflicts of interest arising from the operation with related parties described in the information document.

##### ***2. Details of the transaction***

**2.1.** Description of characteristics, formalities, terms and conditions of the transaction.

**2.2.** Indication of related parties with involved in the operation, the nature of the relationship, and whether it has been disclosed to the Board of Directors, the nature and extent of the interests of such parties in the transaction.

**2.3.** Indication of the economic rationale and company suitability of the operation. If the transaction has been approved against the negative opinion of directors or independent directors, an analytical and adequate justification why it was deemed suitable not to share that view.

**2.4.** Methods of determining the consideration for the transaction and assessments regarding its adequacy in relation to market values of similar transactions. If the economic terms and conditions of the transaction are defined as market-equivalent or standard, providing adequate justification for such claim and comparison elements. Indicate whether there are independent expert opinions in support of the adequacy of such consideration and the conclusions of the same, stating:

- bodies or individuals who commissioned the opinions and designated experts;
- the assessments conducted to select the independent experts and verification of their independence. In particular, include any economic relations, property and financial relations between the independent experts, and (i) the related party, the companies controlled by it, the entities controlling it, the companies under common control and the managers of the aforementioned companies; (ii) the company, the companies controlled by it, the entities controlling it, the companies subject to common control and the managers of the aforementioned companies, taken into account for purposes of qualification as an independent expert and the reasons for which these reports were considered irrelevant to the proceedings on independence. Information about possible relationships can be provided by attaching a declaration from these independent experts;
- the terms and purpose of the mandate given to the experts;
- the names of experts appointed to assess the adequacy of the consideration.

Indicate that the opinions of independent experts or the essential elements thereof, pursuant to Article 5 of the Issuers' Regulations, are attached to the information document or published on the company website. The essential elements of the expressed opinion that shall be communicated are as follows:

- evidence, where applicable, of the specific limits encountered in the performance of office (e.g. with regard to access to relevant information), the assumptions used and the conditions to which the opinion is subject;
- evidence of possible criticisms reported by experts in relation to the specific transaction;
- Indication of the valuation methods adopted by the experts to comment on the adequacy of the consideration;
- Indication of the relative importance attributed to each of the valuation methods adopted for the purpose above;
- Indication of the values resulting from each valuation method adopted;

- In the event the valuation methods used provided a range of values, an indication of the criteria whereby it was determined the final value of the consideration;
- Indication of the sources used to compile the relevant data being processed;
- Indication of the main parameters (or variables) taken as reference for the application of each method.

With regard to elements of the publicly available expert opinion, confirm that this information has been reproduced in keeping with the content of opinions to which it refers, and that, as known to the issuer, there are no omissions that would render the reproduced information inaccurate or misleading.

**2.5.** An illustration of the economic and financial effects of the transaction, providing at least the applicable ratios of relevance. If the transaction exceeds the significant reporting threshold determined by Consob pursuant to Articles 70 and 71 of the Issuers' Regulations, point out that pro-forma financial information will be published in the document provided, as the case may be, by said subsection 4 of Article 70 or Article 71 and within the terms established by those provisions. The right to publish a single document pursuant to Article 5, subsection 6 remains unaffected.

**2.6.** If the amount of compensation for members of the board of the company and/or their subsidiaries is bound to change as a result of the operation, detailed particulars of the variations. If no changes are foreseen, insertion, however, of a declaration to that effect.

**2.7.** In the case of transactions where the related parties involved are the members of the administrative and control bodies, top executives and directors of the issuer, information concerning the securities of the issuer that are held by entities identified above and to the interests of those in transactions overtime, provided for by Title 14.2 and 17.2 of Annex I to Regulation 809/2004/EC.

**2.8.** Inspection bodies or administrators who have led or participated in the negotiations and/or educated and/or approved the transaction by specifying the respective roles, particularly with regard to independent directors, if any. Referring to the resolutions approving the transaction, specify the names of those who voted for or against the transaction or abstained, giving the reasons in a detailed manner for any dissent or abstentions. Indicate that, under Article 5 of the Issuers' Regulations, any opinions of independent directors are attached to the information document or published on the website of the company.

**2.9.** If the significance of the transaction results from the cumulation - under Article 5, subsection 2 - of more transactions carried out during the year with the same related party, or related persons to both the latter and the company, the information specified in the preceding subsections shall be provided with reference to all the above transactions.