



**REPORT OF THE DIRECTORS FOR THE ORDINARY
SHAREHOLDERS' MEETING**

OF

SAFILO GROUP S.p.A.

CALLED ON APRIL 28, 2020, IN SINGLE CALL

ITEM NO. 1 ON THE AGENDA

**(Report drafted pursuant to Article 125-ter of the T.U.F. and Article 84-ter of
the Issuer's Regulation)**

Dear Shareholders,

With this report we would like to illustrate item no. 1 on the agenda of the Ordinary Shareholders' Meeting of the Company, called at the registered office of the Company on April 28, 2020, at 10:00 am, in single call.

1. Appointment of the Board of Statutory Auditors for the 2020-2022 term:

1.1 Appointment of the members of the Board of Statutory Auditors and its Chairman

1.2 Determination of annual remuneration of the Board of Statutory Auditors

The Board of Directors hereby informs you that the Board of Statutory Auditors of your Company ceases from the office due to the expiration of the relevant term; therefore, we invite you to appoint a new Board of Statutory Auditors.

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 Statutory Auditors is carried out through the voting list mechanism, in accordance with the provisions set forth under Article 27 of the Articles of Association, published on the Company's website in the section Investor Relations/Corporate Governance, to which reference should be made.

The procedures for the filing of the lists and the modalities of appointment of the Board of Statutory Auditors are briefly summarized here below.

The Board of Statutory Auditors will consist of three standing Statutory Auditors and two alternate Statutory Auditors that remain in office for three financial years and may be re-appointed.

The Statutory Auditors will be appointed by the Shareholders' Meeting on the basis of lists submitted by the shareholders, so as to: (a) allow the minority to appoint one standing member and one alternate member, and (b) ensure the balance between genders (masculine and feminine) represented within the Board of Statutory Auditors.

The lists must contain a number of candidates not exceeding the number of members to be elected, listed in a progressive order not higher than 3, for the standing statutory auditors, and 2 for the alternate statutory auditors. Furthermore, each list, except for those containing less than three candidates, shall be composed of a number of candidates belonging to the underrepresented gender (masculine or feminine) so that, should such list results as the Statutory Auditors Majority List (as defined in the Articles of Association), from such list a number of statutory auditors belonging to the underrepresented gender is elected as to ensure compliance with the applicable pro tempore legislation and regulations in force regarding balance between genders. **In this regard, it should be**

noted that the legislation in force as of today requires that the less represented gender obtain at least two fifths of the standing members of the board of statutory auditors, with rounding down, in the event of a fractional number, to the lower unit.

No candidate may appear in more than one list, otherwise they will be disqualified.

The lists can be presented by shareholders which, alone or together with others, at the moment of presentation of the list, own a number of shares representing at least **4.5% of the share capital**. The lists, containing the names of the candidates for the office of standing Statutory Auditor and alternate Statutory Auditor, prepared in compliance with the applicable pro tempore legislation and regulations in force regarding balance between genders, shall be signed by the shareholders presenting them and filed at the Company's registered offices at least twenty-five (25) days in advance of the date set for the Shareholders' Meeting (i.e., by April 3, 2020) and be accompanied by:

- (i) information on the identity of the shareholders who have presented the lists, specifying their overall percentage interest in share capital. The certificate attesting the ownership of at least the minimum shareholding required to present a list of candidates, determined having regard to the amount of shares registered in favour of the concerned shareholders on the same day when the lists are deposited with the Company, can be delivered to same Company also after the deposit of the lists, provided that such certificate is delivered at least 21 days before the date of the Shareholders' Meeting (i.e., by April 7, 2020);
- (ii) a statement by the shareholders, other than those who individually or jointly own a controlling or majority interest, confirming the absence of relationships connecting them to the latter, as defined by Article 144-quinquies of the Issuers' Regulation (also taking into account the recommendations of Consob Communication no. DEM/9017893 of February 26, 2009);
- (iii) comprehensive details on the personal characteristics and experience of the candidates;
- (iv) a statement by the candidates confirming that they are in possession of the requirements envisaged by law, that there are no reasons of ineligibility and incompatibility against them holding office and that they meet the requirements of integrity and experience established by law for members of the Board of Statutory Auditors;
- (v) statements by the candidates in which they accept their candidacy and provide details of the number of their appointments as directors or statutory auditors in other companies, with the undertaking to update this list as of the date of the Shareholders' Meeting;
- (vi) any other information required by law and regulations in force.

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

Shareholders who intend to submit a list for the appointment of the Board of Statutory Auditors are also invited to refer to the diversity policy of the Board of Statutory Auditors, adopted by the Company on December 10, 2018 and available on the Company's website www.safilogroup.com/investors-eng.html.

In the event that, on the above-mentioned deadline for the filing of the lists, no list is filed or only one list is filed, or only lists submitted by shareholders that are connected with each other, pursuant to Article 144-quinquies of the Issuers' Regulation, are filed, notice will be given without delay and the deadline for the presentation of the lists will be extended by a further 3 (three) days, therefore the lists can be filed until April 6, 2020 and the ownership of the minimum shareholding required to present a list of candidates will be reduced to half, and therefore to 2.25% of the share capital.

The lists shall be made available to the public at the registered offices of the Company, on the Company's website www.safilogroup.com/investors-eng.html and at the central storage of regulated information www.1info.it. at least twenty-one (21) days prior to the Shareholders' Meeting (i.e. by April 7, 2020).

Every shareholder entitled to vote may vote for only one list, including through a third party or trust company.

Two standing members and one alternate member shall be elected from the Statutory Auditors Majority List (as defined by the Articles of Association) in the sequential order in which they appear on this list.

The third standing member and the second alternate member shall be taken from the Statutory Auditors Minority List (as defined by the Articles of Association). The first and second candidates appearing on this list shall be elected in the sequential order in which they appear therein.

In the event of a tied vote, further ballots shall be taken involving the entire Shareholders' Meeting in order to obtain an unequivocal result.

The Shareholders' Meeting will appoint as Chairman of the Board of Statutory Auditors the standing Statutory Auditor elected from the Statutory Auditors Minority List, if submitted.

On the contrary, in the event that only one list is submitted, or admitted to the vote, all candidates of such list will be appointed as standing Statutory Auditors, in compliance with the regulations regarding gender balance (masculine and feminine), and alternate Statutory Auditors in accordance with the number with which the candidates are ordered in the same list and in the relative sections.

In case no list is submitted or in the event it is not possible to appoint one or more Statutory Auditors in accordance with the voting list mechanism, the Shareholders' Meeting will resolve with the majorities provided by the law and ensuring, in any case, the presence of the required number of members belonging to the underrepresented gender (masculine or feminine) between the standing members of the Board of Statutory Auditors, such as to comply with the applicable pro tempore legislation and regulations in force regarding balance between genders.

With regard to the determination of the compensation due to the Board of Statutory Auditors, the Board of Directors reminds you that, pursuant to Article 2402 of the Italian Civil Code, the same must be determined by the Shareholders' Meeting at the time of the appointment for the entire duration of the office. In this regard, it is recalled that the Shareholders' Meeting of 26 April 2017 determined the aforementioned annual remuneration in the amount of Euro 57,000.00 for the Chairman and Euro 38,000.00 for each other Standing Auditor.

The above provided, the Board of Directors invites you to determine the annual remuneration of the new Board of Statutory Auditors for the entire duration of the mandate pursuant to Article 2402 of the Italian Civil Code, based on proposals formulated by the shareholders intending to deposit the lists or based on proposals that might be formulated by the shareholders during the shareholders meeting.

Given the above, the Board of Directors, pursuant to and in compliance with the provisions of the Articles of Association and of the applicable law and regulations, invites you to submit lists of candidates for the appointment of the members of the Board of Statutory Auditors as well as proposals concerning the determination of the related remuneration and to resolve upon:

- the appointment of the members of the Board of Statutory Auditors (no. 3 standing auditors and no. 2 alternate auditors) by voting any of the lists of candidates filed;
- the appointment of the Chairman of the Board of Statutory Auditors, if it is not possible to appoint the same following the application of the voting list mechanism;
- the determination of the annual remuneration of the members of the Board of Statutory Auditors.

Padua, March 18, 2020

for the Board of Directors

Eugenio Razelli

Chairman