



**REPORT OF THE BOARD OF DIRECTORS FOR THE ORDINARY AND  
EXTRAORDINARY  
SHAREHOLDERS' MEETING  
OF  
SAFILO GROUP S.p.A.  
CALLED ON APRIL 27, 2023, IN SINGLE CALL**

**ITEM NO. 4 ON THE AGENDA – ORDINARY SESSION  
(Report drafted pursuant to Articles 114-bis and 125-ter of the Legislative  
Decree No. 58 of February 24, 1998)**

Dear Shareholders,

this report is drafted by the Board of Directors of Safilo Group S.p.A. (the "**Company**") pursuant to Articles 114-bis and 125-ter of Legislative Decree No. 58 of February 24, 1998, as amended (the "**TUF**"). With this report we would like to illustrate item no. 4 - ordinary session - on the agenda of the Ordinary and Extraordinary Shareholders' Meeting of the Company, called at the registered office of the Company on April 27, 2023, at 10:00 am, in single call.

**4. Proposal for the approval of the new "Stock Option Plan 2023-2025 of Safilo Group S.p.A. and Safilo S.p.A." reserved to executive directors who are also employees and other employees of Safilo Group S.p.A. and/or other companies within the Safilo Group; related and consequent resolutions**

Dear Shareholders,

According to Article 114-*bis* of the TUF, we hereby submit to your approval the adoption of a retention and incentive plan named "Stock Option Plan 2023-2025 of Safilo Group S.p.A. and Safilo S.p.A." (the "**Plan**"), to be implemented by means of a maximum of 22,000,000 options (the "**Options**") valid for the assignment of a maximum number of 22,000,000 ordinary shares, at the rate of no. 1 (one) ordinary share every no. 1 (one) option awarded and exercised pursuant to the terms and conditions of the Plan. The Options shall be granted in no more than three tranches and free of charge to (i) executive directors who are also employees and (ii) other employees of the Company and/or other companies within the group belonging to the Company (the "**Group**") who hold an important role or who are deemed to play a significant role in the achievement of the medium-long term goals of the Group (the "**Beneficiaries**").

The conditions, terms and procedures for implementing the Plan are better defined in the information document drawn-up pursuant to Article 84-*bis* of the regulation adopted by Consob with resolution no. 11971 of May 14, 1999, as subsequently amended and supplemented (the "**Issuers' Regulation**") and in accordance with Scheme 7 of Annex 3A to Issuers' Regulation.

**1.1 Reasons for the adoption of the Plan**

The Company, in accordance with the market practice of listed companies, believes that the Plan represents an efficient instrument for retention of employees who hold an important role or who are deemed to play a significant role in the achievement of the medium-long term goals of the Group.

In addition to employees retention's purposes, the Plan is also implemented to offer incentives to the same Beneficiaries, through the use of an instrument aimed at aligning Beneficiaries and shareholders' economic interest towards a common goal of share price increase.

The Plan includes a total time horizon of approximately 10 years (2023-2033): this timeframe was judged to be the most suitable for achieving the aimed retention and incentive purposes and to focus the Beneficiaries' attention on the medium-long term factors of strategic success of the Group.

## **1.2 The Beneficiaries**

The Options shall be granted to (i) executive directors who are also employees and (ii) other employees of the Company and/or other companies within the Group, selected by the Board of Directors, upon the proposal of the Chief Executive Officer of the Company after consulting the Remuneration and Nomination Committee, or upon the proposal of the Remuneration and Nomination Committee in the case the Beneficiary is the Chief Executive Officer, taking into consideration their individual capacity to significantly affect the results of the Group and/or in any case individuals who are unquestionably and discretionarily deemed as worthy to be the beneficiaries of incentive plans to pursue the strategic objectives of the Group.

## **1.3. Object and clauses for the implementation of the Plan**

The Plan provides for the assignment, free of charge, of a maximum of no. 22,000,000 Options to the Beneficiaries who will therefore not be required to pay any consideration for such assignment. The amount of each tranche and the number of Options to be assigned to Beneficiaries shall be determined by the Board of Directors from time to time. The Company shall award Options to Beneficiaries who are its own employees and/or employees of other companies within the Group and Safilo S.p.A. (directly controlled by the Company, "**Safilo**") shall award Options to Beneficiaries who are its own employees and/or employees of any of its subsidiaries.

The rights of the Beneficiaries shall be satisfied by the Company or Safilo, as the case may be, through:

- newly issued ordinary shares of the Company, without any indication of par value, deriving from an issuance in cash up to a maximum number of 11,000,000 Safilo Group ordinary shares without any indication of par value, with exclusion of pre-emption right pursuant to Article 2441, Paragraph 8 of the Italian Civil Code, which has been submitted for approval to today's Shareholders' meeting, extraordinary session;
- the Shares of the Company, to be purchased by Safilo on the market (the "**Buy-Back**"), also to serve the Plan, on the basis of an authorization to be granted by the shareholders' meeting of

Safilo, pursuant to Art. 2359-bis of the Civil Code, the provisions of the TUF, and the Issuers' Regulation as well as the applicable laws and regulations.

For more details on the proposed shares' issuance, please refer to the relevant Board of Directors' explanatory report on the first item on the agenda, extraordinary session, drawn-up according to Article 125-ter of the TUF and Article 72 of the Issuers' Regulation which will be made available within the terms and with the modalities provided for by applicable laws and regulations.

In case of assignment of Options by Safilo, the same shall be entitled to fulfill its obligations under the Plan through the delivery of Shares deriving from the Buy-Back to its employees and/or employees of its subsidiaries.

The Options shall be awarded in no more than three tranches. The amount of each tranche will be determined by the Board of Directors of the Company.

The Options relating to the first tranche may be assigned starting from the first meeting of the Board of Directors following the approval of the Plan by the Shareholders' Meeting of the Company, until December 31, 2023 ("**First Tranche**"); the Options relating to the second tranche may be assigned starting from the meeting of the Board of Directors called to approve the consolidated financial statements of the Company related to the financial year ended as at December 31, 2023, until December 31, 2024 ("**Second Tranche**"); and the Options relating to the third tranche may be assigned starting from the meeting of the Board of Directors called to approve the consolidated financial statements of the Company related to the financial year ended as at December 31, 2024, until December 31, 2025 ("**Third Tranche**").

The Board of Directors of the Company, with reference to each tranche, shall not be subject to any obligation in the determination of the number of Options to be assigned to each Beneficiary, being able to discretionally resolve on such matter (e.g. the Board of Directors shall not be bound to identify any Beneficiary under one or more tranches or to identify multiple Beneficiaries within the same tranche in one or more times).

The Options shall vest on the date when the Board of Directors approves the consolidated financial statements of the Company related to the financial year, respectively, as at December 31, 2025, with regards to the First Tranche, December 31, 2026, with regards to the Second Tranche and December 31, 2027 with regards to the Third Tranche, on the condition that the employment relationship between the Beneficiary and the relevant company in the Group is in force on the vesting date of his/her awarded Options.

**1.4. Whether the Plan enjoys any support from the special Fund for encouraging workers' participation in firms referred to in Article 4, paragraph 112 of Law no. 350/2003**

The Plan does not enjoy any support from the special Fund for encouraging workers' participation in firms referred to in Article 4, paragraph 112, of Law no. 350/2003.

**1.5. The procedures to determine either the prices or the criteria for determining the prices for the subscription or purchase of shares**

The exercise price of each share underlying the Options shall be equal to the volume weighted average (rounded to the second decimal place) official prices of the Company shares for the preceding month leading up to the day on which the Board of Directors determines the number of Options to be assigned under the Plan (therefore, it means the period starting from the day preceding the Board of Directors' meeting which determines such number of Options and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

**1.6. Terms of the Plan and exercise of the Options**

The Plan lasts until June 30, 2033.

In particular, the vested Options shall be exercised as follows:

- with reference to the vested Options under the First Tranche, the period from the 10<sup>th</sup> business day following the resolution of the Board of Directors of the Company which approves the consolidated financial statements of the Company for the year ended December 31, 2025 until June 30, 2031;
- with reference to the vested Options under the Second Tranche, the period from the 10<sup>th</sup> business day following the resolution of the Board of Directors of the Company which approves the consolidated financial statements of the Company for the year ended December 31, 2026 until June 30, 2032;
- with reference to the vested Options under the Third Tranche, the period from the 10<sup>th</sup> business day following the resolution of the Board of Directors of the Company which approves the consolidated financial statements of the Company for the year ended December 31, 2027 until June 30, 2033.

**1.7 The restrictions on the availability of the shares or options allocated, with special reference to the time limits within which the subsequent transfer of shares to the company or third parties is permitted or prohibited**

The Options are awarded to the Beneficiaries on a personal basis, are non-transferable and therefore cannot be transferred or negotiated, pledged or subject to other right *in rem*, obligation, requisition,

seizure, restriction of any nature whatsoever, both by deed between living persons and in application of the law.

There are no restrictions on the availability of the shares subscribed upon the exercise of the Options, except for the Chief Executive Officer of the Company and the Managers with Strategic Responsibility exclusively under the circumstances detailed in the information document drawn-up pursuant to Article 84-bis of Issuers' Regulation and in accordance with Scheme 7 of Annex 3A to Issuers' Regulation.

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For the reasons described above, the Board of Directors submits for your approval the following

***proposed resolution***

*"The Shareholders' Meeting:*

- *taking into account the related Explanatory Report of the Board of Directors;*
- *having examined the Information Document drawn up according to Article 84-bis of the Issuers' Regulation*

***resolves***

- *to approve, according to Article 114-bis of the Legislative Decree 24 February 1998, no. 58, the adoption of a stock option plan named "Stock Option Plan 2023 - 2025 of Safilo Group S.p.A. and Safilo S.p.A.," in accordance with the guidelines outlined in the explanatory report of Board of Directors and in the information document concerning the same stock option plan;*
- *to grant the Board of Directors any powers necessary or appropriate to give full and complete effect to the "Stock Option Plan 2023 - 2025 of Safilo Group S.p.A. and Safilo S.p.A." and, in particular and among other things, the power to prepare and adopt the regulation implementing the aforementioned plan, as well as modify and/or integrate it, the power to identify the beneficiaries and to determine the number of options to be assigned to each of them, to proceed with any assignment of options to beneficiaries who are employed by the Group, to set the exercise price of the options and to carry out any act, requirement, formality or communication as needed for the management and/or implementation of the plan, including for any assignment of options by Safilo S.p.A. to beneficiaries who are employees of the same and/or of any of its controlled companies, with the authority to delegate its powers, duties and responsibilities concerning the implementation and enforcement of the plan to the Chief Executive Officer of Safilo Group S.p.A., being understood that any decision related to the assignment of options to the Chief Executive Officer of Safilo Group S.p.A. (like every other*

*decision related to the management and/or implementation of the plan towards him) shall be at the exclusive competence of the Board of Directors;*

- *to grant to the Chairman of the Board of Directors and the Chief Executive Officer of Safilo Group, severally and with the power to sub-delegate, all powers to carry out the legal and regulatory obligations consequent to the adopted resolutions.”*

Padua, March 28, 2023

for the Board of Directors  
Eugenio Razelli  
Chairman