

ENGLISH TRANSLATION FOR CONVENIENCE PURPOSES ONLY

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



**REPORT OF THE DIRECTORS
FOR THE SHAREHOLDERS' MEETING OF
SAFILO GROUP S.p.A.
CALLED ON August 7th, 2012**

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

SHAREHOLDERS' MEETING August 7th, 2012

**FIRST ITEM ON THE AGENDA
ORDINARY SESSION**

REPORT

Dear Shareholders,

The Board of Directors of Safilo Group S.p.A. (the "**Company**") held on June 27th, 2012, resolved to submit to the Ordinary and Extraordinary Shareholders' Meeting of the Company, called - as far as the Ordinary and the Extraordinary session is concerned - at the Company's secondary office in Padua, Seventh Avenue, no.15, to be held on August 7th, 2012, at 11:00am, in single call, the items set forth under the following

AGENDA

Ordinary Session

- 1. Appointment of the Board of Directors and its Chairman, following determination of the number of members and of remuneration for the entire duration of the period of office; Related and consequent matter***

Extraordinary Session

- 1. Omissis [Please refer to the separate report drafted by the Board of Directors pursuant to article 125-ter T.U.F. and article 72 of the Consob Regulation - as well as in compliance with Annex 3A, layout no. 3]***

This Report shall be read together with the separate report concerning the proposals relating to the items on the agenda of the Extraordinary Shareholders' Meeting, drafted pursuant to article 125-ter of the T.U.F. and article 72 of the Consob Regulation.

Dear Shareholders,

as already communicated by the Company to the public on June 25th, 2012 Mr. Melchert F. Groot and Mr. Jeffrey A. Cole resigned as members of the Board of Directors of SAFILO GROUP S.p.A. with immediate effect. Such resignations are motivated solely by the need to support the continuation of the path undertaken by the reference shareholder HAL HOLDING NV through the appointment, on March 29th, 2010, of a Board of Directors which includes outstanding members of the international business community with specific experience and professional skills in the production, marketing, sales, luxury goods, fashion and retail areas.

In this context, it is important to recall that HAL HOLDING NV, in relation to the need to identify professional figures whose involvement could favour the best possible composition

and the correct and efficient functioning of the Board, has been constantly focused on the review and selection of additional resources with specific competences and solid experience in the area of human resources and new media, e-commerce and social network, with the aim of proposing their appointment to the Board in order to bring additional value to the already important and strategic contribution provided by the existing members of the board to the management team of the Company.

In relation to the above needs, Ms. Luisa Deplazes de Andrade Delgado, a senior executive with extensive European experience in Human Resources, and consumer goods industry background in general management and social media, has confirmed her availability to become a member of the Board of SAFILO GROUP S.p.A. for an entire mandate.

In order to facilitate the entry process of this new professional into the Company's Board, Mr. Melchert F. Groot and Mr. Jeffrey A. Cole decided to resign from the Board with immediate effect.

This is in order to enable the Shareholders' Meeting, in application of the "*simul stabunt, simul cadent*" clause provided for in article 15 of the existing Articles of Association - pursuant to which, "*if two or more Directors cease from office, due to resignation or any other reason, the entire Board will be deemed as ceased, with effect from the date on which the new Board takes office*" - to appoint a new Board of Directors, within which, should this be the decision of the Shareholders' Meeting, Ms. Delgado may become a member together with, in a logic of continuity, the existing board members, who have contributed, in perfect harmony and with great team spirit, to the turn-around path related to the Company's performance initiated with the current management team.

It has been necessary, therefore, to call the Ordinary Shareholders' Meeting for the appointment of the new Directors; until that date the current Board will carry out, *in prorogatio*.

We now invite you to appoint a new Board of Directors, for the three year period 2012-2013-2014, and in any case until approval of the balance sheet at 31.12.2014, subject to determination of the number of members which, in accordance with article n. 14 of the Company's Article of Associations, cannot be fewer than 6 nor more than 15.

We would like to remind you that the internal committees of the Board of Directors are the Internal Control Committee and the Remuneration Committee.

Without prejudice to what has been already illustrated in the notice of call of the Shareholders' Meeting, we hereby remind you that the appointment of the Board of

Directors is carried out in accordance with the provisions set forth under article 14 of the Article of Association, published on the Company's web site in the section *Investor Relations/Corporate Governance*, to which you are fully referred.

The procedures for the deposit of the lists and the modalities of appointment of the directors are briefly summarized herein below.

The Board of Directors consists of between 6 and 15 members, who need not be shareholders, they shall remain in office for 3 financial years and are eligible for re-election. The size of the Board of Directors shall be determined by the Shareholders' Meeting.

The Board of Directors shall be appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders, so as to allow the minority to appoint one member.

The lists presented by shareholders shall contain a maximum of 15 candidates listed with a sequential number. No candidate may appear in more than one list, otherwise they will be not eligible.

The lists, showing the names of the candidates, undersigned by the shareholders submitting same lists, shall be deposited at the registered office of the Company, in compliance with the instructions set forth under the notice of call, at least 25 days prior to the date of the Shareholders' Meeting in single call and shall be completed with:

- (i) the professional *curricula* of the candidates,
- (ii) statements by each individual candidate accepting their candidacy and confirming, under their own responsibility, that they are in possession of the requirements envisaged by prevailing statutory and regulatory provisions for members of the Board of Directors and the absence of any reasons for incompatibility and/or ineligibility contained in law;
- (iii) information relating to the identity of the shareholders that have submitted the lists, specifying the overall percentage of the share capital hold by them. The certificate attesting the legal ownership necessary for the submission of the lists of candidates, to be determined by taking into account the number of shares registered in favour of the concerned Shareholder on the same day when the lists are deposited at the Company, may be delivered to the Company also after the deposit of the lists provided that such certificate is delivered at least 21 days prior to the date of the Shareholders' Meeting in single call;
- (iv) a statement of the shareholders, other than those that individually or jointly own a controlling or relatively majority shareholding, confirming the absence of

relationships connecting them to the latter as provided under Section 144-*quinquies* of the Consob Regulation.

Each list shall contain one or more candidates - in compliance with the provisions of current legislation - who satisfy the independence requirements for statutory auditors established in para. 3, article 148 of T.U.F., and nonetheless in prevailing statutory and regulatory provisions, as well as in the latest version of the Corporate Governance Code issued by the Corporate Governance Committee, specifying such candidates clearly.

The lists that are not compliant with the above provisions will be deemed as if they had not been submitted.

The deposited lists will be made available to the public at the registered office of the Company, on the Company's web site and with the other modalities provided by the applicable laws and regulations, at least 21 days prior to the Shareholders' Meeting in single call, convened to resolve upon the appointment of the members of the Board of Directors.

If only one list is presented, or admitted to voting, the Shareholders' Meeting shall vote on this. If this list obtains the required majority vote, the number of directors established by the Shareholders' Meeting shall be elected from it in the sequential order in which the candidates appear therein.

If no list is presented at all, the Shareholders' Meeting shall appoint the Board of Directors, voting with the majorities required by law.

The Chairman of the Board of Directors shall be the first candidate appearing on the Majority List.

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The Shareholders' meeting is invited to:

- determine the number of components of the Board of Directors, bearing in mind for this purpose the possible proposals of the shareholders which shall present the lists;
- vote on the lists of candidates that shall be presented, in accordance with the terms and methods provided for by Article 14 of the Company's Articles of Association and shall make public according to the regulatory provisions currently in force and it is understood that in accordance with article 14, paragraph B), of the Company's Articles of Association, the first listed candidate of the Majority List shall be appointed as Chairman; and

- determine the fees, for the entire period of office, for the members of the Board of Directors.

Padua, June 28th, 2012

for the Board of Directors

Robert Polet
Chairman