

SAFILO GROUP S.P.A.
Communication regarding the decision to follow the guidelines
of the Self-Disciplinary Code of listed companies

The Corporate Governance system adopted by Safilo Group SpA (the “**Company**”) conforms to the guidelines of the Self-Disciplinary Code (the “**Self-Disciplinary Code**”), drawn up by the Committee for Corporate Governance of Listed Companies.

In the following paragraphs, the Corporate Governance model adopted by the Company will be compared to the model suggested by the Self-Disciplinary Code.

Role of the Board of Directors

In accordance with article 1.1 of the Self-Disciplinary Code, the Company is governed by a Board of Directors.

As stated in article 17 of the Articles of Association of the Company, the Board of Directors meets whenever the Chairman deems it necessary, or whenever requested by at least two of its members, or by the Chief Executive Officer, or by the Board of Statutory Auditors.

The meetings of the Board of Directors are held at least four times a year, at intervals of no more than three months, and at any such time when the Chairman deems it necessary or it has been requested in accordance with the terms described above.

As stated in article 20 of the articles of association, the Board of Directors is vested with powers for the ordinary and extraordinary management of the Company, without any limitations, except when such powers are conferred to the Shareholders Meeting under existing legislation. In addition it is the duty of the Board of Directors to make decisions regarding mergers in the situations described in articles 2505 and 2505 *bis* of the Italian civil code (the “Civil Code”), division as described in article 2505 *bis* of the Civil Code and referred to in article 2506 *ter* of the Civil Code, the institution or liquidation of secondary offices, reduction of capital in the event of the withdrawal of a shareholder, amendments to the articles of association following legal provisions as well as the transfer of the registered office of the Company within the national territory.

In addition, in accordance with article 1.2 of the Self-Disciplinary Code, the Board of Directors:

- (1) examines and approves the strategic, industrial and financial plans of the Company;
- (2) supervises the general performance of the management and examines its principal actions;

- (3) examines and approves the acquisition and divestment of shareholdings and assets as well as acting upon acquisitions and divestments of directly and indirectly controlled companies;
- (4) verifies the suitability of the administration and organisation of the Company and the Group as arranged by the directors with operational powers;
- (5) grants and revokes the powers of directors and defines the limits of these powers and the manner in which they may be exercised;
- (6) provides reports of the activities and of the most significant operations to the Board of Statutory Auditors at least every quarter;
- (7) determines the remuneration of the directors with operational powers and the directors who hold specific functions, after consulting the designated committee and the Board of Statutory Auditors.

Composition of the Board of Directors

In accordance with article 2.1 of the Self-Disciplinary Code, the Board of Directors of the Company is made up of executive directors and non-executive directors. In particular, the Company is governed by a Board of Directors that is made up of seven to fifteen members, who do not necessarily have to be shareholders.

On the 24th of October 2005, the Shareholders Meeting of the Company resolved to increase the number of members of the Board of Directors from 9 to 11, in order to include two additional independent directors, and appointed a new Board of Directors with effect from the date of the issue by Borsa Italiana S.p.A. of the provision for the start of trading of the ordinary shares of the Company on the Electronic Trading System (“Mercato Telematico Azionario” or “MTA”, organised and managed by Borsa Italiana S.p.A.), with effect for the financial years 2005, 2006 and 2007 and in particular until the date of the Shareholders Meeting convened for the approval of the annual balance sheet for the financial year ending on the 31th of December 2007.

The new composition of the Board of Directors is detailed below:

Office	Name and surname	Date and place of birth	Date of appointment
Chairman	Vittorio Tabacchi	Belluno 26 October 1939	24 October 2005
Vice Chairman	Giannino Lorenzon	Villorba (TV) 26 September 1939	24 October 2005
Chief Executive Officer	Roberto Vedovotto	Bassano del Grappa (VI) 30 September 1965	24 October 2005
Director	Massimiliano Tabacchi	Padova 10 October 1970	24 October 2005

Director	Charles Paul Pieper	Boston (USA) 6 October 1946	24 October 2005
Director	Julian Masters	Hythe, Kent (Great Britain) 30 July 1973	24 October 2005
Director	Colin Taylor	Montreal (Canada) 11 September 1962	24 October 2005
Director	Thompson Dean	China 2 April 1958	24 October 2005
Independent Director	Carlo Gilardi	Spoleto (PG) 17 November 1942	24 October 2005
Independent Director	Ennio Doris	Tombolo (PD) 3 September 1940	24 October 2005
Independent Director	Riccardo Ruggiero	Naples 26 August 1960	24 October 2005

Here follows a list detailing the offices held by the directors in other listed companies, in companies within finance, banking or insurance companies, or in other large companies:

Carlo Gilardi

Director and member of the executive committee of Banca di Treviso; director of Vegagest S.g.r. S.p.A, of P&G S.g.r. S.p.A and Beni Stabili Gestioni S.g.r. S.p.A..

Charles Paul Pieper

Executive director and deputy chairman of Alternative Capital Division – Gruppo CSFB.

Colin Taylor

Executive director of DLJ Merchant Banking Partners – CSFB Group.

Thompson Dean

Director of Avista Capital Partners, Merrill Corporation, Nycomed and NextPharma; chairman of DeCrane Aircraft and Mueller Group Inc.

Ennio Doris

Chairman of Banca Mediolanum S.p.A.; executive director of Mediolanum S.p.A; director of Banca Esperia S.p.A.; director of Mediolanum Assicurazioni S.p.A. and Mediobanca S.p.A.

Riccardo Ruggiero

Chief Executive officer and managing director of Telecom Italia S.p.A

Executive Directors

With the aim of improving management efficiency, the Board of Directors has decided to grant the executive directors appropriate powers on an organisational level, and the executive directors shall regularly report on the actions undertaken through exercising such powers.

With reference to article 1.4 of the Self-Disciplinary Code, in the meeting of the 14th of September 2005, the Board of Directors established that:

- (1) The Chief Executive Officer reports on the latest significant changes in legislation and regulations that concern the Company and its governing bodies, with particular attention to any changes affecting the exercising of the function of Director, and if necessary, shall draw up an appropriate written report to illustrate the aforementioned changes; and
- (2) the report referred to in point (1) shall be distributed during the first meeting following the date in which the Chief Executive Officer learned about the aforementioned changes.

On the 24th of October 2005, the Board of Directors granted the following powers to directors, with effect from the date of the issue by Borsa Italiana S.p.A. of the provision for the start of trading of the ordinary shares of the Company on the MTA, assigning in particular:

- (1) to the Chairman, Vittorio Tabacchi, the managerial functions described below along with the relative decisional powers, to be exercised within the limits in substance and value of matters reserved to the Board of Directors:
 - (i) the function to define the strategic plans of the Company and Group to be placed before the Board of Directors;
 - (ii) the function to adopt a policy of joint management of the Group in terms of the organisational, commercial, industrial and marketing aspects, in order to reach the financial objectives;
- (2) to the Vice Chairman, Giannino Lorenzon, the managerial functions described below along with the relative decisional powers, to be exercised within the limits in substance and value of matters reserved to the Board of Directors:
 - (i) the function to coordinate the management of activities related to: industrial relations with trade unions and employees representatives at a national and territorial level; conflicts and legal proceedings relating to civil law (including employment related proceedings) and criminal law, and relating to administrative and fiscal issues of the Company and Group, excluding credit recovery; development and updating of the IT and telecommunication systems of the Company and Group; monitoring activities regarding the correct information and application of the principal legislation relating to employment;
 - (ii) the function to coordinate the management of activities related to the internal control of the Company and Group;
 - (iii) the function to manage, as “employer”, independently and with the broadest decisional and spending powers pursuant to and for the purposes of Legislative Decree no. 626 of

- the 19 September 1994, all aspects and duties relating to all present and future obligations regarding: (a) hygiene and safety in the workplace, (b) accident prevention and (c) protection of the environment;
- (iv) the function to guarantee that the personal details of all subjects – both physical and judicial persons – that exist in the data bank of the Group are handled correctly pursuant to Legislative Decree no. 196 of the 30 June 2003;
- (3) to the Chief Executive Officer, Roberto Vedovotto, the managerial functions described below along with the relative decisional powers, to be exercised within the limits in substance and value of matters reserved to the Board of Directors:
- (i) the function to coordinate the management, direction and control of Company and Group activities related to the following areas; Commercial, Marketing, Licensing, Business Development, Strategic Planning, Finance, Treasury and Credits, Administration and Management Control, Legal and Corporate Affairs, Policy and Administration of Personnel, Organisation;
 - (ii) the function to research, evaluate, develop and implement new business ideas and thereto related medium and long term plans;
 - (iii) the function to develop and implement proposals relating to corporate finance operations, undertaking all such actions as may be appropriate - including but not limited to, the appointment of legal and/or financial consultants, the stipulation of contracts and the assignment of mandates – and, following the approval of the Board of Directors, which could be in general terms, to conclude, manage and implement such operations;
 - (iv) the function to verify, using also the available economic indicators, the coherence of the activities of the operational functions (including those in the creative, industrial and commercial areas) with the budget approved by the competent corporate bodies, and define and implement the measures requested in order to maintain this level of coherence;
 - (v) the function to exercise the coordination and the control of all functions reported, guaranteeing the suitability of resources depending on the necessities, hiring and dismissing managers, employees and collaborators and determining the levels of remuneration;
- (4) to the board member, Massimiliano Tabacchi, the position of Chief Operating Officer and the function of the direction and coordination of the current management of the activities of the following areas: industrial; product; outsourcing, planning and distribution logistics; information technology.

Independent Directors

In order to guarantee that the composition of the Board of Directors remains balanced, on the 24th of October 2005, the Shareholders Meeting renewed the Board of Directors and appointed, with effect from the date of the issue by Borsa Italiana S.p.A. of the provision for the start of trading of the ordinary shares of the Company on the Electronic Trading System, two additional non-executive directors, Riccardo Ruggiero and Ennio Doris, who will join the current non-executive member, Carlo Gilardi.

All the above-mentioned non-executive directors of the Company will qualify as “independent” in accordance with article 3 of the Self-Disciplinary Code.

The presence of three independent and non-executive directors in the governing body of the Company is given with a view to securing the broadest protection of “good corporate governance” to be realised through discussion and dialectic among all the directors.

The contribution of the independent directors will allow the Board to verify that incidents of potential conflict of interests of the Company and the controlling Shareholders are evaluated with a sufficient level of independent judgement.

In accordance with the procedure suggested by Borsa Italiana S.p.A, immediately following the quotation, the Company intends to introduce the figure of “Lead Independent Director”. This will give an additional prominence to the role of the independent directors.

The Lead Independent Director will be called upon to act as a point of reference and coordination of the requests and contributions of the independent directors, with the guarantee of the broadest independent judgement of the latter in relation to the actions of the management.

The Lead Independent Director will be granted the power to convene autonomously or upon the request of other Board Members, appropriate meetings of the independent directors to discuss matters considered to be of interest for the correct running of the Board of Directors or for the management activities (with the possibility to request the participation of members of the management in order to discuss with them directly).

The Chairman of the Board of Directors

Article 17 of the Articles of Association of the Company, in accordance with article 4.1 of the Self-Disciplinary Code, states that the Chairman of the Board of Directors shall convene the Board meetings.

Furthermore, in accordance with the above-mentioned article 4.1 of the Self-Disciplinary Code, the Chairman, or in his stead, the Chief Executive Officer, will ensure that all documentation and information necessary to enable the Board to have full understanding of all matters placed before it for examination and approval, are sent out to the Board Members in good time before the date of the meeting, unless it is acknowledged that there are reasons of necessity or urgency in terms of (a) the nature of the decisions and/or (b) the need for confidentiality and/or (c) the timeliness with which the Board must make its decisions.

In accordance with article 4.2 of the Self-Disciplinary Code, the Chairman will coordinate and preside over the activities of the Board of directors throughout its meetings.

Pursuant to Article 22 of the Articles of Association of the Company, the Chairman of the Board of Directors has the power of representation and the power to sign on behalf of the Company, with the exception of those responsibilities conferred to other directors. Such powers apply also to each of the managing directors, if appointed, even in a separate manner, in accordance with the resolution of the Board of Directors that appoints them and determines their powers and their qualities. The signature of the managing director certifies the absence or impediment of the Chairman.

In accordance with article 4.3 of the Self-Disciplinary Code, after granting the Chairman his powers, the Board of Directors will in its report provide sufficient information regarding the competencies attributed following such organisational decisions.

Information to the Board of Directors

In order to guarantee the principle of absolute transparency and reporting to the Company of the activities carried out by directors with operational powers, and in accordance with article 5 of the Self-Disciplinary Code, the directors granted operational powers will report all activities carried out as well as any operations of significant economic importance, and in particular they must report any

operations that may imply potential conflicts of interest to the Board of Directors and to the Board of Statutory Auditors in a timely manner, and in any case, every quarter.

Treatment of Confidential Information

The Chief Executive Officer of the Company is responsible for the management of confidential information. In accordance with article 6.1 of the Self-Disciplinary Code, the Chief Executive Officer shall propose to the Board of Directors a procedure for the internal management and for external communication of documents and information regarding the Company, with particular attention to *price sensitive* information. Such proposal shall be made in a timely manner, so that the Board can approve this procedure in good time before the beginning of negotiations of the Company's shares on the Stock Exchange.

Appointment of Directors

The Articles of Association of the company do not prescribe a particular procedure for the appointment of directors, but simply confer the power of appointment to the Shareholders Meeting (article 14).

The Company does not have a Committee for proposals of appointment to the position of Director. In fact, the Company has opted for the most efficient appointment procedure.

Remuneration of Directors

On the 24th of October 2005, the Shareholders Meeting of the Company resolved to set the remuneration for each member of the Board of Directors for each financial year at 10,000.00 euro, in addition to the reimbursement of any expenses incurred for reasons relating to their office.

In accordance with article 8.1 of the Self-Disciplinary Code, on the 24th of October 2005 the Board of Directors of the Company appointed the members of the Remuneration Committee, which had been previously constituted by resolution of the Board on the 14th September 2005. The members are the Chief Executive Officer, Roberto Vedovotto and the two non-executive independent directors Carlo Gilardi and Riccardo Ruggiero.

The Remuneration Committee will submit proposals to the Board regarding: (1) the remuneration of directors who hold certain positions, pursuant to article 2389 of the civil code, provided that the Chief Executive Officer will abstain from taking part in the discussions regarding the determination of his compensation and refrain from the relevant deliberation, as well as (2) the determination of the criteria for the remuneration of the top management of the Company. In order to carry out its duties, the Remuneration Committee may consult external consultants at the Company's cost.

The constitution of this Committee will guarantee the maximum levels of information and transparency regarding the compensation paid to directors who hold certain positions, as well as the respective determination procedures.

In accordance with article 2389 second subsection of the civil code, the Remuneration Committee will provide a solely propositional function, while the power to determine the remuneration of directors holding certain positions will remain in all cases the responsibility of the Board of Directors.

Internal Control

In accordance with article 9.1 of the Self-Disciplinary Code, the Board of Directors in the meeting on the 14th of September 2005, conferred to the Chief Executive Officer the duty of ensuring the functionality and suitability of the Internal Control system, by defining the appropriate procedures of its operation.

Furthermore, the Board of Directors has appointed the Vice Chairman as responsible for the Internal Control, with the task of ensuring that the operational and administrative internal procedures are respected. These procedures have been adopted in order to guarantee sound and efficient management. The Vice Chairman shall identify, prevent and manage, as far as possible, risks of a financial and operational nature, and fraud that may cause damages to the Company, and for these purposes the Vice Chairman shall report to an Internal Control Committee and the Board of Statutory Auditors.

In accordance with article 9.4 of the Self-Disciplinary Code, the person designated to the internal control will not depend hierarchically on the head of any operational areas and shall report on his activities to the Vice Chairman, to the Internal Control Committee and to the Statutory Auditors.

The role of the Internal Control is to satisfy the need to guarantee sound and efficient management, and to identify, prevent and manage risks of a financial and operational nature, and fraud that may cause damages to the Company.

Internal Control Committee

In accordance with article 10.1 of the Self-Disciplinary Code, on the 24th of October 2005 the Board of Directors appointed the members of the Internal Control Committee, which had been previously constituted by resolution of the Board on the 14th of September 2005. The members are the three non-executive and independent directors Carlo Gilardi, Riccardo Ruggiero and Ennio Doris.

In accordance with article 10.2 of the Self-Disciplinary Code, the Internal Control Committee shall perform the following functions:

- (1) evaluate the suitability of the internal control system;
- (2) evaluate the work plan prepared by the persons responsible for internal control and receive regular reports from them;
- (4) evaluate the proposals from the auditing company in order to be appointed as auditors, as well as the work plan prepared for the audit and the results presented in the auditor's report and the suggestion letter;
- (5) supervise the compliance with and the regular updating of the corporate governance regulations adopted by the Company;
- (6) report to the Board of Directors at least once every six months, on the occasion of the approval of the financial statements and the half-year report, regarding the activities carried out and the suitability of the internal control system; and
- (7) carry out such other tasks of consultational and/or advisory nature as may be given by the Board, in particular with regard to the relations with the auditing company.

The Chairman of the Board of Statutory Auditors, or any other member of the Board of Statutory Auditors designated by its Chairman, may attend the meetings of the Internal Control Committee.

Related Parties

Operations with related parties are subject to specific criteria of correctness with regard to their substance and the relative procedures.

The Board of Directors reserves particular attention to the evaluation of such operations, and the directors involved abstain from participating in the discussion and the relative vote.

If the nature, value or particular characteristics of the operation should make it necessary, the Board of Directors shall consult independent experts.

Relations with Institutional Investors and Other Shareholders

Similarly to the terms of article 12 of the Self-Disciplinary Code, the Board of Directors of the Company shall shortly appoint a person as responsible for relations with institutional investors and other shareholders.

It shall in no case be possible to issue communications regarding relevant matters before the appropriate communications have been made to the market.

Code of Conduct

The Code of Conduct of the Company regarding insider dealing, adopted by the Board of Directors on the 14th September 2005, defines the obligations of conduct and information relating to operations on financial instruments issued by companies of the Group carried out by persons who, because of the nature of the role held, have access to relevant information (i.e. information regarding facts that may cause significant variations in the economical, financial and asset related prospects of the Company and the Group and that, if made public, may considerably influence the price of the relative listed financial instruments).

Shareholders Meetings

In accordance with article 13.2 of the Self-Disciplinary Code, the Shareholders Meetings shall normally be attended by all directors.

The Shareholders Meeting held on the 14th of September 2005 approved the Regulations that govern the procedures of the Shareholders Meeting pursuant to article 13.4 of the Self-Disciplinary Code.

These Regulations will ensure that all Shareholders Meetings are executed in a correct and ordered manner and guarantee that each shareholder shall have the right to voice their opinion regarding the issues in discussion.

Statutory Auditors

The Board of Statutory Auditors was appointed by the Shareholders Meeting held on the 29th of April 2005 and will remain in office for three financial years, until the date of the Shareholders Meeting that will be convened for the approval of the annual balance sheet of the financial year ending on 31st of

December 2007. The details of the members of the Board of Statutory Auditors, domiciled for this purpose at the registered office of the Company, are listed in the table below:

Office	Name and surname	Date and place of birth	Date of appointment
Chairman	Franco Corgnati	Milan 10 July 1942	29 April 2005
Statutory Auditor	Paolo Mazzi	Isola d'Istria 10 October 1946	29 April 2005
Statutory Auditor	Nicola Gianese	Padua 9 July 1962	29 April 2005
Alternate auditor	Giampietro Sala	Vicenza 17 February 1938	29 April 2005
Alternate auditor	Ornella Rossi	Villasanta (MI) 20 January 1946	29 April 2005

According to article 24 of the Articles of Association of the Company and to the procedure described therein, the appointment of the Statutory Auditors shall be made on the basis of lists submitted by the shareholders, in order to ensure that the minority shareholders are entitled to appoint one Statutory Auditor and one Alternate Auditor.

In accordance with article 14.1 of the Self-Disciplinary Code, the shareholders that intend to propose candidates for the appointment of Statutory Auditors, must submit the list to the registered office of the Company at least ten days prior to the date of the Shareholders Meeting in the first call.

Within the same deadline, each individual candidate must submit a declaration accepting their candidature and stating that no reasons exist due to which they may not be elected or due to which they are incompatible under the provisions of the law, and attesting also the existence of the statutory requisites of professionalism and honour for the members of the Board of Statutory Auditors.

Pursuant to article 14.2 of the Self-Disciplinary Code, the Statutory Auditors will act autonomously and independently. Therefore they shall not be considered “representatives” for the majority or minority shareholders that have proposed or elected them.

In accordance with article 14.3 of the Self-Disciplinary Code, the Statutory Auditors shall consider all documents and information that may come into their possession for the purposes of their role to be of the utmost confidentiality and they shall respect the procedures adopted for external communications regarding the Company.