

REPORT OF THE BOARD OF STATUTORY AUDITORS

To the Shareholders' Meeting of Safilo Group S.p.A. on the financial year 2016

Dear Shareholders,

during the financial year ended 31 December 2016, the Board of Statutory Auditors of Safilo Group S.p.A. carried out the supervision activity required by law, in accordance with the principles of conduct of the Board of Statutory Auditors recommended by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (Italian national council of graduate accountants and accounting experts), considering the recommendations made by Consob in Communication no. 1025564 dated 6 April 2001, as subsequently amended, on company controls and the activities of the Board of Statutory Auditors.

As regards the methods employed by the Board of Statutory Auditors to carry out its institutional activities, we confirm the following:

- we monitored compliance with the law and bylaws;
- we attended the Shareholders' Meeting and all the meetings of the Board of Directors held during this year, and obtained from the Directors quarterly reports on activities carried out and significant operations executed by the company or its subsidiaries and verified that the aforesaid operations were coherent with the assumed deliberations and in respect for the principles of correct management;
- we monitored, within our area of responsibility, the organisational adequacy of the company, its respect for the principles of correct management and the organisational evolution of the Group;
- we monitored the operation of the administrative and accounting system, in order to assess its adequacy for management requirements and its reliability for the reporting of business operations. During this activity, we relied on the information supplied by the executive Director in charge of the internal control system and the Internal Audit Manager, together with the information obtained during periodic meetings with the auditing firm Deloitte&Touche S.p.A. which reported on the outcome of systematic checks and on the proper keeping of accounting records. We have no particular comments to make in this respect;
- not having been appointed to perform an analytical inspection of the content of the financial statements, we verified the general structure of the financial statements and consolidated financial statements, drawn up in compliance with IAS/IFRS international accounting principles, and of the respective management reports through direct checks and using specific information supplied by the auditing company;
- we verified that the impairment test had been carried out for the intangible asset entries made in the consolidated financial statements.

We report that:

- to the best of our knowledge, the Directors did not infringe the provisions of article 2423 paragraph 4 of the Civil Code in the Notes to the Financial Statements;
- we verified that, following adoption of its own "Internal Dealing Code", the Company has set up specific operational and management procedures for any communications from "relevant" parties;

- we verified that, pursuant to the provisions of Legislative Decree No. 231 of 8/6/2001, your company has equipped itself with an Organisation, Management and Control Model that complies with the *Confindustria* Guidelines and fulfils the requirements of the aforementioned legislative decree, disseminated the Code of Ethics and established a Supervisory Committee that reported to the Control and Risk Committee and the Board of Directors on its activities. The necessary actions and measures have been taken to ensure that the organisational model remains appropriate and up-to-date for the purpose of fulfilling its functions and complying with new regulatory requirements.

In accordance with the aforementioned Consob communications, we hereby provide the following information:

1. Starting from 1 January 2017, it has become effective the reorganization of Safilo's corporate structure via two one-off transactions: a transfer of going concern from Safilo S.p.A. to Safilo Group S.p.A., and a contribution in kind of going concern by Safilo S.p.A. into Safilo Industrial S.r.l.. As a result of this intervention, Safilo Group S.p.A. and its Italian subsidiaries are organised as follows: Safilo Group S.p.A., as the "Holding Company", with Corporate Functions that provide corporate services to the entire Group; Safilo S.p.A., as the "Strategic Company" that leads the global business functions; Safilo Industrial S.r.l. newly created as "Manufacturing Company" that comprises production plants of Santa Maria di Sala, Longarone and Martignacco;
2. the significant economic, financial and capital operations carried out by the company and its subsidiaries were executed in accordance with the law and company bylaws. Based on the information acquired, we were able to ascertain that they were not manifestly imprudent or risky, that they did not result in a conflict of interest and did not compromise the integrity of the company's assets;
3. we ascertained that no atypical and/or unusual operations, as defined by Consob communication DEM/6064293 of 28 July 2006, were carried out within the group or with related or third parties, having found confirmation of this in the information supplied by the Board of Directors and the Auditing Firm.
Furthermore, we ascertained that the standard operating procedures in force within the Group guarantee that all commercial operations with related parties take place according to market conditions;
4. we believe that the information presented by the Directors in their report on operations and explanatory notes in respect of the operations mentioned in paragraph 2 is adequate;
5. the reports prepared by the audit firm Deloitte & Touche S.p.A., issued on March 29th 2017, regarding the individual and consolidated balance sheet of Safilo Group S.p.A. as of 31.12.2016 do not contain significant findings and/or disclosure requests. The auditing firm issued its assessment of the consistency of the Management Report with the relevant financial statements without any observations and/or objections;
6. during 2016, no reports were made to the Board of Statutory Auditors under article 2408 of the Civil Code, and no complaints were submitted by shareholders;
7. during 2016, Safilo Group S.p.A. has no appointed to Deloitte & Touche S.p.A. engagement other than to perform the legal audit of the statutory and consolidated financial statements, the limited audit of the half-yearly report, the procedures for the verification of the regular bookkeeping and the

correct presentation of the administrative facts in the bookkeeping writings and the signature of the fiscal declarations;

8. in the appendix to the consolidated financial statement is reported, in accordance with the principle 149-Duodecies of the Issuers' Regulations, the statement of the fees recognized for the year to Deloitte & Touche S.p.A. and its network for statutory audit and other services provided by the same Independent Auditor;
9. during the 2016 financial year, the Board of Statutory Auditors expressed its opinion when required by current laws and verified that its members fulfilled the integrity and independence requirements;
10. the Board of Statutory Auditors verified the accuracy of the criteria and assessment procedures employed by the Board of Directors to assert the independence of its members;
11. a list is attached to this Report on supervision activities that outlines the tasks performed, as of the date of issue of the Report, by the members of the Board of Statutory Auditors, drawn up according to sample 4, appendix 5-bis of the Issuers' Regulations;
12. during 2016, both the Board of Directors held seven meetings and the Board of Statutory Auditors held seven meetings. Additionally, the "Control and Risk Committee" met five times as well as the "Remuneration and Nomination Committee", while the "Related Parties Transactions Committee" met two times. These meetings were attended by at least one member of the Board of Statutory Auditors;
13. on the basis of the information gathered from the company's departmental managers and during periodic meetings with the Auditing Firm, we believe that the principles of correct management were constantly observed;
14. we gathered information about and monitored the company's organisational structure to the extent of our responsibilities;
15. based on the analyses performed and the information obtained during meetings with the Director in charge of the internal control system, with the Internal Control Manager, with the Manager in charge of preparing the accounting documentation and during meetings of the Control and Risk Committee and the Supervisory Board, we verified the adequacy and reliability of the internal control system and risks management;
16. we verified the adequacy of the administrative and accounting system and the reliability of the same in correctly representing business operations;
17. we verified the adequacy of the manner in which the parent company hands down instructions to its main subsidiaries;
18. during systematic meetings between the Board of Statutory Auditors and the Auditing Firm under art. 150, paragraph 2, Legislative Decree 58/1998, no significant findings emerged;
19. the Remuneration Report is prepared pursuant to art. 84 quarter of the Issuers' Regulations and to Consob resolution No. 11971/1999 and subsequent amendments;
20. the "2016 Report on corporate governance and ownership structure" prepared by the Board of Directors contains a description of the governance of the Company and the Group that appears to be in line with the principles of the Self-Regulation Code and the Issuers' Regulations. This Report also presents information on the ownership structure pursuant to art. 123 bis of the TUF (consolidated finance act). The Board of Statutory Auditors monitored implementation of the corporate governance rules, which appear to be in line with the model adopted by the company;
21. the Managing Director and the Manager in charge of preparing the company's accounting documents provided the statements required by article 154-bis, paragraph 5, regarding the financial statements

and consolidated financial statements in accordance with the model provided in appendix 3c-ter of the Issuers' Regulations;

22. the net result of the year has been affected by an impairment loss on the goodwill for Euro 150 million, based on impairment test results. For the purposes of the impairment test, the Board has considered necessary to update the business plan 2017-2021 of the Far East region with respect to the assumptions considered for the impairment test of the previous year, while carrying forward to 2021 the assumptions underlying the plan of the previous year for the CGU's of Americas and EMEA. As highlighted in disclosures to the financial statement, the impairment test performed has shown a different level of coverage for the goodwill allocated on each of the three CGUs. Both the EMEA and Americas CGUs have passed the test with sufficient cover considering the sensitivity analysis, while the Far East CGU has highlighted a need for an impairment. The value of the Group determined by stock market prices results significantly lower than the evaluation of the Equity Value based on the expected Discounted Cash Flows method applied for the impairment test purpose, however as reported in disclosures to the financial statement, the Board of Directors believes that the assumptions incorporated in the business plan underlying the impairment test are reasonable;
23. we confirm that no omissions, irregularities or wrongful actions emerged from our supervisory activities that would need to be reported to the Supervisory Bodies or Shareholders.

To conclude, we express our approval, to the extent of our responsibilities, of the 2016 financial statements as presented by the Board of Directors in the Management Report, and of Directors' proposal to carry forward the loss of the period.

Padua, 29 March 2017

THE BOARD OF STATUTORY AUDITORS

Signed by

Paolo Nicolai

President

Franco Corgnati

Regular auditor

Bettina Solimando

Regular auditor