



**REPORT ON THE REMUNERATION POLICY  
AND ON THE REMUNERATION PAID**

**(Report drafted pursuant to Article 123-ter of the TUF  
and Article 84-quater of Consob Regulation No. 11971)**

**SHAREHOLDERS' MEETING April 28, 2020**

## 1. Introduction

This document (hereinafter, the “**Report**”) has been drawn up in accordance with Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (“**TUF**”) and Article 84-quater of Consob Regulation No. 11971 (“**Issuers’ Regulation**”), and it comprises two sections:

- Section I details the remuneration policy of Safilo Group S.p.A. (the “**Company**” or “**Safilo**”) for the financial year 2020, approved by the Board of Directors on March 24, 2020, upon proposal of the Remuneration and Nomination Committee (the “**Policy**”).

In particular, the Policy describes (i) the Company’s policy regarding the remuneration of members of the Board of Directors, members of the Board of Statutory Auditors and managers with strategic responsibilities, and (ii) the procedures for approving and implementing the same.

- Section II provides a representation of the individual items that make up the remuneration of the members of the Board of Directors, the Board of Statutory Auditors and the managers with strategic responsibilities, as well as an analytical representation of the compensation paid to these subjects in the 2019 financial year, for any reason and in any form, by the Company and its subsidiaries.

## 2. Definitions

In this Report, the terms in bold shall have the meaning given to each of them herein below.

**Annual Total Compensation:** the sum of (i) the remuneration gross annual fixed component, (ii) the annual variable component which the beneficiary would receive upon reaching the Group performance targets (“**Short Term Achievement Reward**” or “**STAR**”), and (iii) the yearly update of the medium-long term variable component (as equity plans and/or long-term bonuses related to the Group performance targets).

**Chief Executive Officer:** the director appointed as such by the Board of Director through the granting of ongoing managing powers.

**Executive Directors:** (i) the Chief Executive Officer of the Company; (ii) any other director possibly granted with management powers. The deputation of powers or the assignment of powers to directors without management duties only in urgent cases is not sufficient to classify the latter as executive directors, unless such powers are, *de facto*, exercised very frequently.

**Group or Safilo Group:** all the companies included in the consolidated financial statements SAFILO GROUP S.p.A..

**Management:** the Executive Directors and Managers with strategic responsibilities.

**Managers with Strategic Responsibilities:** the managers, identified by the Company's Board of Directors, with the power and responsibility for planning and controlling the Company's activities or the power to adopt decisions that may affect the Company's development and future perspectives.

**Non-Executive Directors:** the Company's directors, with no specific duties in the development of corporate strategies and/or individual (operational and/or management) delegations.

**2014-2016 Stock Option Plan or 2014-2016 Plan:** the stock-based remuneration plan resolved upon by Safilo's Shareholders' Meeting held on April 15, 2014, aimed at providing incentives for and retaining the Company's and/or its subsidiaries' Management.

**2017-2020 Stock Option Plan or 2017-2020 Plan:** the stock-based remuneration plan resolved upon by Safilo's Shareholders' Meeting held on April 26, 2017, as amended by Safilo's Shareholders' Meeting held on April 24, 2018, aimed at providing incentives for and retaining the Company's and/or its subsidiaries' Management.

## SECTION I

### 1. Bodies and persons involved in drafting, approving and implementing the Policy

The main bodies and persons involved in drafting, approving and implementing the Policy are:

- a) *the Shareholders' Meeting*
- b) *the Board of Directors*
- c) *the Chief Executive Officer*
- d) *the Board of Statutory Auditors*
- e) *the Remuneration and Nomination Committee*

a) *The Shareholders' Meeting shall:*

- fix the remuneration of the Board of Directors, of the executive Committee, if any, and of the Statutory Auditors, according to Article 2364, paragraph 1, no. 3, of the Italian Civil Code;
- approve Section I of the report on the remuneration policy and on compensation paid (i.e. on this Policy);
- express non-binding consultative advice on Section II of the report on remuneration policy and on compensation paid (i.e. remuneration paid);
- obtain adequate information on the implementation of the Policy;
- resolve on equity or other remuneration plans, if any, reserved to the members of the Board of Directors, to employees or collaborators, according to Article 114-*bis*, TUF.

b) *The Board of Directors shall:*

- approve the Policy upon proposal of the Remuneration and Nomination Committee;
- fix the remuneration of directors with specific duties, also including the Chief Executive Officer, with the favourable opinion of the Statutory Auditors and upon proposal of the Remuneration and Nomination Committee;
- set up, *inter alia*, an internal Remuneration and Nomination Committee;
- approve the report on the remuneration policy and on compensation paid;
- draw up, with the assistance of the Remuneration and Nomination Committee, equity or other remuneration plans, if any, and submit them to the Shareholders' Meeting for its approval, pursuant to Article 114-*bis*, TUF;
- implement equity or other remuneration plans.

c) *The Chief Executive Officer shall:*

- fix the remuneration of Managers with Strategic Responsibilities based on this Policy;

- provide the Remuneration and Nomination Committee with any useful information for the latter to assess the adequacy, overall consistency and actual application of the Policy.
- d) *The Board of Statutory Auditors shall:*
- perform an advisory activity, expressing such opinions as requested by the existing regulations.
- e) *The Remuneration and Nomination Committee:*
- as regards the duties of the Remuneration and Nomination Committee, reference should be made to the paragraph below.

## **2. Remuneration and Nomination Committee**

### **2.1 Composition**

The Remuneration and Nomination Committee (hereinafter, also, “**Committee**”) is today composed of:

- Catherine Gérardin-Vautrin: Independent Director (Chairman);
- Jeffrey Alan Cole: Non-Executive Director;
- Cinzia Morelli-Verhoog: Independent Director.

### **2.2 Duties**

The Committee performs the functions set forth by the Corporate Governance Code with reference to both the remuneration and nomination themes.

With specific reference to the remuneration themes, the Committee’s duties are:

- (i) to submit to the Board of Directors a policy for the remuneration of the directors and of the managers with strategic responsibilities;
- (ii) to submit to the Board of Directors proposals and opinions on the remuneration of the managing directors and of the other directors provided with special assignments as well as to set the performance targets linked to the variable component of their remuneration, monitoring the application of the resolutions of the Board itself and, in particular, the actual achievement of the performance objectives;
- (iii) to periodically evaluate the adequacy, overall consistency and actual application of the remuneration policy of directors and managers with strategic responsibilities, on the basis of the information provided by the managing director with regard to the implementation of this policy in relation to managers with strategic responsibilities and submitting general recommendations on the subject to the Board;
- (iv) with reference to stock options and other share-based incentive systems for

executive directors and managers with strategic responsibilities, it submits proposals to the Board of Directors regarding their use and any relevant technical aspects related to their preparation and implementation, monitoring the actual implementation over time of the plans approved by the shareholders' meeting upon proposal of the Board of Directors.

The Committee, in performing its duties, ensures appropriate functional and operational connections with the relevant corporate structures.

### ***2.3 Operating procedures***

The Committee is convened, for the performance of its duties, by the Chairman any time he/she deems it necessary – on his/her initiative or following a written request from at least one of its members – and in any case at least on a half-yearly basis or upon request of the Chairman of the Board of Statutory Auditors or the Chairman of the Board of Directors or of the Chief Executive Officer.

The notice, including the date, time and location of the meeting as well as the list of the items to be discussed, shall be sent by email to each one of the members with at least a 5-day notice, or at least a 2-day notice in case of an emergency. The Committee, however, may take valid decisions, even without a formal notice of call, if all the members are present.

The Chairman of the Board of Statutory Auditors attends the meetings of the Committee, he/she can designate another standing statutory auditor to be present at the meeting on his/her behalf; in any case the remaining statutory auditors are allowed to attend.

The Chairman may – from time to time – invite to attend the meetings of the Committee, without voting rights, the Chairman of the Board of Directors and/or persons that are not members of the Committee, with reference to specific items on the agenda, as well as members of the company structure or third parties whose presence might facilitate the functioning of the Committee itself.

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

No director shall participate in the meetings of the Committee during which the proposals to be submitted to the Board relating to his/her remuneration are drafted, unless the proposals relate to the members of the Committees within the Board of Directors in general.

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

The resolutions are considered valid with a favourable vote from the majority of its members. If the votes should be equal, the person chairing the meeting will have the casting vote.

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

Furthermore, the Committee shall report to the shareholders on the exercise of its functions; for this purpose, the Chairman or another member of the Committee should be present at the annual shareholders' meeting.

### **3. Independent experts**

No intervention by independent experts has been requested in the preparation of this Policy.

### **4. Inspiring principles of the remuneration policy and its purposes**

The Company sets out and applies a remuneration policy designed to attract, motivate and retain, for all key positions and functions, highly competent resources, so as to maintain proper professional standards within a highly competitive market.

The objective of this Policy is to align Management's and shareholders' interests, by pursuing the primary aim of creating sustainable value in the medium-long term, through the implementation of a strong relation between remuneration, on one side, and individual and Group's performance, on the other side.

In particular, the Policy has been drawn up with a view to guaranteeing a generally balanced remuneration structure, through a proper balance between fixed and variable components, in order to guide the achievement of performance according to the levers related to the Company role without inducing risky and short-term oriented behaviour as well as to ensure that the remuneration systems are not in contrast with the Company values, the strategies and the creation of sustainable value in the medium to long term and prudent risk management policies.

The Policy, in accordance with the purposes outlined above, is based on the following criteria:

- i. definition of limits for variable components;
- ii. determination of the fixed component so as to sufficiently remunerate the performance of the interested party if the variable component is not paid due to failure to achieve the performance objectives;
- iii. predetermination and measurability of performance targets related to the payment of variable components; in particular, the performance objectives must be:
  - a. priority objectives, as they are directly connected to the Company's medium-long term strategy;
  - b. measurable, as assessed with clear and predefined indicators;
  - c. realistic, as considered achievable although challenging and ambitious;

- d. defined temporally, as they are placed within a specific time dimension;
- iv. creation of a direct link between remuneration and performance through mechanisms that establish the payment of different levels of premiums linked to partial or total achievement of objectives;
- v. prediction of overall contribution levels able to recognize the professional value of people and their contribution to the creation of sustainable value in the short and medium-long term.

Although the new Group Business Plan 2020-2024 includes sustainability as one of the Group's four main strategies over the coming years, said plan foresees that during 2020 – 2021 the Group will focus on ensuring compliance with the sustainability requirements of the specific applicable laws, and thereafter, from 2022 onwards, it will aim at anchoring sustainability in Safilo's way of doing business with a detailed set of choices, capabilities and action plan to be defined during 2021. In accordance with the above plan, this Policy maintains, until at least 2021, quantitative financial performance objectives directly connected to the Company's medium-long term strategy, for the recognition of variable components of the remuneration, so as to take into account the ongoing transformation of the Company and its aim to achieve stability within 2021 in line with its current key strategies.

In compliance with the mandatory provisions under article 123-ter, paragraph 3-bis, of the TUF, in the implementation of the Remuneration Policy, the Board of Directors, subject to the opinion or proposal by the Committee, will maintain the flexibility to temporarily derogate from linking the medium-long term variable component of remuneration of Executive Directors and Managers with Strategic Responsibilities to the achievement of certain Group performance targets as deemed necessary for the pursuit of the long-term interests and sustainability of the Company or to ensure its ability to stay on the market, including the maintenance of the management capability and commitment.

Save for what herein above stated, the Policy for the financial year 2020, approved by the Board of Directors on March 24, 2020, upon proposal of the Committee, does not show any substantial differences from the policy adopted in the previous financial year.

## **5. Policies on fixed and variable components of the remuneration**

### ***5.1 Executive Directors***

The Group's policy provides that Executive Directors be related to the Company by an employment contract as managers.

Upon their appointment or at the first meeting after their appointment, the Remuneration and Nomination Committee shall propose to the Board of Directors the remuneration payable to the Executive Directors.



The Executive Directors' remuneration is composed by the Total Annual Compensation and, as a consequence, by:

- a gross annual fixed component (including for the office of Executive Director and for the office of member of the Board of Directors);
- the STAR, as annual variable component;
- a medium-long term variable component paid in equity instruments (performance stock option) and/or in long-term bonuses, subject – *inter alia* - to the achievement of certain Group performance targets.

As managers of the Group, Executive Directors are also entitled to the following:

- an additional gross annual fixed component;
- customary benefits.

In the overall determination (and in determining each of the components) of the Executive Directors' remuneration, the Board of Directors will take into account their specific duties, any office held within the Group and any related responsibilities.

*a. Short term variable component*

The STAR allows an evaluation of the beneficiary's performance on a yearly basis, linking it with the performance of the Group.

The STAR targets for the Executive Directors are set by the Board of Directors upon the proposal of the Remuneration and Nomination Committee and are connected to the yearly performance of the Group.

In particular, the objectives are quantitative and linked to the achievement of Key Performance Indicators, each with a different percentage weight on the total annual STAR amount and the achievement of which is to be assessed independently.

The Committee then checks, the year after, the performance of the Executive Directors for the purpose of verifying the achievement of the STAR targets in the year before.

A maximum "threshold" to the STAR, should the target objectives be overachieved due to exceptional performance, shall be set up to 50% of the STAR.

*b. Medium- long term variable component*

The remuneration of the Executive Directors also includes a variable medium-long term component, which may be represented either by share-based remuneration plans or by monetary components in the form of a long-term bonus.

The medium-long term variable component must in any case be linked to predetermined and measurable corporate performance targets, connected to the medium-long term strategy as reflected in the pluri-annual business plan updated annually.

In the case of share-based remuneration plans, the assigned rights have a vesting period of three years.

It is the Committee's duty to submit to the Board of Directors proposals or opinions regarding the assignment to the Executive Directors of the variable medium-long term component, including the underlying performance objectives.

The Committee is also responsible for verifying the performance of the Executive Directors in order to verify the achievement of the objectives set at the base of the variable medium-long term component.

*c. Exceptional bonuses and other remunerations*

The Board of Directors, upon reasoned proposal of the Committee, may grant an extraordinary bonus to Executive Directors in connection with specific operations of strategic importance and/or impact on the Group's results or with relevant management requirements of the Group.

The Committee and the Board of Directors, within the framework of the respective functions, shall evaluate and previously approve any additional compensation that might be paid to Executive Directors for any other duties assigned to them within any subsidiary's boards of directors.

*d. Weight of components remuneration*

The fixed and short-term variable components' respective weight is showed below:

- the fixed component weighs between 45% and 55% of the sum of the yearly fixed and short-term variable compensation;
- the STAR incentive should correspond to a percentage of the gross annual fixed remuneration, weighing up to 100% of said remuneration, corresponding approximately to a range between 45% and 55% with respect to the sum of the yearly fixed and short-term variable compensation.

The annualized medium-long term variable component (equity plans) is valued annually (fair value) on the basis of Company performance and the performance of Safilo shares on the market.

**5.2 Managers with strategic responsibilities**

Like the Executive Directors, the remuneration of Managers with strategic responsibilities consists of the Annual Total Compensation and, therefore, of:

- a gross annual fixed component;
- the STAR, as annual variable component;

- a medium-long term variable component paid as equity instruments (performance stock options) and/or in long-term bonuses, subject – *inter alia* - to the achievement of Group Company performance targets;
- customary benefits.

*a. Short term variable component*

The STAR targets for Managers with Strategic Responsibilities are set by the Chief Executive Officer, giving notice to the Committee. These targets are connected to the Group's performance.

In particular, the objectives are quantitative and linked to the achievement of Key Performance Indicators, each with a different percentage weight on the total annual STAR amount and the achievement of which is to be assessed independently.

The Chief Executive Officer checks then, the following year, the performance of the manager for the purpose of verifying the achievement of the STAR targets during the year before, giving notice to the Committee.

A maximum "threshold" to the STAR, should the target objectives be overachieved due to exceptional performance, shall be set up to the 25% of the STAR amount.

*b. Medium- long term variable component*

The remuneration of Managers with Strategic Responsibilities also includes a variable medium-long term component, which can be represented either by share-based remuneration plans or by monetary components in the form of a long-term bonus.

The medium-long term variable component must in any case be linked to predetermined and measurable performance targets, connected to the medium-long term strategy as reflected in the pluri-annual business plan updated annually.

In the case of share-based remuneration plans, the assigned rights have a vesting period of three years.

It is the Chief Executive Officer's duty to evaluate the assignment of the medium-long term variable component as long-term bonus related to the Group performance targets as well as to submit to the Board of Directors the proposal for the allocation of the medium-long term variable component as equity plans related to the Group performance targets, giving notice to the Remuneration and Nomination Committee.

The Chief Executive Officer is also responsible for verifying the performance of Managers with Strategic Responsibilities in order to verify the achievement of the objectives placed

at the base of the variable medium-long term component, giving notice to the Remuneration and Nomination Committee.

*c. Exceptional bonuses and other remunerations*

The Chief Executive Officer, with the favourable opinion of the Remuneration and Nomination Committee, may grant an extraordinary bonus to such managers in connection with specific operations of strategic importance and/or impact on the Group's results or relevant management requirements of the Group.

*d. Weight of components remuneration*

The fixed and short-term variable components respective weight is showed below:

- the fixed component should weigh between 60% and 70% of the sum of the yearly fixed and short-term variable compensation;
- the STAR incentive should be equal to a pre-determined percentage of the gross annual fixed remuneration, whose weight should be not higher than 70% of said remuneration, corresponding approximately to a range between 30% and 40% with respect to the sum of the yearly fixed and short-term variable compensation.

The annualized medium-long term variable component (equity plans) is valued annually (fair value) on the basis of Company performance and the performance of the Safilo shares on the market.

### **5.3 Remuneration of Non-Executive Directors**

The remuneration of Non-Executive Directors consists exclusively of a gross annual fixed component, established by the Shareholders' Meeting at the time of their appointment, without any additional variable components.

If this meets the interest of the Company, an insignificant portion of the remuneration of Non-Executive Directors shall be linked to the economic results achieved by the Group, but only with a reasoned resolution by the Board of Directors upon proposal of the Committee.

Non-executive Directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the Shareholders' Meeting, which shall also give the relevant reasons.

## **6. Remuneration of the Board of Statutory Auditors**

The remuneration of the members of the Board of Statutory Auditors consists exclusively of a gross annual fixed component, established by the Shareholders' Meeting at the time of their appointment, without any additional components.

## **7. Non-monetary benefit policy**

In line with the market, the remuneration package of the Executive Directors and of the Managers with strategic responsibilities shall include some benefits, which are an integral part thereof. These consist primarily of assignment of company cars for mixed use and housing.

## **8. Criteria used for the evaluation of the performance targets in order to allocate shares, options, other financial instruments or other variable components of remuneration**

With reference to the performance targets in order to allocate the variable components of the remuneration of the Chief Executive Officer and of the Managers with strategic responsibilities, please refer to details contained in previous Paragraph 5.

## **9. Consistency of the remuneration policy with the pursuit of the Company's long-term interests**

The objective of the Policy is to align Management's and shareholders' interests, by pursuing the primary aim of creating sustainable value in the medium-long term, through the implementation of a strong relationship between remuneration, on one side, individual and Group's performance, on the other side. In particular, the mechanisms through which economic remunerations are determined create a generally balanced remuneration system, through a proper balance between fixed and variable components, by avoiding imbalances that may lead to behaviours not in line with the Company's result sustainability requirements and risk management.

## **10. Accrual of rights, deferred payment systems, with indication of deferment periods and criteria used for determining such periods and ex post adjustment measures, if any**

Please refer to details contained in previous Paragraph 5.

## **11. Information on the provision for clauses regarding the holding of portfolio securities after their acquisition, with indication of the holding periods and the criteria used for determining such periods**

The stock option plans do not provide for any clause regarding the holding of the shares in the portfolio after their acquisition considering that the plans cover a long timeline (as they provide for a vesting period of three years and a further five-year period for the possible exercise of the options).

## **12. Policy about the treatment provided for in the event of termination of office or termination of employment**

For non-executive Directors, no indemnity is provided for termination of office for any reason.

For Executive Directors and Managers with strategic responsibilities, in case of interruption of an existing relationship with the Company for reasons other than just cause, the Group's approach is to try to reach an agreement to terminate the relationship by mutual consent. Without prejudice, in any case, to the obligations existing under the law and/or arising from the National collective agreements for managers, the agreements for the termination of employment are guided by the applicable benchmark criteria on this subject and comply with the rules and procedures in force in the country in which the agreement is entered into.

In some cases, as an integration to the provisions of law and/or of the national collective employment agreement for managers, the Company may enter into agreements with Executive Directors or Managers with Strategic Responsibilities, in consideration of the particular professionalism expressed and the purpose of retention related to the role covered, regulating ex ante the economic treatment provided for in the event of early termination of the relationship at the initiative of the Company or the interested party.

Both in the case of the stipulation of these ex ante and ex post agreements, the same are approved by the Board of Directors, upon opinion of the Committee in the case of the Executive Directors, and on the proposal of the Chief Executive Officer and upon opinion of the Committee, in case of Managers with Strategic Responsibilities.

The severance indemnity must however be limited to a maximum of 18 months of annual fixed and variable remuneration.

The Company may also stipulate non-compete agreements with its Executive Directors and Managers with Strategic Responsibilities, which provide for the payment of an amount fixed or related to the gross annual remuneration, in relation to the duration and extent of the undertaking. The restriction refers to the business sector in which the Group operates, with a territorial extension and variable size depending on the role held.

### **13. Insurance, social security or pension covers other than mandatory ones**

In line with the market, and with reference to the Executive Directors and the Managers with Strategic Responsibilities, the Group provides for social security, life insurance and health schemes for accidents and sickness, so-called D&O (*Directors & Officers*) Liability, with respect to third-party civil liability.

The remuneration package of Non-Executive Directors includes an insurance policy, so-called D&O (*Directors & Officers*) Liability, with respect to third-party civil liability.

#### **14. Remuneration policy adopted in respect of a) independent directors, b) participation in committees, c) certain positions (chairman, vice-chairman)**

As far as Non-Executive Directors are concerned, if they do not hold any specific position (e.g. Chairman of the Board of Directors, member of an internal Committees and/or the supervisory committee according to Legislative Decree 231/2001), their remuneration consists exclusively of a gross annual fixed component, not depending on the issuer's economic results, established by the Shareholders' Meeting plus refund of any expense borne in the performance of their duties.

The Board of Directors may pay to the Board of Directors' Chairman, to the Vice-Chairman and to the directors who take part in internal committees an additional compensation (besides the compensation they receive as Non-Executive Directors); such compensation is fixed by the Board of Directors depending on the particular mandate held and the activity specifically carried out and upon favourable opinion of the Remuneration and Nomination Committee.

#### **15. Definition of the remuneration policy**

The adequacy and competitiveness of the remuneration policy is ensured throughout a periodical benchmark analysis of comparable companies (including listed companies with similar business and / or size as turnover / employees' number).

## SECTION II

### Part I

#### **1) Representation of each of the items comprising remuneration**

Part I herein provides a suitable representation of each of the items comprising the remuneration of members of the Board of Directors, Statutory Auditors and Managers with Strategic Responsibilities.

The tables of Part II provide an analytical presentation of the compensation paid during the reference year; the information is nominative for members of the Board of Directors and Statutory Auditors, aggregated data is instead provided for Managers with Strategic Responsibilities.

#### ***(a) Fixed compensation***

It represents the annual fixed compensation of the remuneration. It includes the emoluments of competence resolved by the Shareholders' Meeting, compensation received as Chairman of the Board of Directors, compensation received as Financial Reporting Manager and fixed salary from employment gross of tax and social security expenses to be paid by the employee.

#### ***(b) Compensation for participation in committees***

It specifies the emoluments received as Chairman or members on one of the Committees of the Board of Directors and the emoluments deriving from participation in the Supervisory Committee.

#### ***(c) Bonuses and other incentives***

It includes the short-term part of the variable components, even if not yet paid during the year for objectives achieved during the year according to STAR.

#### ***(d) Profit sharing***

Not applicable.

#### ***(e) Non-monetary benefits***

It includes the value of fringe benefits.

#### ***(f) Indemnity for end of position or cessation of employment relationship***

On 16 February 2018 the Company signed an agreement with the current Chief Executive Officer Angelo Trocchia, aimed, inter alia, to settle ex ante the economic aspects relating to any early termination of the mandate (a) at the Company's initiative without just cause, or



(b) at the initiative of the same Chief Executive Officer in the event of (x) a change of control in the Company, of (y) non-compliance by the Company with the obligation to pay a significant portion of the remuneration or bonus due to him as Chief Executive Officer or Manager or of (z) the Company's withdrawal from the employment contract without cause.

In particular, the agreement provides for the payment of the following "exit package", payable upon the occurrence of certain additional conditions, in the event that the Company revokes the mandate as Chief Executive Officer or does not renew it until the approval of the Company's financial statements at 31 December 2023:

- i. a six-month notice period or, upon the Company's choice, an amount in lieu corresponding to the aggregate of (x) 6-month fees as Director and Chief Executive Officer, (y) 6-month salary as Manager and (z) 50% of the maximum bonus provided in the agreement, if the termination or non-renewal occurs at any time before 31 December 2019, or the actual bonus earned in the year before the termination year if the termination or non-renewal occurs after 31 December 2019; and
- ii. an amount corresponding to the aggregate of:
  - (x) 18-month fees as Director and Chief Executive Officer, (y) 18-month salary as Manager and (z) 150% of the maximum bonus provided in the agreement, if the termination or non-renewal occurs at any time before April 24, 2020 (the second anniversary of the appointment); or
  - (x) 12-month fees as Director and Chief Executive Officer, (y) 12-month salary as Manager and (z) 100% of the actual bonus earned in the year before the termination year, if the termination or non-renewal occurs at any time after the second anniversary of the appointment onwards.

The above "exit package" shall be due also in the event of early termination of the mandate at the initiative of the same Chief Executive Officer in those cases identified above.

Furthermore, if the Company does not renew its mandate as Chief Executive Office after approval of the Company's financial statements as of December 31, 2023, the agreement provides for the payment of the following "exit package", which accrues upon the occurrence of certain additional conditions:

- i. an amount corresponding to the aggregate of (x) 6-month fees as Director and Chief Executive Officer and (y) 6/12 of the actual bonus earned in the previous year; and
- ii. an amount corresponding to 18-month salary as Manager, to be deemed fully satisfactory of 8-month notice and 10-month salary indemnity, hence absorbing and replacing the notice indemnity (*Indennità Sostitutiva del Preavviso*) and the

supplementary indemnity (*Indennità Supplementare*) pursuant to the applicable national collective agreement.

Finally, the agreement provides for the non-competition undertaking of the Chief Executive Officer for a period of one year after the termination of the office and / or employment relationship, with reference to activities in competition in the same business sector of the Company and in the territories of Italy, France, United States and Switzerland, to be remunerated during the term of the employment relationship.

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At the end of the financial year closed at December 31, 2019, there is no other agreement providing, in favour of the Chief Executive Officer and of the Managers with Strategic Responsibilities, for the granting or maintenance of non-monetary benefits after cessation of office or termination of employment or which provides for the entering into advisory agreements for a period of time following the termination.

**(g) Other compensation**

It includes extraordinary bonuses and *una tantum* payments to neutralize fiscal effects on benefits.

**(h) Fair value of equity compensation**

It indicates the fair value on the assignment date of compensation that is competent of the year, against the 2014-2016 Stock Option Plan and the 2017-2020 Stock Option Plan, estimated according to international accounting standards.

For any information on the, the 2014-2016 Stock Option Plan and the 2017-2020 Stock Option Plan, including with regard to the consequences of termination, reference should be made to the informative documents drawn up pursuant to Article 84-*bis* of the Issuers' Regulation, available on the web site in the *Investors Relations - Corporate Governance* section.

With specific reference to the above mentioned Plans, it has to be noted that, following the capital increase for a maximum amount of Euro 150 million, pursuant to Article 2441, paragraph 1 of the Italian Civil Code, approved by the Extraordinary Shareholders Meeting on October 29, 2018, the number of options and the exercise price of the options under the Plans have been adjusted through the application of an adjustment ratio, as resolved upon by the same Extraordinary Shareholders' Meeting.

With particular reference to the 2017-2020 Stock Option Plan, the mentioned adjustments have resulted in an increase of the numbers of options to be granted under the Plan, from maximum no. 2,500,000 to maximum no. 2,891,425.



## **Part II**

This Part II analytically illustrates the compensation paid in the reference financial year, for any title and in any form, by the Company and by subsidiaries and affiliates.

**TABLE 1: Remunerations paid to the members of the administrative and supervisory bodies and managers with strategic responsibilities**

**TABLE 2: Stock options allocated to the members of the administrative bodies and managers with strategic responsibilities**

**TABLE 3B: monetary incentive plans in favour of the members of the administrative bodies and managers with strategic responsibilities**

**Table containing the information on the participation of the members of the administrative and supervisory bodies**

**Table containing the information on the participation of the managers with strategic responsibilities**

**TABLE 1: Compensation paid to members of the management and control bodies and directors with strategic responsibilities**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
<b>EUGENIO RAZELLI</b>	<b>Chairman</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				180,000						180,000	6,583	
(II) Compensation paid by subsidiaries and associates												
(III) Total				180,000						180,000	6,583	
<b>ANGELO TROCCHIA</b>	<b>Chief Executive Officer</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				670,000		750,000		18,009	384,905	1,822,914	17,779	
(II) Compensation paid by subsidiaries and associates												
(III) Total				670,000		750,000		18,009	384,905	1,822,914	17,779	
<b>ROBERT BRAM POLET</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	2,984					52,984		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	2,984					52,984		

<sup>1</sup> As member of the Remuneration and Nomination Committee, till March 13, 2019.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
<b>JEFFREY ALAN COLE</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	17,000					67,000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	<sup>2</sup> 17,000					67,000		
<b>MELCHERT FRANS GROOT</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	15,000					65,000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	<sup>3</sup> 15,000					65,000		
<b>CINZIA MORELLI-VERHOOG</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	15,000					65,000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	<sup>4</sup> 15,000					65,000		

<sup>2</sup> As Chairman of the Remuneration and Nomination Committee, till April 30, 2019, and later as member of the same Committee

<sup>3</sup> As member of the Control Risk and Sustainability Committee

<sup>4</sup> As member of the Remuneration and Nomination Committee

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
<b>CATHERINE GERARDIN-VAUTRIN</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	31,016					81,016		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	531,016					81,016		
<b>INES MAZZILLI</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	52,000					102,000		
(II) Compensation paid by subsidiaries and associates					20,000					20,000		
(III) Total				50,000	672,000					122,000		
<b>GUIDO GUZZETTI</b>	<b>Director</b>	Year 2019	Approval of the financial statements 2020									
(I) Compensation paid by the company that prepares the financial statements				50,000	30,000					80,000		
(II) Compensation paid by subsidiaries and associates												
(III) Total				50,000	730,000					80,000		

<sup>5</sup> As member of the Transactions with Related Parties Committee and, starting from March 13, 2019, as member of the Remuneration and Nomination Committee as well as, starting from April 30, 2019, as Chairman of the Remuneration and Nomination Committee

<sup>6</sup> As Chairman of the Control Risk and Sustainability Committee, the Transactions with Related Parties Committee and member of the Supervisory Committee of Safilo Group S.p.A., Safilo S.p.A. e Safilo Industrial S.r.l.

<sup>7</sup> As member of the Control Risk and Sustainability Committee and the Transactions with Related Parties Committee

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period for which position has been held	Position end-date	Fixed compensation €	Compensation for participation in committees €	Non-equity variable compensation		Non-monetary benefits €	Other compensation €	Total €	Fair value of equity compensation	Indemnity for end of position or cessation of employment relationship
						Bonuses and other incentives €	Profit-sharing					
<b>1</b>	<b>Managers with strategic responsibilities</b>	Year 2019										
(I) Compensation paid by the company that prepares the financial statements				448,000		201,471		13,538	212,593	875,602	12,507	
(II) Compensation paid by subsidiaries and associates												
(III) Total				448,000		201,471		13,538	212,593	875,602	12,507	
<b>CARMEN PEZZUTO</b>	<b>Chairman of Statutory auditors</b>	Year 2019	Approval of the financial statements 2019									
(I) Compensation paid by the company that prepares the financial statements				57,000						57,000		
(II) Compensation paid by subsidiaries and associates				40,000						40,000		
(III) Total				97,000						97,000		
<b>FRANCO CORGNATI</b>	<b>Standing statutory auditor</b>	Year 2019	Approval of the financial statements 2019									
(I) Compensation paid by the company that prepares the financial statements				38,000	10,000					48,000		
(II) Compensation paid by subsidiaries and associates				50,000	20,000					70,000		
(III) Total				88,000	30,000					118,000		
<b>BETTINA SOLIMANDO</b>	<b>Standing statutory auditor</b>	Year 2019	Approval of the financial statements 2019									
(I) Compensation paid by the company that prepares the financial statements				38,000						38,000		
(II) Compensation paid by subsidiaries and associates				50,000						50,000		
(III) Total				88,000						88,000		

<sup>8</sup> As Chairman of the Supervisory Committee of Safilo Group S.p.A., Safilo S.p.A. e Safilo Industrial S.r.l.



**TABLE 2: Stock options allocated to members of the management body and directors with strategic responsibilities**

A	B	(1)	Options held at the start of the financial year (FY)			Options allocated during the FY						Options exercised during the FY			Options that expired during the FY	Options held at end of the FY	Options for the FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Position	Plan	No. of Options	Exercise price	Exercise period (from - to)	No. of Options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares at option allocation	No. of Options	Exercise price	Market price of underlying shares at exercise date	No. of Options	No. of Options	Fair value
Angelo Trocchia	Chief Executive Officer																
(I) Compensation paid by the company that prepares the financial statements																	
		Plan 2017-2020 (SM 26/04/2017) <sup>9</sup>	95,000 <sup>10</sup>	0,89 <sup>11</sup>	From 31/12/2020 <sup>12</sup> to 31/05/2026	200,000	0,75	From 31/12/2021 <sup>13</sup> to 31/05/2027	40,000	RNC 30.04.2019 BoD 30.04.2019	0.8955					295,000	17,779
(II) Compensation paid by subsidiaries and associates																	

<sup>9</sup> The Plan does not include: (i) the first tranche as, following the resolution of the Shareholders' meeting of April 24, 2018, each beneficiary of the first tranche was allowed to return the options granted under the first tranche, in exchange being assigned, under the second tranche, the same number of options already assigned under the first tranche; and (ii) the fourth tranche, as the Shareholders' meeting of April 30, 2019 has resolved upon the early termination of the Plan, with reference to this last tranche.

<sup>10</sup> The number of options assigned to the Beneficiaries of the first tranche, currently beneficiaries of the second tranche (please refer to footnote no. 3), has been adjusted by the Board of Directors to take into account the effects of the share capital increase up to a maximum of Euro 150 million, resolved upon by the Extraordinary Shareholders' meeting of October 29, 2018, pursuant to Article 2441, paragraph 1 of the Italian Civil Code.

<sup>11</sup> The exercise price, originally set at Euro 3.09 per share, has been subsequently adjusted to Euro 0.89, following the resolution of the Shareholders' meeting of April 30, 2019, with which the minimum exercise price of the options of the Plan has been eliminated, both with reference to the Options already assigned under the Second tranche of the Plan and to the Options still to be assigned within the Third tranche of the Plan.

<sup>12</sup> It means 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

<sup>13</sup> It means 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

A	B	(1)	Options held at the start of the financial year (FY)			Options allocated during the FY						Options exercised during the FY			Options that expired during the FY	Options held at end of the FY	Options for the FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Position	Plan	No. of Options	Exercise price	Exercise period (from - to)	No. of Options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares at option allocation	No. of Options	Exercise price	Market price of underlying shares at exercise date	No. of Options	No. of Options	Fair value
(III) Total			95,000			200,000										295,000	17,779
Eugenio Razelli	Chairman																
(I) Compensation paid by the company that prepares the financial statements			80,822 <sup>15</sup>	0.89 <sup>16</sup>	From 31/12/2020 <sup>17</sup> to 31/05/2026											80,822	6,583
(II) Compensation paid by subsidiaries and associates																	
(III) Total			80,822													80,822	6,583

<sup>14</sup> The Plan does not include: (i) the first tranche as, following the resolution of the Shareholders' meeting of April 24, 2018, each beneficiary of the first tranche was allowed to return the options granted under the first tranche, in exchange being assigned, under the second tranche, the same number of options already assigned under the first tranche; and (ii) the fourth tranche, as the Shareholders' meeting of April 30, 2019 has resolved upon the early termination of the Plan, with reference to this last tranche.

<sup>15</sup> The number of options assigned to the Beneficiaries of the first tranche, currently beneficiaries of the second tranche (please refer to footnote no. 3), has been adjusted by the Board of Directors to take into account the effects of the share capital increase up to a maximum of Euro 150 million, resolved upon by the Extraordinary Shareholders' meeting of October 29, 2018, pursuant to Article 2441, paragraph 1 of the Italian Civil Code.

<sup>16</sup> The exercise price, originally set at Euro 3.09 per share, has been subsequently adjusted to Euro 0.89, following the resolution of the Shareholders' meeting of April 30, 2019, with which the minimum exercise price of the options of the Plan has been eliminated, both with reference to the Options already assigned under the Second tranche of the Plan and to the Options still to be assigned within the Third tranche of the Plan.

<sup>17</sup> It means 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

A	B	(1)	Options held at the start of the financial year (FY)			Options allocated during the FY						Options exercised during the FY			Options that expired during the FY	Options held at end of the FY	Options for the FY
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)
Name and surname	Position	Plan	No. of Options	Exercise price	Exercise period (from - to)	No. of Options	Exercise price	Exercise period (from - to)	Fair value at allocation date	Allocation date	Market price of underlying shares at option allocation	No. of Options	Exercise price	Market price of underlying shares at exercise date	No. of Options	No. of Options	Fair value
1	Manager with strategic responsibilities																
(I) Compensation paid by the company that prepares the financial statements	Plan 2017-2020 (SM 26/04/2017) <sup>18</sup>	119,658 <sup>19</sup>	0.89 <sup>20</sup>	From 31/12/2020 <sup>21</sup> to 31/05/2026	55,000	0.75	From 31/12/2021 <sup>22</sup> to 31/05/2027	11,000	RNC 30.04.2019 BoD 30.04.2019	0.8955						174,658	12,507
(II) Compensation paid by subsidiaries and associates																	
(III) Total		119,658			55,000											174,658	12,507

<sup>18</sup> The Plan does not include: (i) the first tranche as, following the resolution of the Shareholders' meeting of April 24, 2018, each beneficiary of the first tranche was allowed to return the options granted under the first tranche, in exchange being assigned, under the second tranche, the same number of options already assigned under the first tranche; and (ii) the fourth tranche, as the Shareholders' meeting of April 30, 2019 has resolved upon the early termination of the Plan, with reference to this last tranche.

<sup>19</sup> The number of options assigned to the Beneficiaries of the first tranche, currently beneficiaries of the second tranche (please refer to footnote no. 3), has been adjusted by the Board of Directors to take into account the effects of the share capital increase up to a maximum of Euro 150 million, resolved upon by the Extraordinary Shareholders' meeting of October 29, 2018, pursuant to Article 2441, paragraph 1 of the Italian Civil Code.

<sup>20</sup> The exercise price, originally set at Euro 3.09 per share, has been subsequently adjusted to Euro 0.89, following the resolution of the Shareholders' meeting of April 30, 2019, with which the minimum exercise price of the options of the Plan has been eliminated, both with reference to the Options already assigned under the Second tranche of the Plan and to the Options still to be assigned within the Third tranche of the Plan.

<sup>21</sup> It means 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.

<sup>22</sup> It means 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.

**TABLE 3B: Monetary incentive plans for members of the management body and directors with strategic responsibilities**

A	B	(1)	(2)			(3)			(4)
Name and surname	Position	Plan	Bonus for year			Bonus for previous years			Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Deferred again	
<b>Angelo Trocchia</b>	<b>Chief Executive Officer</b>								
(I) Compensation paid by the company that prepares the financial statements			750,000		01/01/2019 - 31/12/2019				
(II) Compensation paid by subsidiaries and associates									
(III) Total			750,000						
	<b>Manager with strategic responsibilities</b>								
(I) Compensation paid by the company that prepares the financial statements			201,471		01/01/2019 - 31/12/2019				
(II) Compensation paid by subsidiaries and associates									
(III) Total			201,471						

**Schedule n. 7-ter - Table 1: Equity investments of members of the management and control bodies**

Name and surname	Position	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	no. of shares owned at end of FY in progress
<b>Directors</b>						
Eugenio Razelli	Chairman	SAFILO GROUP S.p.A.	-	-	-	-
Angelo Trocchia	CEO	SAFILO GROUP S.p.A.	242,000	-	-	242,000
Jeffrey A. Cole	Director	SAFILO GROUP S.p.A.	14,300	-	3,250	11,050
Catherine Gérardin-Vautrin	Director	SAFILO GROUP S.p.A.	-	-	-	-
Melchert Frans Groot	Director	SAFILO GROUP S.p.A.	-	-	-	-
Guido Guzzetti	Director	SAFILO GROUP S.p.A.	-	-	-	-
Ines Mazzilli	Director	SAFILO GROUP S.p.A.	-	-	-	-
Cinzia Morelli-Verhoog	Director	SAFILO GROUP S.p.A.	-	-	-	-
Robert Polet	Director	SAFILO GROUP S.p.A.	-	-	-	-
<b>Board of statutory auditors</b>						
Carmen Pezzuto	Chairman	SAFILO GROUP S.p.A.	-	-	-	-
Franco Corgnati	Standing statutory auditor	SAFILO GROUP S.p.A.	-	-	-	-
Bettina Solimando	Standing statutory auditor	SAFILO GROUP S.p.A.	-	-	-	-

**Schedule n. 7-ter - TABLE 2: Equity investments of directors with strategic responsibilities**

No. of directors with strategic responsibilities	Investee Company	No. of shares owned at end of previous FY	No. of shares purchased	No. of shares sold	No. of shares owned at end of FY in progress
1	SAFILO GROUP S.p.A.	44,000	-	-	44,000