



**REPORT OF THE DIRECTORS FOR THE ORDINARY AND EXTRAORDINARY  
SHAREHOLDERS' MEETING OF SAFILO GROUP S.p.A.  
CALLED ON APRIL 26, 2017, IN SINGLE CALL**

**Item no. 5 on the agenda – Ordinary Session:** Report drafted pursuant to Article 125-ter of the T.U.F. and pursuant to Article 73 of the Issuer's Regulations – Attachment: Informative document drafted pursuant to Article 84-bis of the Issuer's Regulation as well as in compliance with Annex 3A, Scheme no. 7 of the Issuers' Regulation.

**This document cancels and replaces the previous document, stored on 27/03/2017 at 17:51, "Illustrative Report and Informative Document related to item no. 5 of the Shareholders' Meeting, Ordinary Session", oneinfo protocol 49429, in the following parts:**

Page 20: *"Assuming that all the Options (as referred to in previous paragraph 4.4) were assigned and exercised, the dilution effect on the share capital of the Company would be equal to 3.1% of the current share capital of the Company. It remains understood that the dilution effect shall be lower than the abovementioned percentage in case the Company assigned, in all or in part, to the Beneficiaries, own Shares as indicated under paragraph 3.4 above"* amended as follows: *"Assuming that all the Options (as referred to in previous paragraph 4.4) were assigned and exercised, the dilution effect on the share capital of the Company would be equal to 3.8% of the shareholding percentage of the share capital of the Company. It remains understood that the dilution effect shall be lower than the abovementioned percentage in case the Company assigned, in all or in part, to the Beneficiaries, own Shares as indicated under paragraph 3.4 above"*.

Page: 22: *"On the occasion of special events related to the Shares and/or the Company's share capital, the Board of Directors will make any required adjustments, if necessary, to the Exercise Price and/or number of Shares related to any outstanding confirmed but not exercised Options according to best practices commonly accepted by financial markets"* amended as follows: *"On the occasion of special events related to the Shares and/or the Company's share capital, the Board of Directors will make any required adjustments, if necessary, to the Exercise Price and/or number of Shares due according to best practices commonly accepted by financial markets"*.

Dear Shareholders,

The Board of Directors of Safilo Group S.p.A. (the “**Company**”) held on March 15, 2017, resolved to submit to the Ordinary and Extraordinary Shareholders’ Meeting of the Company, called –at the secondary office of the Company, in Padua, Settima Strada no. 15, on April 26, 2017, at 10:00 am, in single call, to discuss and resolve upon the following

## **AGENDA**

### **ORDINARY SESSION**

1. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the Issuer’s Regulation]
2. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the Issuer’s Regulation]
3. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the Issuer’s Regulation]
4. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 114-bis of the T.U.F. and Article 84-bis of the Issuer’s Regulation – in compliance with Scheme no. 7 of the Annex 3A of the Issuer’s Regulation]
5. **Proposal for the approval of a new stock option plan 2017-2020 reserved to certain directors and/or employees of SAFILO GROUP S.p.A. and/or other companies within the Safilo Group; inherent and consequent resolutions**

### **EXTRAORDINARY SESSION**

1. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 125-ter of the T.U.F. and pursuant to Article 72 of the Issuers’ Regulation – in compliance with Scheme no. 2 of the Annex 3A of the Issuer’s Regulation]
2. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to Article 125-ter of the T.U.F. and pursuant to Article 72 of the Issuers’ Regulation – in compliance with Scheme no. 3 of the Annex 3A of the Issuer’s Regulation]

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### **Fifth item on the agenda – Ordinary session**

#### **Proposal for the approval of a new stock option plan 2017-2020 reserved to certain directors and/or employees of SAFILO GROUP S.p.A. and/or other companies within the Safilo Group; inherent and consequent resolutions**

According to Article 114-*bis* of T.U.F., we hereby submit to your approval the adoption of an incentive and retention plan (the "**Plan**"), to be implemented by means of a maximum of 2,500,000 options (the "**Options**") to be granted in tranches and free of charge to a selected group of directors and/or employees of the Company and/or companies belonging to Safilo Group, identified by the Board of Directors, pursuant to the proposal of the Remuneration and Nomination Committee, on one or more occasions.

The Options will give the beneficiaries the right to subscribe newly issued ordinary shares of the Company, par value of Euro 5.00 each, arising from a paid and separable capital increase, with exclusion of the option rights according to Article 2441, paragraph 4, second part of the Italian Civil Code, at the rate of no. 1 share for each Option. Instead of and/or in addition to abovementioned newly issued shares, the Company shall be entitled to fulfill – in all or in part – its obligations deriving from the Plan, through the assignment to one or more Beneficiaries (as defined below) of own shares deriving from any buy-back plan that could be implemented by the Company, it remaining understood that the overall number of shares assignable to all the relevant Beneficiaries pursuant to the Plan shall not exceed the maximum amount of 2,500,000.

The conditions, terms and procedures for implementing the plan are better defined in the informative document drawn-up pursuant to Article 84-*bis* of Issuers' Regulation and in accordance with Scheme 7 Annex 3A to Issuers' Regulation, attached to this report.

This document, drawn-up according to Article 114-*bis* of T.U.F., is aimed to explain the reasons and the content of the abovementioned proposal.

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

The purposes of the Plan is to retain and motivate the directors and/or employees of the Company and/or companies belonging to Safilo Group, selected by the Board of Directors, and identified by name even on several occasions, pursuant to the proposal of the Remuneration and Nomination Committee, from among those executives and directors that hold an important role within the

Company and are directly responsible for its business results, according to the best practice followed in the national and international experience.

In particular, the Plan is intended to involve those individuals who hold an important role for the purposes of achieving the strategic objectives of the Company, in order to increase their retention, while aligning their interests with the interests of the Company's shareholders and pursuing the continuous increase of the value of the Group.

### **1.2 The Beneficiaries**

The Options will be granted to some directors and/or employees of the Company and/or its subsidiaries selected by the Board of Directors, selected pursuant to the proposal of the Remuneration and Nomination Committee, also in more than one tranche at its own discretion, among the individuals who are directors and/or employees of Company and/or its subsidiaries, taking into account the personal ability to influence the Company's results and to increase the value for its shareholders (the "Beneficiaries").

### **1.3. The procedures and clauses for the implementation of the Plan, specifying whether its implementation is subject to the satisfaction of conditions and, in particular, to the achievement of specific results**

The terms and conditions of the Plan are better defined in the informative document drawn-up in accordance with Scheme 7 Annex 3A of the Issuers' Regulation (attached to this report).

In particular, the Plan provides for the award of a maximum of no. 2,500,000 Options to the Beneficiaries. The grant is free of charge, therefore the Beneficiaries will not be asked for any payment in order to obtain the Options.

For the purposes of implementing the Plan, the Extraordinary Shareholder's Meeting of the Company will be asked to approve the proposal to increase, payable and separable, the share capital of the Company for a nominal value equal to Euro 12,500,000.00, with the exclusion of the option right according to Article 2441, paragraph 4, second part of the Civil Code by means of the issuance of a maximum of 2,500,000 newly issued ordinary shares of Safilo Group S.p.A., par value 5 Euro each, to be subscribed by the Beneficiaries at a certain exercise price, equal to the volume weighted average of the official price of the Company's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the day on which the Board of Directors resolves the granting of Options under the Plan (therefore

the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average). As indicated above, instead of and/or in addition to above-mentioned newly issued shares, the Company shall be entitled to fulfill – in all or in part – its obligations deriving from the Plan, through the assignment to one or more Beneficiaries of own shares deriving from any buy-back plan that could be implemented by the Company, it remaining understood that the overall number of shares assignable to all the relevant Beneficiaries pursuant to the Plan shall not exceed the maximum amount of 2,500,000.

For more details on the proposed capital increase, please refer to the relevant Board of Directors' report on the first item on the agenda, extraordinary session, drawn-up according to Article 72 of the Issuers' Regulation made available according to the law provisions.

The Options may be granted in four tranches. The amount of each tranche will be determined by the Board of Directors, taking into account the performance and the professional skills of the Beneficiaries. The first tranche ("**First Tranche**") will be granted by the Board of Directors from the date of the meeting following the Shareholders' Meeting resolution approving the Plan, to December 31, 2017; the second tranche ("**Second Tranche**") will be granted from the day on which the Board of Directors approves the financial year's results as at 31.12.2017, to December 31, 2018; the third tranche ("**Third Tranche**") will be granted from the day on which the Board of Directors approves the financial year's results as at 31.12.2018, to December 31, 2019; the fourth tranche ("**Fourth Tranche**") will be granted from the day on which the Board of Directors approves the financial year's results as at 31.12.2019, to December 31, 2020.

In particular, the Company will send to the eligible Beneficiaries, selected by the Board of Directors, pursuant to the proposal of the Remuneration and Nomination Committee, the regulations of the Plan and the award agreement indicating the number of Options granted and their exercise price.

In order to participate in the Plan, the Beneficiaries must duly fill in and sign the award agreement and a copy of the regulations of the Plan and return them to the Company within 10 (ten) working days from their receipt, under penalty of expiration of their right to participate in the Plan. The date on which the Company receives the award agreement and a copy of the regulations of the Plan duly

filled in and signed, the Options will be considered as awarded and the Company will sign the award agreement received by the Beneficiary for confirmation.

The options granted shall vest upon the occurrence of the following performance conditions:

- a) with reference to the Options granted under the First Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2017, 31.12.2018 or 31.12.2019 has been at least equal to Euro 63,000,000; with reference to the Options granted under the Second Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2018, 31.12.2019 or 31.12.2020 has been at least equal to Euro 68,000,000; with reference to the Options granted under the Third Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2019, 31.12.2020 or 31.12.2021 has been at least equal to Euro 73,000,000; with reference to the Options granted under the Fourth Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2020, 31.12.2021 or 31.12.2022 has been at least equal to Euro 78,000,000; and
- b) save as otherwise expressly provided by the regulations of the Plan, the employment/directorship of the relevant Beneficiary shall be in force on the vesting date of the relevant Options.

For the purposes of the determination of the achievement of the target, EBIT shall mean the net operating profit related to a specific financial year, before non-recurring items, as indicated in each relevant consolidated annual report of the Company approved by the Board of Directors of the Company.

**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**

At present, 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 the Options (and also the price for the subscription of the newly issued Shares at the service of the Plan), is equal to the volume weighted average of the official price of Safilo Group S.p.A.'s ordinary shares registered on the Italian Stock Exchange (Mercato Telematico Azionario) for the preceding month leading up to the day on which the Board of Directors resolves the granting of Options under the Plan (then the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

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

The Options granted to the Beneficiaries shall be exercised in accordance with the regulations of the Plan and the related Award Agreement. The Plan provides that (i) Options shall be granted to the Beneficiaries identified by the Board of Directors, pursuant to the proposal of the Remuneration and Nomination Committee, pursuant to the timeframe described under previous paragraph 1.3 (ii) the Options are exercisable during the periods established in the regulations of the Plan which are anticipated to be as follows:

- With reference to the Options granted under the First Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2019 until its own expiry date (May 31, 2025);
- With reference to the Options granted under the Second Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2020 until its own the expiry date (May 31, 2026);
- With reference to the Options granted under the Third Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2021 until its own expiry date (May 31, 2027);
- With reference to the Options granted under the Third Tranche, the period from the day following the resolution of the Company's Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2022 until its own expiry date (May 31, 2028);

The Plan grants the possibility to accelerate the exercise of the granted Options, with respect to the exercise periods indicated above, in certain cases of termination of the relevant employment/directorship due to the circumstances specified in the Plan itself.

As stated above, the Options granted by means of different tranches will have a different expiration date but it is always understood that the deadline for the exercise of the Options granted within the last tranche expires on May 31, 2028.

**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 granted to the Beneficiaries are strictly personal and cannot be transferred, pledged, mortgaged, or encumbered in any way whatsoever, nor is a beneficiary allowed to enter into any transaction related to the options granted.

There are no restrictions on the availability of the shares subscribed upon the exercise of the Options.

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

*“Safilo Group S.p.A. Ordinary Shareholders’ Meeting, on the basis of the related report of the Board of Directors, having regard to Article 114-bis of the Legislative Decree 24 February 1998 no. 58 and the regulations issued by Consob and by the Italian Stock Exchange (“Borsa Italiana”), taken note of the favorable opinion of the Board of Statutory Auditors and having examined the Informative Document made available to the public pursuant to the applicable law*

***resolves***

- 1) *to approve, according to Article 114-bis of the Legislative Decree 24 February 1998, no. 58, the adoption of a stock option plan named "Safilo Group S.p.A. Stock Option Plan 2017 - 2020" for the grant of a maximum of 2,500,000 options which confer the right to any Beneficiary to subscribe newly issued ordinary shares of the Company par value Euro 5.00 each, at the rate of no. 1 share for each option, aimed at directors and/or employees of the Company and/or companies directly or indirectly controlled by the Company itself, to be identified by name, even on several occasions, by the Board of Directors, pursuant to the proposal of the Remuneration and Nomination Committee, in accordance with the guidelines*



*outlined in the report of Board of Directors and in the informative document attached thereto, published pursuant to the law and filed with the Company's records, instructing the Board to adopt the related regulations;*

- 2) *to grant the Board of Directors, with express power of sub-delegation, with any powers necessary or appropriate to give full and complete effect to the "Safilo Group S.p.A. Stock Option Plan 2017 - 2020 " and, in particular and among other things, the power to identify the beneficiaries, pursuant to the proposal of the Remuneration and Nomination Committee, and to determine the quantity of options to be granted to each of them, to proceed with the grant to the beneficiaries, and to carry out any act, requirement, formality or communication as needed for the management and/or implementation of the Plan, with the authority to delegate its powers, duties and responsibilities concerning the implementation and enforcement of the plan to the Chairman and/or to the Chief Executive Officer of the Company, also separately. It is understood that any decision related to the grant of the options to the beneficiaries who are also the Chairman and/or 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 them) will be at the exclusive competence of the Board of Directors."*

**Attachment:**

Informative Document concerning the "Safilo Group S.p.A. Stock Option Plan 2017-2020" in favor of a selected group of directors and/or employees of Safilo Group S.p.A., concerning the grant of a maximum of 2,500,000 options free of charge which give the right to subscribe a maximum of 2,500,000 ordinary shares of Safilo Group S.p.A., drafted pursuant to Article 84-bis Issuers' Regulation.

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Padua, March 15, 2017

for the Board of Directors  
Robert Polet  
Chairman

**SAFILO GROUP S.P.A.**

**INFORMATIVE DOCUMENT RELATED TO THE STOCK OPTION PLAN SUBMITTED TO THE APPROVAL OF THE  
SHAREHOLDERS' MEETING CALLED ON APRIL 26, 2017**

**(drawn up according to Article 84-bis of the Issuers' Regulation)**

## PREAMBLE

According to the provisions of Article 114-bis of the Legislative Decree n. 58/1998 (“**Consolidated Finance Act**” or “**T.U.F.**”), the Board of Directors of SAFILO GROUP S.p.A. on March 15, 2017, pursuant to the proposal of the Remuneration and Nomination Committee, approved the decision to submit to the attention of the Shareholders’ Meeting, the proposal concerning the adoption of a stock option plan reserved to some directors and/or managers of the Company and/or its subsidiaries. The Plan provides for the free of charge grant of personal and non transferable options which entitle the beneficiary to purchase newly issued ordinary shares of the Company.

This Informative Document is drawn-up according to the provisions of the Annex 3A, Scheme 7 of the Issuers’ Regulation as provided for by Article 84-bis of the same Regulation.

It is hereby pointed out that the Plan potentially qualifies as “of particular importance” pursuant to Article 114-bis, paragraph 3 of T.U.F. and to Article 84-bis, paragraph 2 of the Issuer’s Regulation.

## DEFINITIONS

<u>Award date:</u>	the date when the Board of Directors of the Company assigns the Options to the Beneficiaries and establishes the amount of Options assigned to each of them and the Exercise Price of the Options (as defined below) under the provisions of paragraph 4.19 of this Informative Document.
<u>Beneficiaries:</u>	those individuals, selected by the Board of Directors, pursuant to the proposal of the Remuneration and Nomination Committee, who are eligible to receive the Options.
<u>Company:</u>	SAFILO GROUP S.p.A.
<u>Exercise Price:</u>	the purchase price of each Share (as defined below) in case of exercise of the Options.
<u>Group:</u>	SAFILO GROUP S.p.A. and its subsidiaries.
<u>Issuers’ Regulation:</u>	the Consob Regulation no. 11971 of May 14, 1999, as subsequently amended and integrated.
<u>Options:</u>	the options governed by the Plan (as defined below) granting to the respective Beneficiaries the right to purchase an equal number of Shares.
<u>Shareholders’ Meeting:</u>	the ordinary and extraordinary meeting of the shareholders of SAFILO GROUP S.p.A..
<u>Shares:</u>	the ordinary stocks of SAFILO GROUP S.p.A., par value Euro 5 per share, listed on the Italian Stock Exchange ( <i>Mercato Telematico Azionario</i> )

managed by Borsa Italiana S.p.A..

Stock Option Plan or the Plan: the Safilo Group S.p.A. Stock Option Plan 2017-2020.

## **1. THE BENEFICIARIES**

### **1.1 The names of the Beneficiaries of the Plan as members of the Board of Directors and/or employees of the Issuer, of the companies controlling the Issuer, and of the companies controlled, directly or indirectly, by the Issuer**

The Plan is aimed to individuals of the Company and/or its subsidiaries who hold a strategic role in the Group. In particular, the Beneficiaries of such Plan will be selected by the Board of Director among the directors and/or employees of the Group, pursuant to the proposal made by the Remuneration and Nomination Committee, after the Shareholders' Meeting approval of the Plan, according to paragraph 4.2.

### **1.2 The categories of employees or collaborators of the Issuer and of the companies controlling or controlled by this Issuer**

The Beneficiaries shall be selected by the Board of Directors in due time, among the directors and employees of the Company and/or its subsidiaries. The required information shall be made available upon assignment of the Options.

### **1.3 The names of the Beneficiaries belonging to the groups set under point 1.3, letters a), b), and c) of the Annex 3A, Scheme 7 of the Issuers' Regulation:**

The Beneficiaries shall be selected by the Board of Directors in due time, among the directors and employees of the Company and/or its subsidiaries. The required information shall be made available upon assignment of the Options.

### **1.4 Description and number of the Beneficiaries, broken down by category:**

The Beneficiaries shall be selected by the Board of Directors in due time, among the directors and employees of the Company and/or its subsidiaries. The required information shall be made available upon assignment of the Options.

## **2. THE REASONS FOR THE ADOPTION OF THE PLAN**

### **2.1 The objectives to be achieved through the awarding of the Options**

The Plan is aimed at supporting the enhancement of the long-term performance of the Company and to create value for the shareholders by means of an incentive stock option plan which aligns the interests of the Company's shareholders with the interests of the Beneficiaries.

The duration of the Plan is approximately equal to 11 years (2017-2028): said timeframe has been deemed as the most suitable to retain and motivate the Beneficiaries and focus their efforts to the achievement of the strategic medium/long-term goals of the Company.

With reference to the relation between the compensation deriving from the stock option and other parts of the total remuneration, the Company makes reference to the best market practice of companies belonging to the same industry.

## **2.2 The key variables, also in the form of performance indicators, considered for the allocation of Options**

The exercise of Options by the Beneficiaries is subject to the achievement by the Company of a specified target in terms of performance and to the continuation of the employment relationship/member of the board of director of the Company and/or its subsidiaries upon vesting of the Options, save for specific exceptions expressly provided by the regulations of the Plan (as better described below in Article 4.5).

The Board of Directors deems that the key variables taken into consideration are the most effective for the purpose of representing the creation of value by the Company and that they need to be applied to all the Beneficiaries, indistinctively.

## **2.3 The factors underlying the establishment of the extent of the remuneration based on financial instruments, or the criteria used for its establishment**

The maximum amount of Options that will be awarded to the Beneficiaries of the Plan is equal to no. 2,500,000.

The number of Options to be awarded to each Beneficiary shall be determined taking into account: (i) the position held within the Company and/or the Group and the related responsibilities, and (ii) the performance of each Beneficiary.

## **2.4 The reasons behind any decision to award remuneration plans based on financial instruments not issued by the Issuer**

Not applicable

## **2.5 Assessment of the significant tax and accounting implications that influenced the formulation of the Plan**

Not applicable because the formulation of the Plan has not been influenced by tax or accounting reasons.

## **2.6 Any support for the Plan from the special fund for the encouragement of worker participation in firms, referred to in Article 4, paragraph 112, of the Italian Law no. 350 of December 24, 2003**

The Plan is not supported by the special Fund for the encouragement of worker participation in firm, referred to in Italian Law no. 350 of December 24, 2003.

## **3. APPROVAL PROCEDURES AND TIMING FOR THE ASSIGNMENT OF THE INSTRUMENTS**

### **3.1 Setting of powers and functions assigned by the Shareholders' Meeting to the Board of Directors for the implementation of the Plan**

On March 15, 2017, the Board of Director resolved to submit to the Shareholders' Meeting the approval of the Plan, pursuant to which no. 2,500,000 Options will be granted to the Beneficiaries. The Shareholders' Meeting to be held on April 26, 2017, is called to approve the adoption of the Plan, give the Board of Directors all the necessary powers to implement the Plan, including, for example, the power to select the Beneficiaries (pursuant to the proposal made by the Remuneration and Nomination Committee), to assign the Options, to adopt the related regulations (the "**Regulations**"), as well as to carry out any act, fulfillment, formality, communication needed for the management and/or implementation of the Plan.

### **3.2 Specification of the persons appointed to administrate the Plan and their function and responsibilities**

The Plan is managed by the Board of Directors of the Company, which shall be entrusted by the Shareholders' Meeting of the operative management of the Plan and the implementation of the rules provided for by the related Regulations.

### **3.3 Any existing procedures for the revision of the Plan, also with respect to changes in the key objectives**

The Board of Directors may amend or integrate the Plan as deemed necessary or useful in order to achieve the goals of the Plan, taking into account the interests of the Beneficiaries.

### **3.4 Description of the methods used to determine the availability and the assignment of the financial instruments the Plan is based on**

The Options, assigned for free, entitle the Beneficiaries to subscribe an equal number of newly issued Shares, pursuant to a share capital increase with exclusion of the option right according to Article 2441, paragraphs 4, second part of the Italian Civil Code.

Instead of and/or in addition to abovementioned newly issued Shares, the Company shall be entitled to fulfill – in all or in part – its obligations deriving from the Plan, through the assignment to one or more Beneficiaries of own Shares deriving from any buy-back plan that could be implemented by the Company, it remaining understood that the overall number of Shares assignable to all the relevant Beneficiaries pursuant to the Plan shall not exceed the maximum amount of 2,500,000 .

**3.5 The role performed by each director in determining the features of the Plan and the occurrence of any situations of conflict of interest concerning the directors involved**

The terms and condition of the Plan have been determined collectively by the Board of Directors and shall be approved by the Shareholders' Meeting according to Article 114-bis of the T.U.F..

The resolutions of the Board of Directors have been adopted on the basis of the proposals submitted by the Remuneration and Nomination Committee.

In any case, as the Beneficiaries of the Plan include directors of the Company, the Board of Directors shall resolve upon the determination of the Beneficiaries and the related assignment of the Options linked to this Plan pursuant to the laws in force, as well as pursuant to Article 2391 of the Italian Civil Code, if applicable.

**3.6 For the purposes of the requirements of Article 84-bis, paragraph 1, the date of the decision made by the body responsible for proposing the approval of the plans to the Shareholders' Meeting and the proposal by the Remuneration and Nomination Committee, if present**

On March 15, 2017, the Board of Directors resolved to submit the Plan to the approval of the Shareholders' Meeting, as per the proposal made by the Remuneration and Nomination Committee on December 12, 2016.

**3.7 For the purposes of the requirements of Article 84-bis, paragraph 5, letter a), the date of the decision made by the body responsible for the assignment of the instruments and any proposal to the aforementioned body made by the Remuneration and Nomination Committee**

See the above paragraph.

**3.8 The market price, recorded on the aforesaid dates, for the financial instruments on which the Plan are based, if traded in regulated markets**

The reference Stock Exchange price of the Shares on March 15, 2017 is Euro 6.625.

**3.9 The terms and procedures adopted by the Issuer in determining the timing for the assignment of the financial instruments to take account of any possible time correlation between:**

**i) the aforementioned assignment or any related decisions made by the Remuneration and Nomination Committee, and ii) the disclosure of any relevant information pursuant to Article 114, paragraph 1 of T.U.F. for example:**

The Options will be granted to the Beneficiaries in tranches, by the Board of Directors which will simultaneously also determine the Exercise Price.

The Exercise Price shall be equal to the volume weighted average of the official price of the SAFILO GROUP S.p.A. managed by Borsa Italiana S.p.A.'s Shares registered on the Italian Stock Exchange (*Mercato Telematico Azionario*) for the preceding month leading up the day on which the Board of Directors resolves the granting of Options under the Plan (then the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan 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).

#### **4. THE CHARACTERISTICS OF THE INSTRUMENTS ASSIGNED**

##### **4.1 Details of the structure of the Plan**

The Plan provides for the granting, free of charge, to the Beneficiaries of Options for the purchase of an equivalent number of Shares (either newly issued Shares in the context of a share capital increase and/or treasury Shares of the Company itself as described under paragraph 3.4 above) through the payment of the Exercise Price.

The Options are strictly personal and non-transferable and they may not be pledged, mortgaged, encumbered in any way whatsoever, nor is a Beneficiary allowed to enter into any transaction related to the Options granted.

##### **4.2 Specification of the Plan's effective period of implementation, also with reference to the various cycles established**

The Plan lasts around 11 years (from 2017 to 2028). The Options granted to the Beneficiaries and confirmed pursuant to the Plan become exercisable after at least two years from the latest possible Award Date of each tranche. Furthermore, the Plan provides for an accelerated exercise period in certain cases of termination of the employment/directorship, as indicated under paragraph 4.8 below.

In particular, the Options will be granted in four tranches.

The first tranche ("**First Tranche**") will be granted by the Board of Directors from the date of the meeting following the Shareholders' Meeting resolution approving the Plan, to December 31, 2017; the second tranche ("**Second Tranche**") will be granted from the day on which the Board of Directors approves the 2017 financial year's results, to December 31, 2018; the third tranche ("**Third Tranche**") will be granted from the day on which the Board of Directors approves the 2018 financial year's results, to December 31, 2019; the fourth tranche ("**Fourth Tranche**") will be granted from the day on which the Board of Directors approves the 2019 financial year's results, to December 31, 2020.

The exercise period, subject to vesting of the Options, is determined as indicated under paragraph 4.18 below.



#### **4.3 The Plan terms**

The Plan terminates on May 31, 2028 (the last day for the exercise of the Options).  
The Options not exercised within that date will immediately become null and void.

#### **4.4 The maximum number of Shares assigned in each fiscal year in relation to the persons identified by name or to the identified categories**

The maximum number of Options that can be granted to the Beneficiaries, to be issued at the service of the Plan is equal to no.2,500,000, each of them giving the right to purchase one Share per Option exercised.

The Plan does not establish a threshold of Options to the granted in a fiscal year.

The Board of Directors shall determine the Beneficiaries and the number of Options that shall be granted to each Beneficiary in due time.

#### **4.5 The Plan's implementation procedures and clauses, specifying whether the actual assignment of the Share is subject to the meeting of certain conditions or the achievement of particular results, including performance related**

The 2,500,000 Options are granted to the Beneficiaries in four tranches according to the timeframe described under paragraph 4.2.

The options granted shall vest upon the occurrence of the following performance conditions:

- with reference to the Options granted under the First Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2017, 31.12.2018 or 31.12.2019 has been at least equal to Euro 63,000,000; with reference to the Options granted under the Second Tranche, the EBIT resulting from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2018, 31.12.2019 or 31.12.2020 has been at least equal to Euro 68,000,000; with reference to the Options granted under the Third Tranche, the EBIT deriving from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2019, 31.12.2020 or 31.12.2021 has been at least equal to Euro 73,000,000; with reference to the Options granted under the Fourth Tranche, the EBIT deriving from the approved consolidated financial statements of the Company related to one of the years ending on 31.12.2020, 31.12.2021 or 31.12.2022 has been at least equal to Euro 78,000,000 and
- except as otherwise expressly provided by the Regulations, the employment/directorship shall be in force on the vesting date of the relevant Options.

For the purposes of the Plan, EBIT shall mean the net operating profit related to a specific financial year, before non-recurring items, resulting from the consolidated annual report of the Company approved by the Board of Directors.

The Shares will be transferred to the bank account selected by the Beneficiary according to the current market practice and what provided by the Regulations and the related exercise form.

The exercisable Options for which the relevant exercise form has been delivered, but the Exercise Price has not been paid in full, in compliance with the same exercise form, will be considered as non-exercised in full and will become null and void, it remaining understood that any portion of the Exercise Price that has been paid by the relevant Beneficiary shall be promptly returned to the latter.

#### **4.6 Details of any restrictions on the availability of the Options or on the Shares resulting from the exercise of the Options**

Upon the exercise of the Options, the Beneficiary – upon payment of the Exercise Price - will acquire ordinary Shares which have the same rights of the outstanding share capital at the date they are exercised and that shall not be subject to the restriction of availability of 1 (one) Share for 1 (one) exercised Option.

#### **4.7 Description of any termination conditions for the assignments under the Plan if the Beneficiaries conduct hedging transactions that neutralize any restrictions on the sale of the financial instruments assigned, including in the form of options, or the financial instruments resulting from the exercise of these options**

Not applicable.

#### **4.8 Description of the effects generated by the termination of the employment relationship**

The Options granted to the Beneficiaries, either having an employment relationship with the Company or its subsidiaries or being member of the Board of Directors of the Company or its subsidiaries, who terminate their relationship with the Company or its subsidiaries, are subject to the following consequences:

- (a)** in the event of termination of the relationship due to dismissal or revocation for just cause, subjective cause, director's grounded termination (each as defined by the Regulations), or resignation by the Beneficiary, all his/her Options granted, confirmed and/or vested, shall automatically become null, void and without effect as from the date of receipt of the termination notice; moreover all his/her granted and/or confirmed Options but not vested shall become available for re-assignment by the Board of Directors of the Company as indicated under paragraph 4.2 above, provided that they can be re-assigned starting from the year in which they have been returned to the pool and the performance conditions of the year in which they are assigned. It is understood that should the Beneficiary be placed under disciplinary processes, his/her right to exercise the Options, which have become exercisable, will be suspended until the end of the disciplinary process;
- (b)** should the Beneficiary's dismissal be due to objective cause (as defined by the Regulations), or the director terminated due to the natural expiry of the appointment, or the relationship be terminated by mutual agreement, or in the event of termination of the relationship for

any reason other than those set forth under previous letter (a) or following letter (c), the Beneficiary shall retain all rights to his/her granted Options, which are confirmed options at the date the termination becomes effective and/or become confirmed during any notice period and he/she has to exercise them within 15 business days from his/her last day of relationship (also waiving the exercise period of the Option as indicated on paragraph 4.18 below); while his/her Options granted (but not yet confirmed) shall become available for re-assignment by the Board of Directors pursuant to paragraph 4.2 above, provided that they can be re-assigned starting from the year in which they have been returned to the pool and the performance conditions of the year in which they are assigned. It remains understood that if the last day of relationship will be in a black-out period (as defined by the Regulations pursuant to the applicable legal framework and the internal regulations of the Company) the relevant term for the exercise of the vested Options shall be suspended until the end of the black-out period and will restart upon the first business day following the expiry of the relevant black-out period; and

- (c) both in the event of Beneficiary's death and termination of the relationship in the event of permanent disability which prevents the continuation of the same, all the Options granted, even if neither confirmed nor exercisable at the date the event occurred, will become exercisable by the Beneficiary, or by his/her heirs or legal representatives, who must have been given an exercise form, reporting the number of exercisable Options and their exercise period, which shall be no less than thirty days from the date when the death or termination of the relationship due to permanent disability occurred.

#### **4.9 Details of any other reasons for the cancellation of the Plan**

There are not any other reasons for the cancellation of the Plan. In any case, the Board of Directors was granted with all the powers to implement the Plan, including the power to make any amendment and/or integration necessary to achieve the purposes of the Plan; such powers shall also be in force should the applicable laws change or in case of extraordinary circumstances not provided for in the Regulations.

#### **4.10 The reasons for the provision of any "redemption" by the Company of the financial instruments involved in the Plan, pursuant to Article 2357 and following of the Italian Civil Code and relative description**

The Plan does not provide for any redemption by the Company.

#### **4.11 Any loans or concessions due to be granted for the purchase of the Shares pursuant to Article 2358, paragraph 3, of the Italian Civil Code**

No loans nor concessions are granted for the purchase of the Shares pursuant to Article 2358, paragraph 3 of the Italian Civil Code.

**4.12 Details of the valuations of the expected burden for the Company as at the date of the assignment, as determinable on the basis of the terms and conditions already defined, by overall amount and for each instrument of the Plan**

The potential burden for the Company will be calculated, if necessary, taking into account that the Plan provides for a so-called "Equity settled" regulation, according to the international accounting standards (IFRS 2).

**4.13 Specification of any dilution effect on the capital generated by the Plan**

Assuming that all the Options (as referred to in previous paragraph 4.4) were assigned and exercised, the dilution effect on the share capital of the Company would be equal to 3.8% of the shareholding percentage of the share capital of the Company. It remains understood that the dilution effect shall be lower than the abovementioned percentage in case the Company assigned, in all or in part, to the Beneficiaries, own Shares as indicated under paragraph 3.4 above.

**4.14 Any limits established for the exercise of the voting rights and for the assignment of the property rights**

No limit was established for the exercise of the voting rights and for the assignment of the property rights on the Shares deriving from the exercised Options.

**4.15 If the shares are not traded on regulated markets, any other information needed to properly measure the value attributable to them**

Not applicable.

**4.16 Number of financial instruments underlying each option**

Each Option gives the right to subscribe one Share.

**4.17 Maturity date of the options**

See following paragraph 4.18.

**4.18 Exercise procedures (American/European), timing and clauses of the Options**

The exercise period, subject to the vesting of the Options, is determined as follows:

- (a) with reference to the Options granted under the First Tranche, the period from the day following the resolution of the Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2019 until its own expiry date (May 31, 2025);

- (b) with reference to the Options granted under the Second Tranche, the period from the day following the resolution of the Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2020 until its own the expiry date (May 31, 2026);
- (c) With reference to the Options granted under the Third Tranche, the period from the day following the resolution of the Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2021 until its own expiry date (May 31, 2027);
- (d) With reference to the Options granted under the Fourth Tranche, the period from the day following the resolution of the Shareholders' Meeting which approves the financial statements of the Company for the year ended 31.12.2022 until its own expiry date (May 31, 2028).

The Beneficiary (or one of its successors or assignees, where so provided by the Regulations) shall be entitled to exercise the confirmed Options, during the relevant Exercise Period, completing and delivering to the Company the exercise form attached to the Regulations.

**4.19 The price for the exercise of the option or the methods and criteria for its determination, particularly with reference to:**

- a) the formula for the calculation of the exercise price in relation to a particular market price (fair market value), and
- b) the methods for the determination of the market price used as a reference for the determination of the strike price.

See paragraph 3.9.

**4.20 If the exercise price is not equal to the market price determined in the manner specified in item 4.19.b (fair market value), the reasons for this difference**

The Exercise Price calculated as described in the previous paragraph, is deemed to be the most effective to determine the value of the Shares, regardless the occurrence of extraordinary events which may influence the price of the Shares.

**4.21 The criteria for the establishment of different exercise prices between the various beneficiaries or the various categories of beneficiaries**

Not applicable.

**4.22 If the financial instruments underlying the options are not traded on regulated markets, specification of the value attributable to the underlying instruments or the criteria used to determine their value**

Not applicable.

**4.23 Criteria for the adjustments needed as a result of corporate actions involving equity or other corporate actions entailing a change in the number of the underlying instruments (capital increases, extraordinary dividends, consolidation or splitting of the underlying shares, mergers and splits, conversions into other classes of shares, etc.)**

The Board of Directors may, at its complete discretion, revise or amend the Plan in whole or in part including, without limitation, the adoption of any amendment deemed necessary or desirable for the best achievement of the Plan's objectives, unless it adversely affects the rights or position of the Beneficiary, with respect to any Option previously granted to any Beneficiary.

On the occasion of special events related to the Shares and/or the Company's share capital, the Board of Directors will make any required adjustments, if necessary, to the Exercise Price and/or number of Shares due according to best practices commonly accepted by financial markets.

In the event of a public or exchange offering, according to T.U.F. on the Shares or in case of change of control of the Company - under Article 2359, paragraph 1 and 2, of the Italian Civil Code - any Beneficiary may (i) continue his/her participation in the Plan under the terms and conditions of the Regulations, unless otherwise provided for in any new stock option plan proposed by the Company acquirer, or (ii) exercise immediately all the granted and unexercised Options, regardless of the achievement of the performance conditions referred to in paragraph 4.5.

In case of delisting any Beneficiary shall be entitled to exercise all his/her granted Options in advance, regardless of the achievement of the performance conditions referred to in paragraph 4.5. Beneficiaries shall have to exercise the granted Options within the aforesaid term (under penalty of expiration), regardless of the achievement of any exercise condition.

**4.24 The Table no 1 provided by the Issuers' Regulation is not attached to this Informative Document because the Beneficiaries will be selected by the Board of Directors after the Shareholders' meeting approval of the Plan**