



CORPORATE GOVERNANCE

**REGULATIONS
FOR
TRANSACTIONS WITH RELATED PARTIES**

PREAMBLE

These regulations (“**TRP Regulations**”) were approved by the Board of Directors of Safilo Group S.p.A. (“**Safilo**” or the “**Company**” and, together with any parent company, subsidiary or affiliate of Safilo, the “**Safilo Group**”), (following the favourable opinion of the Transactions with Related Parties Committee as defined below) pursuant to Article 2391-*bis* of the Italian Civil Code and of Article 4, paragraphs 1 and 3 of the CONSOB Regulation concerning transactions with related parties, adopted through resolution no. 17221 of March 12, 2010 and subsequently amended by resolution no. 17389 of June 23, 2010 as well as by resolution no. 19925 of March 22, 2017 (“**CONSOB Regulation**”).

This version of the TRP Regulations comes into effect as of August 2, 2017.

The TRP Regulations are published on the Company’s website and are available at the following link www.safilogroup.com/en/.

The TRP Regulations set out the rules, modalities and principles governing the definition, approval and execution of the Transactions with Related Parties (as defined here below) carried out by Safilo and/or by the Safilo Group, in order to ensure transparency and substantial and procedural fairness of the transactions with related parties.

The Board of Directors of the Company, taking into consideration inputs submitted by other corporate bodies (including the Control Risk and Sustainability Committee), shall periodically evaluate, and, in any case, at least every three years, the effectiveness of the TRP Regulations and the necessity and/or opportunity to proceed with a review of its provisions, in order to align them with regulatory or organizational changes of the Company and/or Group.

1. DEFINITIONS

In these TRP Regulations, all the words and/or expressions which are not expressly defined and which are relevant for the purposes of identifying the Related Parties or the Transactions with Related Parties, or definitions which are functional for the application of these TRP Regulations shall have the same meaning ascribed to them by the CONSOB Regulation.

For the purposes of these TRP Regulations, the following definitions shall be considered:

Board of Directors: the board of directors of the Company.

Board of Statutory Auditors: the board of statutory auditors of the Company.

Articles of Association: the articles of association of the Company.

CONSOB: Commissione Nazionale per le Società e la Borsa (Italian public authority responsible for regulating the Italian financial markets).

Corporate Governance Code: the corporate governance code for listed companies adopted by the Corporate Governance Committee of Borsa Italiana S.p.A..

Equivalent Internal Controls: the internal controls, as set forth under Article 3.2(h), to be adopted in case, with reference to a specific Transaction with a Related Party, one or more members of the Transactions with Related Parties Committee is the counterparty of the transaction or a Related Party.

Independent Directors: the directors who satisfy the independence requirements set forth by the Corporate Governance Code.

Indicators of Significance: in order to identify the Transactions with Related Parties of Greater Importance, the following indicators of significance, provided for by Annex 3 of the CONSOB Regulation, shall be applied:

- (a) Equivalent-value relevance ratio: identifies the ratio between the counter value of the Transaction with Related Parties and the net equity value stemming from the latest consolidated balance sheet published by Safilo or, if greater, the market capitalization of Safilo at the end of the last trading day included in the period covered by the latest published periodical accounting document (annual or six-monthly financial report or the periodic financial information, if disclosed). In particular:
- (i) should the economic conditions of the Transaction with Related Parties be determined, the equivalent counter value of the Transaction with Related Parties shall be:
 - (1) for the cash components, the amount paid to or received from the contractual counterparty;
 - (2) for the components made up of financial instruments, the fair value determined at the date of the Transaction with Related Parties, pursuant to the international accounting standards adopted by Regulation (EC) No. 1606/2002;
 - (3) for Transactions with Related Parties regarding financing or granting of guarantees, the maximum amount payable/secured.
 - (ii) if the economic conditions of the Transaction with Related Parties depend, in whole or in part, on magnitudes not yet known or undetermined, the counter value of the Transaction with Related Parties is the maximum receivable or payable value under the agreement governing the same Transaction with Related Parties.
- (b) Asset relevance ratio: identifies the ratio between the total assets of the entity object of the Transaction with Related Parties and the total assets of Safilo. The data to be used shall be obtained from the most recently consolidated balance sheet published by Safilo. Whenever possible, similar data should be used for determining the total assets of the entity object of the Transaction with Related Parties.
- (i) for Transactions with Related Parties involving the acquisition and sale of shares in companies that have an impact on Safilo's consolidation perimeter, the value of the numerator is made up of the total assets of the participated company, regardless of the percentage of capital being disposed of.
 - (ii) for Transactions with Related Parties regarding acquisition and disposal of holdings in companies that have no effect on the consolidation perimeter, the value of the numerator is:
 - (1) in case of acquisitions, the counter value of the Transaction with Related Parties plus the liabilities of the acquired company, if transferred to the purchaser;
 - (2) in case of sales, the consideration received for the activities sold.
 - (iii) For Transactions with Related Parties regarding the acquisition and disposal of other assets (other than the participations in companies), the value of the numerator is:
 - (1) in case of acquisitions, the greater between the consideration and the book value that will be attributed to the assets following the transaction;
 - (2) in case of sales, the book value of the assets before the completion of the transaction;
- (c) Liabilities relevance ratio: identifies the ratio between the overall amount of liabilities of the acquired entity and the total assets of Safilo. Data to be used must be drawn from the most recently published consolidated balance sheet of Safilo. Whenever possible, similar data shall be utilised for determining the total liabilities of the company or branch of business acquired.

Issuers' Regulation: the Regulation adopted by CONSOB with Resolution no. 11971 of May 14, 1999 and subsequent amendments and integrations.

Italian Financial Act (TUF): the Legislative Decree no. 58 of 24 February 1998 named “Consolidated Law on Financial Intermediation, pursuant to Articles 8 and 21 of Law no. 52 of February 6, 1996” and its subsequent amendments and integrations.

Management: the managers of the Company and the other companies of the Safilo Group in charge of the examination, approval and/or implementation of a Transaction with Related Parties, as identified on the basis of the organization chart in force at the time of the concerned transaction.

MAR: Regulation no. 596/2014 of the European Parliament and of the Council of April 16, 2014, which became directly applicable in Italy with effect from July 3, 2016.

Market or Standard Equivalent Terms: terms similar to those applied by Safilo Group to unrelated parties for transactions that are similar in terms of nature, extent and risk, that is based on regulated rates or at fixed prices, or with parties with which Safilo Group is legally obliged to contract at a certain price.

Petty Transactions with Related Parties: the Transactions with Related Parties of a petty amount, meaning those having a counter value equal to or lower than Euro 100,000.00.

Related Parties: according to Annex 1 of the CONSOB Regulation, an entity is a Related Party to the Company if it:

- (a) directly or indirectly, even through subsidiaries, trustees or intermediaries (which are also considered as Related Parties):
 - (i) Controls the Company, is Controlled by it, or is under common Control with it;
 - (ii) holds a stake in the Company to exert Significant Influence over it;
 - (iii) exercises Control over the Company jointly with others;
- (b) is an Affiliate of the Company;
- (c) is a Joint Venture in which the Company is a participant;
- (d) is one of the Key Management Personnel of the Company or its parent;
- (e) is a Close Relative of a person referred to in letters (a) or (d);
- (f) is an entity in which a person referred to in letters (d) or (e) exercises Control, Joint Control or Significant Influence or owns, directly or indirectly, a significant participation, in any case not lower than 20% of the corporate capital with voting rights;
- (g) is a supplementary pension fund, collective or individual, Italian or foreign, established for the employees of the Company, or any other entity affiliated with it.

The terms “Control” and “Joint Control”, “Significant Influence”, “Key Management Personnel”, “Close Relative”, “Subsidiary”, “Affiliate” and “Joint Venture” shall have the same meaning ascribed to them under Annex 1 to the CONSOB Regulation.

Remuneration and Nomination Committee: the committee for the remuneration and nomination of the Company having a composition compliant with the provisions of the CONSOB Regulation and Corporate Governance Code applicable from time to time.

Secretary: the subject who plays the role of secretary of the Board of Directors of the Company.

Shareholders’ Meeting: the shareholders’ meeting of the Company.

Standard Transactions with Related Parties: the Transactions with Related Parties carried out in the ordinary course of business and any related financial activities of the Company and/or of Safilo Group, pursued at Market or Standard terms.

Transactions with Related Parties: any transfer of resources, services or obligations between Safilo (or companies directly or indirectly controlled by Safilo) and one or more Related Parties, regardless of whether for a consideration or not, and including (but not limited to):

- (a) merger and spin-off transactions by way of incorporation of a new entity, or strictly non-proportional de-mergers, if carried out with Related Parties;
- (b) any decision relating to the awarding of compensations and economic benefits whatsoever to members of the management and control bodies and/or to executives with strategic responsibilities of the Company or its parent company (save for otherwise provided for under the CONSOB Regulation and save for the exemptions indicated under Article 4 below).

For the purposes of these TRP Regulations, Transactions with Related Parties are the following:

- Transactions with Related Parties of Greater Importance
- Transactions with Related Parties of Lesser Importance
- Petty Transactions with Related Parties
- Standard Transactions with Related Parties
- Transactions with Related Parties Falling in the Exemption Cases

Transactions with Related Parties Committee: the Committee established for the evaluations of the Transactions with Related Parties in compliance with these Regulations and the relevant regulations, took over the duties regarding evaluations on transactions with related parties previously performed by the Internal Control Committee. The Transactions with Related Parties Committees may propose to the Board of Directors amendments to these TRP Regulations. The Transactions with Related Parties Committee is composed of at least three Independent Directors appointed by means of a resolution of the Board of Directors that also appoints its Chairman. The functioning of the Transactions with Related Parties Committee is governed by specific regulations approved by the Board of Directors, available on the Company's website.

Transactions with Related Parties Falling in the Exemption Cases: the Transactions Falling in the Exemption Cases listed under Article 4 of these Regulations.

Transactions with Related Parties of Greater Importance: the Transactions with Related Parties as defined under paragraph 2 (A) of these TRP Regulations.

Transactions with Related Parties of Lesser Importance: the Transactions with Related Parties as defined under paragraph 2 (B) of these TRP Regulations and, in any case, the Transactions with Related Parties different from the Transactions with Related Parties of Greater Importance and from Petty Transactions with Related Parties.

Unrelated Directors: Safilo's Directors who are not the counterpart of a specific Transaction with Related Party nor its Related Parties.

Unrelated Shareholders: refers to individuals who have the right to vote at the Shareholders' meeting of the Company, who are not the counterpart of a particular transaction nor Related Parties of the Company or of the counterpart of a particular transaction.

2. IDENTIFICATION OF TRANSACTIONS WITH RELATED PARTIES

Prior to the completion of any transaction by Safilo, directly or through any of its subsidiaries, the Management shall verify if:

- (a) the counterparty of the transaction qualifies as a Related Party, in accordance to the provisions under Article 7.1 of these Regulations;
- (b) the transaction qualifies as a Petty Transaction with Related Parties or is a case of exemption as defined under Article 4 of these Regulations;
- (c) the transaction is the execution of a framework resolution pursuant to Article 5 of these Regulations.

In case, after the above-mentioned evaluations, the identification of the Related Party, that is the definition of a Transaction as a Standard Transaction with Related Party is controversial, the evaluation shall be made by the Transactions with Related Parties Committee.

In these TRP Regulations, in order to identify the Transactions with Related Parties, the competent bodies/people involved in the examination and approval of transactions and the competent bodies entrusted with the control on compliance with the TRP Regulations, each within its respective competence, shall take into account the essence of the relationship rather than its mere legal form.

Should the Management find out that a certain transaction to be carried out by Safilo (also through any of its subsidiaries) is a Transaction with Related Parties, the Management shall verify whether such transaction qualifies as a Transaction with Related Parties of Greater Importance pursuant to the Indicators of Significance.

Should the Management evaluate that the Transaction with a Related Party does not fall in the Exemption Cases, and on condition that it is not a Petty Transaction with Related Party, it shall promptly submit the Transaction to the Transactions with Related Parties Committee providing the Committee, also on the occasion of the meeting convened for this purpose, with all the complete and adequate information related to the Transaction. The Transactions with Related Parties Committee shall apply the provisions set forth under Article 3.1 below in case of a Transaction with Related Parties of Lesser Importance or the provisions set forth under Article 3.2 below in case of a Transaction with Related Parties of Greater Importance.

In case of multiple Transactions with Related Parties which are cumulative pursuant to Article 5, paragraph 2, of the CONSOB Regulation, the Company shall firstly determine the relevance of each individual transaction on the basis of the Indicator or Indicators of Significance applicable thereto. In order to verify whether the relevant thresholds, for each cumulative transaction, have been exceeded, the results for each indicator are summed together. The fact that the cumulative Transactions with Related Parties exceed any of the thresholds relevant for the identification of Transactions with Related Parties of Greater Importance shall only result in the obligation for the Company to publish the information document set forth by paragraph 3.2, letter (f), below.

Where a Transaction with Related Parties or a series of Transactions with Related Parties that are cumulative pursuant to Article 5, paragraph 2, of the CONSOB Regulation are identified as Transaction(s) with Related Parties of Greater Importance according to the Indicators of Significance and this result is manifestly unreasonable in view of special circumstances, the Company may require CONSOB to indicate alternative arrangements to be followed in determining the significance indexes. To this end, the Company notifies CONSOB of the essential characteristics of the concerned transaction and the specific circumstances upon which the request is based prior to the conclusion of the relevant negotiations.

Transactions with Related Parties not Falling in the Exemption Cases and non-Petty ones are the following:

A. Transactions with Related Parties of Greater Importance

For the purposes of these TRP Regulations, Transactions of Greater Importance are those Transactions with Related Parties identified pursuant to Annex 3 of the CONSOB Regulation, and in particular:

- (1) Transactions with Related Parties in which at least one of the Indicators of Significance applicable to the specific transaction, is greater than the 5% threshold;
- (2) Transactions with Related Parties with the listed parent company or with entities related to the latter and in turn related to Safilo, where at least one of the Indicators of Significance is higher than the 2.5% threshold;
- (3) Transactions with Related Parties (regardless of the reaching of any threshold) for which the Board of Directors, through an apposite resolution, has resolved to adopt the procedures set forth by paragraph 3.2 below. The Board of Directors resolves pursuant to this point (3) also on the initiative of anyone of its members, or upon the request from the Board of Statutory Auditors.

B. Transactions with Related Parties of Lesser Importance

For the purposes of these TRP Regulations, Transactions with Related Parties of Lesser Importance are all the Transactions with Related Parties other than the Transactions with Related Parties of Greater Importance, it being understood that Petty Transactions with Related Parties and Transactions with Related Parties Falling in the Exemption Cases listed in Article 4 below are not included in the definition of Transactions with Related Parties of Greater Importance, nor in the definition of Transactions with Related Parties of Lesser Importance.

3. PROCEDURES FOR THE PRELIMINARY ACTIVITIES TO AND APPROVAL OF TRANSACTIONS WITH RELATED PARTIES

3.1 Preliminary Activities to and approval of Transactions with Related Parties of Lesser Importance

The procedure below, unless otherwise expressly provided by this paragraph 3.1 or by the following paragraph 3.2, shall be applicable exclusively to Transactions with Related Parties of Lesser Importance.

- (a) The approval of a Transaction with Related Parties of Lesser Importance falls within the powers of the Board of Directors or of other managing bodies delegated by it (the “**Delegate Bodies**”).
- (b) Delegate Bodies, where deemed appropriate, may submit Transactions with Related Parties of Lesser Importance, for which they would be competent according to letter (a) above, to the approval by the Board of Directors.
- (c) In any case, Transactions with Related Parties of Lesser Importance shall be approved only upon obtainment of the non-binding opinion of the Transactions with Related Parties Committee. The Transactions with Related Parties Committee could request the assistance, at the Company’s expense, of one or more independent experts of its choice⁽¹⁾. When choosing such experts, the Transactions with Related Parties Committee shall avail itself of advisors of renown expertise and professionalism, being competent in the area of the transaction and the Committee shall also prove their independence and the lack of conflicts of interests.
- (d) The opinion of the Transactions with Related Parties Transactions with Related Parties Committee shall take into consideration the interest of the Company in the completion of such transaction and the convenience and substantial correctness of its underlying terms, but it shall not contain any opinion regarding other aspects and, in particular, management choices that are and remain of exclusive competence of the Board of Directors or of the competent Delegate

¹ Consob allows the possibility to request the assistance of independent experts appointed by the Company for the performance of the transaction, if previously appointed by the independent directors.

Body. The components of the Transactions with Related Parties Transactions with Related Parties Committee shall meet as a separate corporate body to share and compare their opinions and to convey an opinion expressed by a majority. The Transactions with Related Parties Committee expresses its opinion in writing at least one (1) day before the scheduled date for the approval of each transaction.

- (e) At least seven (7) days before the scheduled date for the approval of the transaction, individuals and/or managing bodies involved in the negotiation phase and/or in the initial inquiries shall provide the competent corporate body entrusted with the power to resolve on the Transaction with Related Parties of Lesser Importance (being it the Board of Directors or a Delegate Body) and the Transactions with Related Parties Transactions with Related Parties Committee with complete and adequate information regarding the specific transaction to be approved including, in particular, information about the nature of the relationship, the operative formalities of the transaction, the conditions (including the economic ones) for its realisation, underlying interests and reasons, as well as risks for the Company and/or the Safilo Group. Within the same term, the aforesaid bodies shall be provided with all the materials related to the specific Transaction with Related Parties of Lesser Importance possessed by individuals and/or corporate bodies involved in the negotiation phase and/or in the initial inquiries. Information and materials acquired after the above-said term of seven (7) days before the scheduled date for the approval of the transaction shall be provided as soon as possible and, in any case, within one (1) day from the relevant acquisition.
- (f) Delegate Bodies or the Board of Directors (as the case may be), shall report on a quarterly basis on the execution of Transactions with related Parties of Lesser Importance, providing all the materials necessary to illustrate in detail such transactions, for the benefit of the Board of Directors (in case of transactions carried out by a Delegate Body), the Board of Statutory Auditors and the Transactions with Related Parties Transactions with Related Parties Committee.
- (g) The minutes, if any, of the resolutions of the Board of Directors or the Delegated Body (as the case may be) regarding the approval of Transactions with Related Parties of Lesser Importance shall outline in detail the reasons of the interest of the Company in the completion of the relevant transaction and the convenience and substantial correctness of the underlying conditions for the Company and the Safilo Group. In case of Standard Transactions with Related Parties, the documentation shall include objective elements of comparison.
- (h) In case of a negative opinion of the Transactions with Related Parties Transactions with Related Parties Committee, Safilo (within fifteen (15) days of the closing day of each quarter) shall make available to the public (at the registered office and in the manner set out under Part III, Title II, Chapter I of the Issuers' Regulations) a document containing an indication of the counterpart, of the object and the consideration of the Transactions with Related Parties of Lesser Importance approved in such quarter notwithstanding the above mentioned negative opinion, as well as the reasons why it has been deemed advisable not to share that opinion. Within the same term, the opinion of the Transactions with Related Parties Transactions with Related Parties Committee shall be made available to the public through the information document or through the Company website.
- (i) Should one or more members of the Transactions with Related Parties Committee be related with regard to a specific Transaction with Related Parties of Lesser Importance, the opinion referred to under letter (c) above shall be issued by each one of the Unrelated Independent Directors in charge at the time of the concerned transaction. If with regard to a specific Transaction with Related Parties of Lesser Importance none of the Independent Directors are Unrelated, the opinion referred to under letter (c) above shall be issued by the Board of Statutory Auditors,

provided that the members of the Board of Statutory Auditors having, on their behalf or on behalf of any third parties, an interest in the completion of the relevant transaction shall notify the other statutory auditors of such circumstance, specifying the nature, terms, source and extent of his/her interest. The remaining provisions of this paragraph 3.1 shall apply to any possible extent.

3.2 Preliminary Activities to and Approval of Transactions with Related Parties of Greater Importance

- (a) The approval of Transactions with Related Parties of Greater Importance falls exclusively within the powers of the Board of Directors, which shall resolve upon each such transaction following a thorough examination of same transaction and of its peculiar characteristics. This examination shall be supported by enough evidence in order to explain the reasons, the convenience and substantial correctness of the terms and conditions of the concerned transaction.
- (b) The Board of Directors shall approve the Transactions with Related Parties of Greater Importance only upon obtainment of a binding grounded and favourable opinion of the Transactions with Related Parties Committee on the interest of the Company in the completion of each such transaction and the convenience and substantial correctness of the underlying terms and conditions. This opinion is prepared in accordance with paragraph 3.1, letter (d), above. The Transactions with Related Parties Committee could request the assistance of one or more independent experts of its choice, at the Company's expense. When choosing such experts, the Transactions with Related Parties Committee shall avail itself of advisors of renown expertise and professionalism, being competent in the area of the transaction and the Committee shall also prove their independence and the lack of conflicts of interests.
- (c) The Transactions with Related Parties Committee, or one or more of its delegate members, is involved in the negotiation phase and the initial inquiries of the Transactions with Related Parties of Greater Importance via the timely transmission of complete and adequate information and with the power to request information and to express opinions to the managing bodies and entities responsible for the carrying on of negotiations and/or inquiries. For this purpose, in addition to the provisions applicable by virtue of the reference contained under letter (d) below, in case of Transactions with Related Parties of Greater Importance, as soon as the negotiation phase and/or the initial inquiries have started, the Delegate Body involved in the negotiation phase and/or in the initial inquiries, or, as appropriate, the Board of Directors (through its chairman or any other of its members) informs the Transactions with Related Parties Committee about the negotiation/inquiries and provides the same corporate body with any and all the material and information in its possession. During the negotiation phase and/or the initial inquiries, the Transactions with Related Parties Committee shall be constantly and promptly updated in writing regarding the evolution of the negotiations and the possible variation of conditions, terms and/or essential characteristics of the concerned transaction.
- (d) The provisions of paragraph 3.1, letters (d), (e), (f), and (g) shall apply, *mutatis mutandis*.
- (e) The opinion of the Transactions with Related Parties Committee may be:
 - 1) *Favourable*, when it totally agrees with the transaction;
 - 2) *Favourable but conditioned*, when the total agreement with the transaction is subject to the acceptance of the Committee's remarks expressly included in the same opinion. Should this be the case the Board of Directors may proceed with the approval of the transaction without the issuance of a new opinion of the Transactions with Related Parties Committee on condition that the above-mentioned remarks are implemented when the transaction is concluded or executed;

- 3) *Negative*, when it includes remarks even on one single aspect of the transaction, unless the same opinion includes an express favourable opinion to the closure of the transactions. Should this be the case the opinion shall include the reasons why the Committee believes that the above-mentioned remarks do not invalidate the overall opinion on the interest of the Company in the completion of such transaction and the convenience and substantial correctness of its underlying terms. In this case, notwithstanding the negative opinion of the Transactions with Related Parties Committee, the Board of Directors may submit the Transactions with Related Parties of Greater Importance to the ordinary Shareholders' Meeting for its authorization, which, without prejudice to the majorities required by law and in accordance with Article 11, paragraph 3, of the CONSOB Regulation (so-called "whitewash" procedure), with Article 25 of the Articles of Association, as well as with the provisions in force concerning conflicts of interest, shall resolve with the favourable vote of at least half of the voting Unrelated Shareholders if:
- (1) the constitutive and deliberative quorums are reached, and
 - (2) only should the Unrelated Shareholders in attendance at the meeting represent at least 10% of the share capital with voting right.

For the purpose of this letter (e), the determination and identification, during the Shareholders' Meeting, of each related or Unrelated Shareholder is made and stated by the chairman of Shareholders' Meeting at the beginning of such meeting, on the basis of the information available to him.

- (f) In the event of Transactions with Related Parties of Greater Importance carried out either directly or through subsidiaries, the Company shall draft an information memorandum prepared in accordance with Annex 4 of the CONSOB Regulation, pursuant to Article 5 of the aforementioned CONSOB Regulation. In case of Transactions with Related Parties of Greater Importance carried out by any subsidiary of Safilo, the Management of this subsidiary shall promptly provide Safilo with the information needed for the drafting of the above mentioned memorandum.
- (g) Should the Company be obliged, with regard to a Transaction with Related Parties of Greater Importance, to draft an information document in accordance with Articles 70, paragraphs 4 and 5, and 71 of the Issuers' Regulation, the Company may publish a single document containing also the information required by said Articles 70 and 71 of the Issuers' Regulation. In such case, the information document is made available to the public at the registered office of the Company and in the manner set out under Part III, Title II, Chapter I of the Issuers' Regulations, within the shorter term between those provided by each of the applicable provisions. Should the information under this letter (g) be published in separated documents, the Company may include such information by reference to the information document already published.
- (h) Should one or more members of the Transactions with Related Parties Committee result to be the counterparty of or Related with regard to a specific Transaction with Related Parties of Greater Importance, the below described Equivalent Internal Controls shall be carried out: following such order. Such transaction shall be approved by the Board of Directors with the majorities set out by the Articles of Association, provided that such majorities are reached with the favourable vote of the majority of the Unrelated Independent Directors in charge at the time of the concerned transaction. If with regard to a specific Transaction with Related Parties of Greater Importance none of the Independent Directors results to be Unrelated, the opinion referred to under letter (b) above shall be issued by the Board of Statutory Auditors, provided that the members of the Board of Statutory Auditors having, on their behalf or on behalf of any third parties, an interest in the completion of the relevant transaction shall notify the other statutory

auditors of such circumstance, specifying the nature, terms, source and extent of his/her interest. The remaining provisions of this paragraph 3.2 shall apply to any possible extent.

3.3 Procedures for transactions carried out by subsidiaries

Should Safilo examine or approve in advance Transactions with Related Parties carried out by any of its Italian or foreign subsidiaries with Parties Related to Safilo, the procedures set forth under paragraph 3.1 above shall apply, to the extent possible, it being understood that, also with regard to the transactions contemplated by this paragraph 3.3, Safilo complies with the information obligations set forth by Article 5 of the CONSOB Regulation. Furthermore, should the transaction carried out by the subsidiary qualify as a Transaction with Related Party of Greater Importance, such transaction shall be approved by the Board of Directors with the previous non binding opinion of the Transactions with Related Parties Committee, drafted in accordance with paragraph 3.1, letter (d), above.

3.4 Procedures for transactions that are the competence of the Shareholders' Meeting

In the event that, pursuant to applicable provisions of law or the Articles of Association, the Transactions with Related Parties are submitted to, or require the authorization of, the Shareholders' Meeting, in the negotiation phase, as well as in the preliminary inquiry and/or approval stages of the proposal of resolution to be submitted to the Shareholders' Meeting, the procedure set forth under paragraphs 3.1 and 3.2 above shall apply.

The Board of Directors may approve the proposals of resolution concerning Transactions with Related Parties of Greater Importance to be submitted to the Shareholders' Meeting notwithstanding the contrary opinion of the Transactions with Related Parties Committee. In such case, however, the Shareholders' Meeting resolves on the proposal of the Board of Directors, in accordance with Article 11, paragraph 3 of the CONSOB Regulation, with the majorities set out by the law, unless, should a number of Unrelated Shareholders representing at least 10 % of share capital with voting rights be in attendance at the Shareholders' Meeting, the majority of such Unrelated Shareholders has voted against the relevant transaction.

4. CASES OF EXCLUSION AND EXEMPTION

4.1 Cases of exclusion

The Procedures set forth under Article 3 above shall not apply to:

- (a) resolutions of the shareholders' meeting on compensations granted to directors pursuant to Article 2389, paragraph 1, of the Italian Civil Code;
- (b) resolutions of the Board of Directors regarding the remuneration of executive directors comprised in the overall amount determined in advance by the shareholders' meeting pursuant to Article 2389, paragraph 3, of the Italian Civil Code and Article 23 of the Articles of Association;
- (c) to Petty Transactions with Related Parties.

Furthermore, within the limits set forth under the CONSOB Regulation and without prejudice to the provision under Article 5, paragraph 8, of the CONSOB Regulation, these TRP Regulations do not apply to:

- (i) the remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to Article 114-*bis* of the Italian Financial Act and its enactment regulations;
- (ii) the resolutions (different from the resolutions under point (i) above) concerning the remuneration of executive directors and managers with strategic responsibilities, provided that:

- (1) the Company has adopted a remuneration policy;
- (2) the Remuneration and Nomination Committee has been involved in the definition of the remuneration policy;
- (3) a report setting out the remuneration policy has been submitted for approval or advisory vote of the shareholders' meeting;
- (4) the remuneration awarded is consistent with such policy;

(iii) Standard Transactions with Related Parties.

In any case, for Transactions with Related Parties exceeding thresholds as defined under Article 2 (A) above, Safilo shall comply with the following disclosure obligations:

- (1) it shall provide CONSOB with the information regarding the counterparty, the object and the consideration of the Transactions with Related Parties that benefited from the exemption within 7 (seven) days from the approval of the transaction, or from the execution of the relevant contract (even if preliminary), or from the approval of the proposal to be submitted to the Shareholders' Meeting;
- (2) it shall state in the interim management report and in the annual report, within the context of the information required pursuant to Article 5, paragraph 8, of the CONSOB Regulation, which Transactions with Related Parties subject to the above disclosure obligations have benefited from the exemption set forth under number (iii) of this Article 4.

(iv) Transactions with related Parties with or between companies controlled (even jointly) by Safilo, and Transactions with Related Parties with companies under common control, provided that in the counterparties of the Transactions there are no interests - qualified as significant pursuant to what provided below - from other Related Parties of the Company.

The mere sharing of one or more directors or Key Management Personnel between the Company and his subsidiaries and/or affiliates is not deemed – per se – to raise significant interests.

For the purpose of the exemption under this number (iv), the following interests are deemed significant:

- (1) interests concerning assets or goods of strategic importance for the Company, pursuant to an express resolution of the Board of Directors, if at least one of the Indicators of Significance is higher than 2.5%;
- (2) interests existing in case of sharing of one or more Key Management Personnel in the event that such executives benefit from compensation plans based on financial instruments or of variable remuneration plans based on the results achieved by subsidiaries or affiliates of the Safilo Group with which the transaction has been executed;
- (3) interests of the controlling entity of Safilo, if the stake held by it (even indirectly) in the counterparty to the Transaction with Related Parties, controlled by, or under common control with Safilo, is greater than the stake that the same controlling entity holds in Safilo;
- (4) all interests of Related Parties defined as significant through specific resolutions of the Board of Directors.

The Board of Directors resolves on the significance of the interests of a Related Party, also upon request of one of its members, or upon request of the Board of Statutory Auditors.

4.2 Urgent transactions

In accordance with Article 26 of the Articles of Association, urgent transactions with Related Parties (“**Urgent Transactions**”) are excluded from application of procedural obligations provided by

CONSOB Regulation at the following conditions, save for the disclosure obligations set forth under Article 5 of the CONSOB Regulation, where applicable:

(A) Transactions with Related Parties that are not the competence of the shareholders' meeting, nor to be authorized by the same

In such cases, if the Company intends to avail itself of the exemption related to Urgent Transactions with Related Parties, the following requirements shall be accomplished:

- (1) for Transactions with Related Parties falling under the responsibility of a Delegate Body, the Chairman of the Board of Directors and the Chairman of the Transactions with Related Parties Committee shall be informed in advance with regard to the reasons of urgency;
- (2) without prejudice to their effectiveness, such Transactions with Related Parties are subsequently subject to a non-binding resolution to be adopted by the next occurring ordinary Shareholders' Meeting;
- (3) the body which convenes the Shareholders' Meeting which shall adopt the resolution referred to under point (2) above, shall furthermore prepare a report containing an adequate justification of the reasons for urgency;
- (4) the Board of Statutory Auditors reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
- (5) the report and the assessments referred to in points (3) and (4) above shall be made available to the public (at least 21 (twenty-one) days before the date of the Shareholders' Meeting referred to under point (2) above) at the registered office of the Company and in compliance with the rules set forth under Part III, Title II, Chapter I of the Resolution adopted by CONSOB with resolution 11971/1999 (“**Issuers Regulation**”). These documents may be contained in the disclosure document referred to in Article 5, paragraph 1, of the CONSOB Regulation, if drafted;
- (6) within the day following the Shareholders' Meeting referred to under point (2) above, the Company shall disclose to the public, in compliance with the rules specified in Part III, Title II, Chapter I of the Issuers Regulation, the poll results, with specific regard to the number of total votes cast by Unrelated Shareholders.

(B) Transactions with Related Parties that are competence of the Shareholders' Meeting, or to be authorized by the same:

In such cases, the Company may avail itself of the exemption related to Urgent Transactions with Related Parties in accordance with:

- (1) occurrence of “cases of urgency linked to corporate disruption”, being the latter defined as:
 - (x) significant losses pursuant to Articles 2446 and 2447 of the Italian Civil Code;
 - (y) cases where the Company is subject to bankruptcy or insolvency procedures or in case of uncertainties as to the going concern of the Company expressed by the Company or its auditor;

- (z) financial losses deemed to probably lead – in the short term – to a relevant capital reduction pursuant to Articles 2446 and 2447 of the Italian Civil Code;
- (2) the Board of Directors which convenes the Shareholders' Meeting shall draft a report containing an adequate justification for the reasons for urgency;
- (3) the Board of Statutory Auditors reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency;
- (4) the report and the assessment referred to in points (2) and (3) above shall be made available to the public (at least 21 (twenty-one) days before the date of the Shareholders' Meeting) at the registered office of the Company and in compliance with the rules set forth under Part III, Title II, Chapter I of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in Article 5, paragraph 1, of the CONSOB Regulation;
- (5) if the report of the Board of Statutory Auditors referred to under point (3) above is negative, the Shareholders' Meeting shall resolve pursuant to the whitewash mechanism set forth under paragraph 3.2 (e) above;
- (6) if the report of the Board of Statutory Auditors is positive, within the day following the Shareholders' Meeting, the Company shall disclose to the public (in compliance with the rules specified in Part III, Title II, Chapter I of the Issuers' Regulation) the poll results, with specific regard to the number of total votes cast by Unrelated Shareholders.

5. FRAMEWORK RESOLUTIONS

The Board of Directors can approve framework resolutions in relation to a Transactions with Related Parties relating to distribution agreements or agreements concerning industrial property rights (the Transactions with Related Parties belonging to each of the abovementioned categories, collectively, “**Uniform Transactions with Related Parties**”), carried out with the Related Parties mentioned under letters (a) numbers (i) and (ii) of the relevant definition (the “**Specified Related Parties**”), in accordance with the following provisions.

- (a) In case the Company envisages to carry out, during a determined period of time, a series of Uniform Transactions with Related Parties with the Specified Related Parties, the Board of Directors can approve a single framework resolution, which shall be effective for a period of time not longer than one year, having as object all the Uniform Transactions with Related Parties with the Specific Related Parties to be carried out during the period of effectiveness of the framework resolution. The framework resolution shall specify the maximum expected amount (the “**Maximum Amount**”) of the Uniform Transactions with Related Parties to be carried out in the period of effectiveness of the framework resolution and shall justify the conditions provided for the carrying out of these Uniform Transactions with Related Parties.
- (b) The Board of Directors meeting held for the approval of a framework resolution shall in the first place identify the Maximum Amount.
- (c) In case the Maximum Amount is lower than all the applicable relevant thresholds provided under Article 2 (A) above, the Board of Directors shall approve the framework resolution in accordance with the procedure provided under Article 3.1 of these TRP Regulations.
- (d) In case the Maximum Amount is higher than any of the applicable relevant thresholds provided under Article 2 (A) above, the Company shall (i) approve the framework resolution in accordance

with the procedure set out under Article 3.2 of these TRP Regulations and (ii) publish a (single) information document pursuant to Article 3.2 (f) above.

- (e) The procedures provided under Article 3 of these TRP Regulations shall not be applied to the various Uniform Transactions with Related Parties which are the object of a framework resolution.
- (f) The corporate bodies that are competent for the execution of the Uniform Transactions with Related Parties object of a framework resolution shall provide the Board of Directors with full information on at least a quarterly basis regarding the implementation of the same framework resolution.

6. COORDINATION WITH THE ADMINISTRATIVE AND ACCOUNTING PROCEDURES PURSUANT TO ARTICLE 154-BIS OF THE ITALIAN FINANCIAL ACT

- 6.1 On the occasion of the information given in accordance with paragraph 3.1, letter (f), above – as applicable pursuant to the cross-reference made by paragraph 3.2, letter (d) – the relevant corporate bodies shall provide the manager in charge of the drafting of the accounting documents pursuant to Article 154-*bis* of the Italian Financial Act with the same information.

7. DISCLOSURE OBLIGATIONS FUNCTIONAL TO THE IDENTIFICATION OF THE RELATED PARTIES AND FURTHER DISCLOSURE OBLIGATIONS

7.1 Disclosure obligations functional to the identification of the Related Parties

Promptly after these TRP Regulations have come into force, and, in any case, within ninety (90) days from the end of each fiscal year, all the subjects indicated under Article 114, paragraph 5, of the Italian Financial Act, and, in particular, the Key Management Personnel of the Company and of the companies belonging to the Safilo Group and the subjects that, directly or indirectly, through one or more intermediaries:

- (a) Control – also jointly with other subjects – the Company, are controlled by the latter, or are together with the Company subject to Joint Control; or
- (b) hold a participation in the Company, such that they can exercise a Significant Influence on the latter,

shall transmit in writing to the Company any information which may be useful for the purpose of the correct assessment of their qualification as Related Parties and for the identification of other subjects, that may be qualified as Related Parties by virtue of connections of various nature with them.

Any variation during the year of the information/data already transmitted shall be promptly communicated in writing to the Company by the above mentioned subjects within ten (10) days of the date when the subject has had effective knowledge of such variation.

For the implementation of these TRP Regulations, the Company shall prepare, and keep constantly updated, on the basis of the available facts and the received statements, a list of Related Parties, that shall be communicated to the central and peripheral structures of the Company and the other companies of the Safilo Group.

7.2 Communications to the public pursuant to Article 17 of MAR

Should a transaction with related Parties be also subject to reporting requirements pursuant to Article 17 of MAR, the communication to be distributed to the public shall contain, in addition to other information to be published pursuant to that rule, the following information:

- a) an indication that the counterparty to the transaction is a Related Party and the description of the nature of the relationship;
- b) the legal or commercial name of the counterparty to the transaction;
- c) whether the transaction exceeds or not the significant reporting thresholds identified according to the Indicators of Significance and the indication of the possible subsequent publication of written information pursuant to Article 3.2;
- d) the procedure which has been or shall be followed for the transaction approval and, in particular, whether the Company has used a case of exclusion set forth in Article 4 of these TRP Regulations;
- e) any approval of the transaction despite the contrary opinion of the Transactions with Related Parties Committee.

8. FINAL PROVISIONS

The Board of Directors granted to the Chief Executive Officer the powers to update and integrate these TRP Regulations in view of the activity and operations of Safilo and the other companies of the Safilo Group, the experience resulting from the practical application of these TRP Regulations, the best practice and any new piece of law or regulations.