

*Report of the Directors pursuant to Article 125-ter of the Legislative Decree no. 58 of February 24, 1998, ("T.U.F."), and Article 84-ter of Consob Regulation adopted by means of resolution no. 11971 of May 14, 1999 (as subsequently amended)*

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**REPORT OF THE DIRECTORS  
FOR THE SHAREHOLDERS' MEETING OF  
SAFILO GROUP S.p.A.  
CALLED ON APRIL 15<sup>th</sup>, 2014, IN SINGLE CALL**

**(Report drafted pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the  
Consob Regulation)**

**SHAREHOLDERS' MEETING APRIL 15<sup>th</sup>, 2014**

## REPORT

Dear Shareholders,

We make available to you, at the registered office and the secondary office of the Company, as well as on the Company's web site [www.safilo.com](http://www.safilo.com), pursuant to Article 125-ter of the T.U.F. and Article 84-ter of the Consob Regulation, a report relating to the proposals concerning the following items on the agenda of the ordinary and extraordinary Shareholders' Meeting, which you have been called to take part to, at the secondary office of the Company, in Padua, at Zona Industriale, Settima Strada no. 15, on April 15<sup>th</sup>, 2014, at 10:00am, 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 Consob 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 Consob Regulation];
3. **Omissis** [Please refer to the separate report drafted by the Board of Directors pursuant to article 114-bis of the T.U.F. and pursuant to article 84-bis of the Consob Regulation – in compliance with Scheme no. 7 of Annex 3A of the Consob Regulation];
4. **Appointment of the independent auditors for the years 2014-2022; inherent and consequent resolutions;**
5. **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 Consob Regulation];
6. **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 Consob Regulation];

#### 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 Consob Regulation – in compliance with Scheme no. 2 of the Annex 3A of the Consob Regulation].

This Report shall be read together with the separate reports concerning the proposals relating to the items on the agenda of the Shareholders' Meeting, drafted pursuant to the articles of the T.U.F. and of the Consob Regulation applicable from time to time.

**Forth item on the agenda – ordinary session**

**Appointment of the independent auditors for the years 2014-2022; inherent and consequent resolutions**

Dear Shareholders,

the approval of the financial statements as at 31 December 2013 marks the expiry of the extension of the statutory audit assignment granted to PricewaterhouseCooper S.p.A. for the years 2007-2013.

We therefore submit for your approval the proposal related to the appointment of the independent auditors for the period 2014-2022 and for the determination of the related fee, pursuant to Legislative Decree 39/2010 ("Implementation of Directive 2006/43/EC on statutory audits of yearly accounts and consolidated accounts which amends Directive 78/660/CEE and Directive 83/349/CEE, and which also abrogates Directive 84/253/CEE").

In this regard it should be noted that article 13 of Legislative Decree 39/2010 stipulates that the Ordinary Shareholders' Meeting, based on a reasoned proposal from the Board of Statutory Auditors, shall appoint the independent auditors and determine the fee payable to the independent audit firm for the entire duration of the assignment, and any adjustment criteria of this fee during the performance of the assignment itself.

Article 17 of the aforementioned Legislative Decree 39/2010 also provides that, for Italian companies which are issuers of securities admitted to trading on Italian and European Union regulated markets, the independent auditors assignment granted to an audit firm shall have a duration of nine years, and excludes the possibility of renewal unless at least three years have elapsed from the date of termination of the previous assignment.

The Board of Directors therefore submits, for examination and approval by the Shareholders' Meeting, the reasoned proposal formulated by the Board of Statutory Auditors, pursuant to Article 13 of Legislative Decree 39/2010, regarding the granting to Deloitte & Touche S.p.A. of the independent auditors assignment for the 2014-2022 periods of Safilo Group S.p.A., hereinafter attached.

Padova, March 5<sup>th</sup>, 2014

for the Board of Directors  
Robert Polet  
Chairman

English translation

SAFILO GROUP S.P.A.

Registered Office: Pieve di Cadore (Belluno) – Piazza Tiziano n. 8

Fiscal Code and Belluno Companies Register registration no. 03032950242

Belluno Chamber of Commerce (R.E.A) registration no. 90811

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**JUSTIFIED PROPOSAL BY THE BOARD OF STATUTORY AUDITORS  
FOR THE APPOINTMENT OF THE COMPANY IN CHARGE OF THE  
AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE  
CONSOLIDATED ACCOUNTS FOR FYs 2014 - 2022.**

Dear Shareholders,

the appointment of PricewaterhouseCoopers S.p.A. as the company in charge of the audit of the accounts of Safilo Group S.p.A. (hereinafter also referred to as the “Company”), will expire on the date of the approval of the financial statements at 31 December and may not be further extended since the nine-year period provided by article 17 of legislative decree no. 39 of 27 January 2010 has been completed.

Pursuant to article 13 of decree 39/2010 the General Meeting has to appoint an audit company registered in the special register prescribed by article 161 of legislative decree no. 58 of 24 February 1998 as the entity in charge of the audit of the annual financial statements and the consolidated accounts, setting the relevant fees, after hearing the Board of Statutory Auditors.

To this end the Board of Statutory Auditors, with the support *inter alia* of the responsible corporate functions, has taken the necessary steps preparatory to the delivery of its justified proposal to be submitted to the General Meeting called to approve the financial statements at 31 December 2013.

In particular, the Board of Statutory Auditors:

- has acknowledged the provisions of articles 10 and 17 of decree no. 39/2010, stating the principles of independence and objectivity of the audit company; article 10 in particular stipulates that payment of the appointment fee is subject to no conditions and shall be determined in such a way as to ensure the quality and reliability of the work;

- has agreed with the responsible corporate functions a rating model, for the evaluation of fee proposals, based on technical and economic parameters;
- has requested the major audit companies (KPMG S.p.A., Deloitte & Touche S.p.A., Reconta Ernst & Young S.p.A.), identified on the basis of the characteristics of the work required hereunder, to submit their fee proposals;
- has received from those audit companies a statement as to their willingness to accept the audit appointment, specifying the subject matter of the work, the estimated time required and the relevant fees together with the criteria for their adjustment;
- has reviewed the fee proposals received, which have been examined in more detail during several meetings with each of the three audit companies, with particular emphasis on:
  - i) the size and organisation of the company submitting the proposal, focusing on the competence and specific experience acquired in areas of business similar to that of Safilo Group S.p.A.;
  - ii) the quality of relations with their respective international audit network, especially in those countries where the Company has established significant operations;
  - iii) the satisfaction by the designated audit engagement team of the necessary professional requisites for the proper and orderly performance of the work;
  - iv) the evaluation of the proposed audit plan to ensure that it is sufficiently extensive as well as consistent and in line with current legislation;
  - v) the adequate estimate of the time required to carry out the work hereunder;
  - vi) the fairness of the aggregate proposed fee – which is an important albeit not fundamental aspect – with a view to ensuring the quality and reliability of the work as well as the independence of the audit company.

As a result of this process, the fee proposal preferred over the others was the one submitted by Deloitte & Touche S.p.A. (hereinafter also referred to as “Deloitte”),

an audit company registered with the special register set up by Consob (the Italian securities exchange commission), for the reasons set out below:

- Deloitte has acquired significant experience in Italy in Safilo Group S.p.A.'s area of business, is the member of an international network capable of providing an adequate level of service to the Company's foreign subsidiaries, and its organisation as well as technical and professional skills are adequate to the scope and complexity of the appointment;
- It satisfies the independence requirements imposed by the legislation and at present that are no cases of incompatibility;
- The designated engagement team consists of highly experienced and professional personnel, and is assisted by specialists in various related matters;
- The annual proposed fee, which does not materially differ from that of the other fee proposals, appears to be fair and adequate in order to ensure the quality and reliability of the work, and can be detailed as follows:

<b>Company</b>	<b>Number of hours</b>	<b>Fees Euro</b>
<b>Safilo Group Spa</b>		
Audit of separate financial statements	125	9,000
Audit of consolidated accounts	275	19,800
Audit of half-yearly consolidated accounts	110	8,200
Quarterly periodical review	50	3,500
<b>Sub-total Safilo Group Spa</b>	<b>560</b>	<b>40,500</b>
<b>Safilo Spa</b>		
Audit of statutory financial statements	1,130	81,000
Limited audit on the half-yearly reporting package	450	32,500
Quarterly periodical review	50	3,500
<b>Sub-total Safilo Spa</b>	<b>1,630</b>	<b>117,000</b>
<b>Foreign subsidiaries</b>	<b>10,430</b>	<b>850,500</b>
<b>Group grand total</b>	<b>12,620</b>	<b>1,008,000</b>

The above fees will be adjusted to reflect the increase in the ISTAT consumer price index. The adjustment will be made starting from the second year of the appointment (FY 2015).

Any costs incurred in the performance of the work, such as expenses for stays outside the place of work, business trip expenses as incurred and any ancillary costs in relation to technology (databases, software etc.), secretarial and communications services, will be charged up to 5% of the fee for each assignment, plus VAT. The regulatory fee payable to Consob pursuant to article 40 of law no. 724 of 23 December 1994, as amended and supplemented, will be charged separately and will correspond to the amount paid to Consob.

As provided by Consob regulations and as stated in the fee proposal, should circumstances arise that result in the estimated time required to carry out the work being exceeded, such circumstances will be discussed with the Company with a view to issuing an additional written proposal, having regard to the time and resources required, to be authorized in advance by the Company.

Such circumstances may include, without limitation, the change in the Company's structure and size, modification of the mechanisms in place in the internal audit system, amendment of the legislation, accounting and/o audit principles, the implementation of complex operations by the Company, additional audit procedures introduced by Consob in the form of communications or audit principles, requests for meetings, information and documents by regulatory authorities.

Deloitte's designated engagement partner will be Giorgio Moretto, chartered accountant and registered auditor.

In conclusion, the Board of Statutory Auditors, having acknowledged that Deloitte's fee proposal is fair compared to the size and quality of the work to be performed and the professional level of the personnel involved, and is in line with market standards, based on the above hereby suggests that the General Meeting of Safilo Group S.p.A. appoint the audit company Deloitte & Touche S.p.A. for FYs 2014 – 2022, i.e., until the approval of the financial statements at 31 December 2022, in order to carry out the following assignments:

- I. Audit of the annual financial statements of Safilo Group S.p.A.;
- II. Audit of the consolidated accounts of Safilo Group S.p.A.;

- III. Audit of half-yearly consolidated accounts for each of the nine fiscal years;
- IV. Review of the proper keeping of the book of accounts and correct recording of business events in the accounting records,
- for an aggregate annual fee of Euro 1,008,000, not including any increases based on the ISTAT consumer price index, any out-of-pocket expenses, secretarial costs, the regulatory contribution due to Consob and VAT. The fee quotation may be revised on the occurrence of exceptional or currently unexpected circumstances.

Padua, 24 February 2014

**THE BOARD OF STATUTORY AUDITORS**

Paolo Nicolai	President
Franco Corgnati	Regular Auditor
Bettina Solimando	Regular Auditor