



Safilo Group S.p.A.

Registered office in Padova 35129 – Zona Industriale, Settima Strada 15

Share capital of Euro 349,943,372.53 fully paid-in.

Registered with the Company Register of Padova with no. 03032950242

**INFORMATION DOCUMENT
CONCERNING A TRANSACTION WITH RELATED PARTIES OF GREATER IMPORTANCE**

*(Document drafted pursuant to Article 5 of the Regulations for transactions with related parties
approved by Consob with resolution no. 17221 of March 12, 2010)*

April 11, 2019

INTRODUCTION

This information document (“**Information Document**”) has been drafted by Safilo Group S.p.A. (the “**Company**”) pursuant to Article 5 of the Regulations approved by Consob with resolution no. 17221 of March 12, 2010, concerning transactions with related parties (the “**Regulations**”), as well as Article 3.2, letter (f), of the procedure for transactions with related parties approved by the Board of Directors of the Company on November 5, 2010, as subsequently amended, published on the Company’s website (www.safilogroup.com/en/) (the “**Procedure**”).

This Information Document illustrates the renewal agreement of the master agreement for the years 2019-2020 (the “**2019-2020 Amendment**” and/or the “**Transaction**”). The master agreement refers to the commercial agreement signed on 7 September 2015 (the “**2015-2016 Master Agreement**”), by Safilo S.p.A., (“**Safilo**”), controlled by the Company, on one hand, and GrandVision Supply Chain B.V. (“**GVSCBV**” and collectively with Safilo the “**Parties**”), controlled by GrandVision N.V. (“**GVNV**”), in turn controlled by HAL Holding N.V., on the other hand, stating the general terms and conditions for the wholesale sales of sunglasses and optical frames bearing Safilo’s owned and licensed trademarks (the “**Products**”) by Safilo and the subsidiaries of the group controlled by the Company (the “**Safilo Group**”) to GNVN and the subsidiaries of the group controlled by GNVN operating through several optical chains with a worldwide presence (the “**GVNV Group**”).

It is appropriate to recall that:

- on 6 November 2014, the Board of Directors of the Company approved the 2015-2016 Master Agreement (subsequently confirmed by the Board of Directors on 4 August 2015), based on the favourable opinion of the Transactions with Related Parties Committee issued on 30 October 2014 (confirmed by the Transactions with Related Parties Committee, in its new composition, on 3 August 2015);
- On 20 June 2017, the Parties signed the extension of the 2015-2016 Master Agreement until 31 December 2017 and the amendment of certain commercial conditions (the “**2017 Renewal**”). To this end, on 9 May 2017, the Board of Directors of the Company approved the 2017 Renewal, based on the favourable opinion of the Transactions with Related Parties Committee dated 4 May 2017;
- on 8 February 2018, the Parties signed the further extension of the 2015-2016 Master Agreement, as amended by the 2017 Renewal, until 31 December 2018 (the “**2018 Renewal**”). To this end, on 19 October 2017, the Board of Directors of the Company approved

the 2018 Renewal, based on the favourable opinion of the Transactions with Related Parties Committee issued on 25 September 2017, (the 2015-2016 Master Agreement, together with the above subsequent amendments, the “**Master Agreement**”).

It is specified that, even if the current Transaction is a transaction that is included among the ordinary business of the Safilo Group and whose terms and conditions are standard for this type of transactions, taking into consideration its particularly significant size, the Company has not availed itself of the exemption right provided for under Article 4.1.(iii) of the Procedure (and therefore has decided to publish this Information Document), in order to ensure a high level of transparency to the market and to its shareholders.

1. WARNINGS

In light of the terms and conditions of the Master Agreement, as amended by the 2019-2020 Amendment and described in this Information Document, it is deemed that the Transaction is in the interest of the Company, of Safilo and of Safilo Group and it does not entail risks for the fact that the other Party is a related party and/or the potential conflicts of interests resulting from the Transaction, in fact all the measures guaranteeing the substantial and procedural correctness of the Transaction and of its terms and conditions have been adopted.

2. INFORMATION ON THE TRANSACTION

2.1 Description of the characteristics, modalities, terms and conditions of the Transaction.

The Transaction consists in the extension for two additional years of the Master Agreement (and therefore until 31 December 2020) by maintaining the same contract and amending only some commercial conditions.

As above mentioned, the Master Agreement can be qualified as a framework agreement as it regulates the possible and future sales of sunglasses and optical frames by companies of the Safilo Group to companies of the GNVV Group, as well as some connected promotional activities; therefore, the Master Agreement as well as any subsequent amendment, including the 2019-2020 Amendment, falls within the Safilo Group’s ordinary business.

The 2019-2020 Amendment provides for the renewal and extension of the Master Agreement for a period of two years, from 1 January 2019 to 31 December 2020, and amends some specific commercial conditions subject to all the other terms and conditions which remains unchanged; in particular the following remain unchanged:

- the sales and the relative invoicing (with some exceptions) are between each operating entity of the GVVN Group and Safilo or the other companies of the Safilo Group;
- the commercial terms and conditions provided for by the 2019-2020 Amendment (and in particular discounts, marketing contributions, promotions, returns) are applicable to all the sales of the Products between the Safilo Group and the GVVN Group;
- the commercial terms and conditions are standard or in line with the market (see following paragraph 2.4).

With reference to the commercial terms and conditions related to the sales of the Products, it is specified that, in compliance with the policy of the Safilo Group regarding the sales of Products to its commercial partners, the commercial terms and conditions of the 2019-2020 Amendment can be summarized as follows:

- discounts, promotions and/or marketing contributions - i.e. contributions for promotional activities in order to promote the Products and increase their sales and their presence in the market - are applied to the turnover generated by the sales of Products to the optical chains owned by GVVN Group, divided on the bases of specific commercial criteria - i.e. clusters, doors and banners;
- the discounts and/or marketing contributions are applied within the limits of specific percentages as indicated in the 2019-2020 Amendment;
- these percentages are both fixed and variable, between a minimum and a maximum, taking also into consideration the volume of the turnover of the Safilo Group in each retail chain.

2.2 Information on the related party with whom the Transaction is entered into and on the nature and extent of the interests of such party in the Transaction.

As of the date of this Information Document, GVSCBV is a related party of the Company, as it is controlled by HAL Holding N.V. that, through its subsidiary named Multibrands Italy B.V., is the indirect controlling company of the Company.

The Parties have a commercial interest in the Transaction, in fact the 2019-2020 Amendment (along with the Master Agreement) is a significant framework agreement, governing all the commercial relations that will be established between the two groups. The Company has no knowledge of other interests of GVSCBV in the Transaction.

2.3 Information on the economic rationale and convenience of the Transaction for the Safilo Group.

The rationale behind the new commercial conditions' evolution included in the 2019-2020 Amendment is to enable growth in line with the Safilo Group's business plan to invest behind the

expansion of global accounts, with the aim of reinforcing common principles (simplification, investments behind performance and joint value creation) and business drivers (focus on: key priority Brands, top selling stock keeping units (“SKU”), Category Management and *Smile* - the Safilo Group automatic replenishment system).

With the Transaction, the Safilo Group intends to reinforce and increase the turnover and the penetration of its products in the markets where the GNVN Group operates.

2.4 Modalities for determination of the amount of the Transaction and evaluation of its consistency with market values related to similar transactions.

As stated above, the Master Agreement is a framework agreement, that rules the commercial relation between the Safilo Group and the GNVN Group; consequently, the total amount of the Transaction has been defined *ex ante* taking into account the maximum expected amount between the net sales generated by the Transaction (i.e. the total amounts that will be paid by the GNVN Group on the basis of the annual gross volume of the turnover) and total investment from the Safilo Group (i.e. the total amounts to be borne by the Safilo Group for discounts, selling and marketing investments, returns) (the “**Amount of the Transaction**”).

In order to verify if the commercial terms and conditions of the Transaction could be considered in line with the market or standard on the basis of objective comparable elements, it has been deemed appropriate to perform some analysis from a comparative point of view, based on the commercial relation of the Safilo Group with companies or groups whose business is the retail sale of the Products, as specified here below.

In particular, such analysis concerned:

- the commercial relation with the GNVN Group and the commercial policy adopted by the Safilo Group with reference to other clients that are business model-wise comparable to the GNVN Group and operating on a multinational scale (so called “**Comparable Clients**”), with some limitations connected to the fact that the clients selected could not be totally comparable to the GNVN Group for the number of brands listed, the total size of business and/or to its territoriality;
- the verification of economic conditions agreed with the Comparable Clients and the analysis of profitability achieved by the Safilo Group on the performed sales comparable with the sales to be performed in accordance with the Master Agreement (the “*benchmark*”);
- the performance of profit achieved by the selected transactions and the comparison between the profit achieved by the GNVN Group and that of the *benchmark*;

- the comparability of the terms and conditions of the Master Agreement with the ones offered to Comparable Clients.

Based on the above, the terms and conditions of the 2019-2020 Amendment (and of the Master Agreement) and the Amount of the Transaction resulted adequate and in line with the policy applied by the Company to Comparable Clients unrelated parties, for comparable commercial agreements and with equivalent transactions for peculiarity, risk and entity.

From a commercial point of view

The Safilo Group, based on its commercial policy, applies to the GNVV Group some discounts, promotions and marketing contributions as well as to other clients (including the Comparable Clients). The terms and conditions of payment applicable to the GNVV Group are in line with those applied to Comparable Clients.

From the point of view of the economic conditions – analysis of the commercial marginality

The economic conditions, also taking into consideration the utilized reward systems and the maximum level of returns and the complexity of the logistics requirements, are substantially consistent with the ones applied to other Comparable Clients.

The above is also confirmed by an analysis on the overall margin and by a benchmark analysis on some specific SKUs margin. Commercial marginality of the selected SKUs sold to the GNVV Group was analyzed compared with the SKUs sold and that could be sold to Comparable Clients, that represented the reference and comparison benchmark. The SKUs were selected based on some criteria:

- Best selling SKUs within the GNVV assortment;
- Best selling SKUs within the assortment of the Comparable Clients.

The performance of commercial marginality compared with selected SKUs was made on the basis of price lists applied to the GNVV Group and of the commercial agreements in place with the Comparable Clients.

From this analysis, the commercial marginality appears substantially included between the minimum and the maximum marginality of the Comparable Clients.

With reference to the overall commercial marginality analysis, it is highlighted that the commercial margin in percentage is substantially in line with the margins of the Comparable Clients.

2.5 Illustration of the economic, patrimonial and financial effects of the Transaction.

With reference to the economic effects of the Transaction for the Safilo Group, it is to be highlighted that the Transaction is adequate to guarantee a suitable level of commercial marginality and profitability.

In consideration of the extension of the global retail structure of the GNVV Group, the Transaction appears adequate to allow the Safilo Group to maintain, implement and expand its business, reinforcing the presence of its Products on the market and the level of turnover.

In order to evaluate the size of the Transaction, the equivalent-value relevance ratio (as the ratio between the Amount the Transaction and the greater between the net equity taken from the most recent consolidated balance sheet published by the Company and the Company market capitalization at the close of the last open market day of the relative reference period) was applied resulting greater than 5%; therefore the Transaction qualifies as "*transaction with related parties of greater importance*" in accordance with the Regulations and the Procedure.

2.6 Impact of the Transaction on the remuneration of the members of the administrative body of the Company and/or of its subsidiaries.

The remuneration of the members of the Board of Directors of the Company or members of the administrative body of the subsidiaries of the Company shall not vary as a consequence of the Transaction.

It is underlined that, in line with the Company's Remuneration Policy, the remuneration of the Chief Executive Officer is also composed by an annual variable part that shall be obtained upon achievement of certain performance targets of the Safilo Group, that could be influenced not by the signing of the 2019-2020 Amendment, but indirectly by the volume of the business that could be achieved by signing it, that for the fiscal year 2018 was equal to around 5.4% of the total turnover of the Safilo Group, as well as by the overall results that might be negatively impacted by the discounts applied by the Safilo Group in its commercial relationships.

2.7 Carrying out of and participation to the negotiations. Procedures for the approval of the Transaction.

Introduction

The execution of the 2019-2020 Amendment is a part of the ordinary business of the Safilo Group as it is functional to the activity of sales of Products, one of the main and typical activities generating revenues for the Safilo Group. Moreover, the ordinary nature of the Transaction can be confirmed in consideration of the characteristics of the counterpart, a primary global group operating in the field

of sale of Products, of the recurring commercial relation between the Safilo Group and the GNVV Group (the 2019-2020 Amendment follows previous agreements with GNVV Group) as well as of the contractual terms and conditions of the 2019-2020 Amendment (and of the Master Agreement).

Notwithstanding the above-mentioned characteristic of the Transaction and the fact that the terms and conditions are standard or in line with the market, in consideration of the size of the Transaction connected to the territorial extension of the GNVV Group's business, the Company has chosen to apply the Procedure (and not to avail itself of the exemption right provided for by the Procedure) and it has also chosen to draw up this Information Document pursuant to Article 5 of the Regulations.

Carrying out of and participation to the negotiations

The negotiations with GNVV have been carried out by the management of the Safilo Group and supervised by Angelo Trocchia, Chief Executive Officer of the Company and Sole Director of Safilo who, in compliance with the Regulations and the Procedure, has kept updated the members of the Transactions with Related Parties Committee about the evolution of the negotiations (which have been however quite short in time considering that they related only to some commercial conditions while the remaining contractual framework has remained unchanged), sending in advance appropriate information about the essential terms of the Transaction, as determined during the negotiations, and giving the possibility to ask for information and make comments.

Procedure for the approval of the Transaction

In consideration of the fact that the Transaction is made by the controlled subsidiary Safilo, the Board of Directors of the Company examined and approved the Transaction on 30 January 2019, upon the Transactions with Related Parties Committee's favourable opinion of 18 January 2019 concerning the Safilo Group's interest in entering into the 2019-2020 Amendment, as well as the convenience and substantial fairness of the relevant terms and conditions, pursuant to Article 3.3 of the Procedure (attached to this Informative Document).

The Board of Directors of the Company approved the Transaction unanimously and in the absence of the Directors Melchert Frans Groot e Jeffrey A. Cole (who have left the meeting in relation to this point on the agenda), who have declared that, in light of their role as members of the Supervisory Board of GrandVision N.V. and pursuant to Article 2391 of the Italian Civil Code, they were potentially bearer of an interest in connection with the completion of the Transaction.

The Transaction was finally approved by the Sole Director of Safilo on 30 January 2019.

In execution of the above approval process, the 2019-2020 Amendment was signed on 5 April 2019.

To the members of the Board of Directors of Safilo Group S.p.A.

Dear Sirs,

In compliance with applicable regulation concerning transactions with related parties, including Safilo Group Rules for Transactions with Related Parties (the “**Internal Rules**”), the Transactions with Related Parties Committee (the “**TRP Committee**”) of Safilo Group S.p.A. (the “**Company**”) has been required to express its opinion about the renewal of the Master Agreement between **Safilo S.p.A.**, on the one hand, and GrandVision Supply Chain B.V. (“**GVBV**”), on the other (the “**New Master Agreement**”), before the submission to the final approval of this Board of Directors.

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The TRP Committee has received all the relevant documentation and information necessary to give this opinion.

The TRP Committee has taken note that the ongoing negotiations regard the renewal of the New Master Agreement, expired on December 31, 2018 (the “**2018 Master Agreement**”), for 2 additional years (and therefore until December 31, 2020) by maintaining the same overall contract structure and amending only some commercial conditions.

In particular, the New Master Agreement regulates the new commercial conditions of possible future sales of sunglasses and optical frames by Subsidiaries of the Company (the “**Safilo Group**”) to Subsidiaries of the GrandVision group operating under different banners (the “**GNVV Group**”), for their further resale and promotion, and some related promotional activities, all that is included among the ordinary business of the Safilo Group.

Since the “Equivalent-value relevance ratio” (i.e. the ratio between the counter value of the Transaction and the greater value of either net equity value - most recent figure published - or the market capitalization of the Company at the end of the last trading day included in the period covered by the latest published periodical accounting document), calculated in compliance with the Internal Rules is above the 5% threshold, the Agreement is to be qualified as a Transaction with Related Parties of Greater Importance, and as a consequence subject to a prior opinion of the TRP Committee to the Board of Directors called to resolve pursuant to article 3.3 of the Internal Rules.

Starting from (i) a background on the evolution of the business relationship with GVBV with reference to the original signing of the Master Agreement and the following renewals and (ii) an overview in terms of net sales and profit evolution, the TRP Committee has gone through:

- 1) the analysis of the new commercial conditions compared to the 2018 Master Agreement; and
- 2) the investment and profit analysis of the New Master Agreement based on three business scenarios in relation to the year 2019, which assume different assumptions of business growth, and respectively No growth, Mid Growth and High Growth, in terms of net sales.

The management has provided the TRP Committee with a) update on the negotiation since the latest TRP Committee and b) insight on the rationale behind the new commercial conditions’ evolution enabling growth in line with the Safilo Group’s business plan to invest behind the expansion of global accounts. The rationale aims at reinforcing common principles (simplification, investments behind performance and joint value creation) and business drivers (focus on key priority Brands, top selling stock keeping units (“**SKU**”), Category Management and *Smile*- the Safilo Group automatic replenishment system).

In order to verify if the economic and commercial terms and conditions of the New Master Agreement could be considered in line with the market or standard on the basis of objective comparable elements, the TRP Committee has also gone through some analysis from a comparative point of view, based on the commercial relation with companies or groups whose business is the retail sale of the products, with which agreements similar to the New Master Agreement are in place. To this aim the comparison has considered the commercial conditions with three Global Accounts: Fielmann, Specsavers and Luxottica.

In addition, the benchmark analysis was also performed through different tests on a representative sample of SKUs, in line with the methodology applied on the occasion of the previous renewals of the Master Agreement.

Based on the above-mentioned analysis, the terms and conditions of the New Master Agreement resulted adequate and in line with the policy applied by the Safilo Group to other unrelated parties, with reference to comparable commercial agreements and with equivalent transactions for peculiarity, risk and entity.

With regard to the Safilo Group's interest in entering into the New Master Agreement it has to be noted that this is consistent with objectives and strategy of the Safilo Group's business plan, aiming at a higher growth of global key accounts. With the New Master Agreement, the Safilo Group intends to reinforce and increase the turnover and the penetration of its products in the markets where the GNVV Group operates.

At the end of the evaluation of the documentation and the information received, the TRP Committee has considered, at the date of this report, the interest of the Safilo Group in entering into the New Master Agreement, as well as the convenience and substantial fairness of the relevant terms and conditions. Therefore, the TRP Committee, at the date of this report, gives its favourable opinion.

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Padua, January 18, 2019