

CODE OF ETHICS

**SAFILO GROUP**

**SAFILO GROUP S.P.A.**

Document approved by the Board of Directors of Safilo Group S.p.A. and Safilo S.p.A. during the meeting held on 12/02/2009, revision 3.0.0..

The references made in the Code of Ethics to "Safilo" or "Company" or "Group" refer, depending on each case, to the company Safilo Group S.p.A. and/or companies controlled by Safilo Group S.p.A., in accordance with art. 2359 of the Italian Civil Code and subsequent amendments.

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## INTRODUCTION

Safilo Group, present for more than 70 years in the eyewear market, is the second largest worldwide operator, in terms of sales, in the development, production and wholesale distribution of products for the eyewear market, including prescription frames, sunglasses and sports items (goggles for skiing and motocross, ski helmets and technical glasses for other sports.)

The Group has created and manages a portfolio of licensed and own brands, selected according to their competitive positioning and international prestige, in order to fulfil a precise strategy of market segmentation.

Safilo Group sells its products in 130 Countries, operating directly through its commercial branches in 30 of them, while in the remaining Countries products are distributed through over 170 independent distributors.

Ethics in entrepreneurial business is fundamental for the good working and credibility of the company towards its shareholders, clients, suppliers and, more generally, towards the entire economic context in which it works. Safilo intends to transform the knowledge and appreciation of ethical values that pervade it into a competitive advantage.

The Board of Directors of Safilo Group S.p.A has therefore resolved to adopt this Code of Ethics and conduct (from hereon "Code of Ethics" or "Code") which aims to confirm and fix in a document the principles of correctness, loyalty, integrity and transparency in behaviour and in the way of operating and conducting relations, both within the Company and towards third parties.

Safilo Group S.p.A., which controls and has a share in various Italian and foreign companies, proposes its own Code of Ethics to companies belonging to the Group so that – following any amendment or integration deemed necessary – they may formally accept it as a management tool and as an element that is useful for their own strategy and organisation.

Through its circulation within the Group, this Code of Ethics will apply to all controlled companies and companies in which Safilo Group S.p.A has a share.

"Addressees" of the Code of Ethics are all those who work for Safilo: employees, members of the Board of Directors and of the Board of Auditors, as well as external collaborators who contribute to achieving the objectives of the Group and the Company.

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Such people are required to be acquainted with the content of the Code of Ethics, to contribute to its being put into effect and to the diffusion of the principles therein contained, as well as to promote respect for it also from those with whom they have business relations (clients, suppliers, consultants, agents, etc.)

The rules contained in the Code of Ethics are additional to the rules Addressees must observe in compliance with the existing civil and criminal laws in all Countries in which Safilo operates, and the obligations provided for by the national collective labour agreement.

Addressees of the Code of Ethics who violate its rules will damage the trust relationship with the Company and will thus be subject to the sanctions below.

The implementation of the Code of Ethics is one of the responsibilities of the Vice Chairman of Safilo, who will be supported by the supervisory body established in accordance with the Italian Legislative Decree n. 231/2001 (from hereon "Supervisory Body") for such implementation.

## I. GENERAL PRINCIPLES

The addressees of the Code of Ethics must adhere, for areas which concern them, to the following guidelines:

- To act in observance of the law and regulations, which are in force in all Countries in which Safilo operates, also with reference to the local or international laws in place to prevent cross-border crimes and to regulate immigration and emigration;
- To treat clients, shareholders, employees, suppliers, the surrounding community and the institutions that represent it, as well as any third party with whom they have relations for professional reasons, with honesty, correctness, impartiality and without prejudice;
- To compete fairly with competitors on the market;
- To protect the health and safety of oneself and others;
- To monitor and, where necessary, reduce the potentially harmful effects on the environment of the activities carried out;
- To maintain the confidentiality of information concerning the Group, its know-how, employees, clients and suppliers;
- To operate in line with the principle that each operation or transaction has to be correctly registered, authorized, verifiable, legal, coherent and consistent;

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- To avoid or declare beforehand any conflicts of interest with the Group;
- To use intellectual property and Group materials with respect for their purpose and in such a way as to promote their preservation and good working.

## II. BEHAVIOUR IN MANAGING BUSINESS RELATIONS

Addressees are required to maintain, in business affairs, ethical behaviour that respects the law, characterised by the utmost transparency, clarity, correctness and efficiency.

In particular Safilo avoids starting business relationships with third parties which are known or reasonably suspected to be involved in criminal activities or terrorism.

As concerns the formalization and approval of business relations, the principles contained in company procedures, in laws and rules must also be followed, in order to guarantee traceability.

### A) Relations with shareholders

Safilo considers its primary aim to be the creation of value for all its shareholders and, more generally, for all stakeholders, meaning by this all parties, public, or private, Italian or foreign – individuals, groups, companies, institutions – that have in any way contact with and/or have in any case an interest in the activities that the Company carries out. Each director, employee and collaborator will therefore direct their own efforts to pursue this aim.

It is in Safilo's interest to maintain a continuous dialogue with its shareholders and especially with institutional investors, if any. Relations with shareholders and in particular with investors are carried out exclusively by the Company departments to which this role has been assigned, in respect of the rules and procedures regarding the communication of documents and information concerning the Company.

Safilo's Board Members encourage and facilitate the widest possible participation of shareholders in General Meetings, at which all Board Members possibly participate.

Safilo protects and gives priority to the interests of the Company and the shareholders as a whole rather than the interest of individual shareholders or groups of them. Safilo is committed furthermore to guaranteeing equal treatment for all categories of shareholders, avoiding preferential behaviour.

The reciprocal advantages deriving from belonging to the Group are pursued in respect of the applicable rules of law and of the independent interests of each Company, belonging to the Group, to create value.

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## **B) Relations with clients**

Safilo works to satisfy and protect its clients, paying attention to requests that may lead to an improvement in the quality of products and services.

For this reason, Safilo focuses its research, development, and sale activities on high quality standards for its products and services.

In its relations with clients and customers, Safilo ensures correctness and clarity in commercial dealings and in assuming contractual ties, as well as faithful and diligent fulfilment of contractual terms.

When conducting relations with clients, Addressees must apply suitable conditions for each kind of client (distributors, franchises, final users), establishing equal treatment for clients in the same conditions and in any case in line with standard market practises for the sector.

## **C) Relations with suppliers**

The relations with suppliers, including financial and consultancy contracts, are regulated by the rules of this Code and are subject to constant and attentive monitoring by the Company itself.

The Company uses suppliers that operate in accordance with the regulations in force and asks them to respect the principles detailed in this Code.

Suppliers selection and purchasing conditions must be based on an objective evaluation of the quality and price of the goods and services offered and of the capacity to supply and guarantee goods and services quickly and at levels that are appropriate for the Company's needs. A supplier must never be chosen over another due to personal relations, favouritism or other advantages, other than those that are exclusively of interest and benefit to the Company.

In particular, suppliers of machinery and equipment are selected also evaluating the compliance with work safety laws of the products supplied. Individual and general prevention and protection systems will comply with the law certification and qualification requirements in relation to the defined use.

With regard to activities let out on contract, which have to be carried out inside Safilo's facilities or which are phases of the production process, the professional qualification of the contractor is verified in advance, as requested by specific law requirements regulating work safety.

## **D) Relations with employees**

Human resources are an essential factor for the existence, development and success of a company. For this reason, Safilo protects and promotes the value of human resources in order to improve and increase its assets and the competitiveness of the skills possessed by each collaborator in the organisational context of the Company.

Safilo avoids any discrimination on religion, sex, race, political or union opinion, evaluating each employee just on his own professional qualifications and personal capabilities.

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Safilo, therefore, through the relevant departments, selects, hires, pays and organises its employees according to merit and skill criteria, with respect for the reward scheme adopted and following criteria of objectivity and reasonableness.

The working environment, as well as being suitable from the point of view of safety and personal health of employees, favours reciprocal collaboration and team spirit, with respect for the moral character of each person, and has no room for prejudice, intimidation, unfair pressure or undue discomfort.

## **E) Relations with competitors**

Safilo believes in free and fair competition and always seeks to obtain competitive results that reward ability, experience and efficiency.

Every action that aims to damage conditions for correct competition is contrary to Group's policy and is forbidden for any individual working for it. In no case, may the pursuit of the Company's interests justify behaviour of Company management or collaborators that does not respect the laws and is not in line with the rules of this Code.

## **F) Relations with mass media**

All contacts with information providers must be carried out exclusively by the Company departments that specifically have this purpose.

Relations with mass media are characterised by the respect for the right to information.

Information for mass media must be accurate, organised and consistent with the principles and policies of the Company; it must respect the laws, the rules and the practices of professional conduct and must be carried out with clarity and transparency. It is absolutely forbidden to publish false information.

In every communication to the outside world, information concerning the Company and its activities must be truthful, clear and verifiable.

Price-sensitive information for Safilo shareholders is published exclusively by authorised individuals, respecting the regulations in force and in accordance with the methods indicated in the "Procedure for the treatment of relevant information", adopted by the Board of Directors of Safilo Group S.p.A. and brought adequately to the attention of the Addressees.

## **G) Relations with Public Administration**

In dealing with the Public Administration, Safilo pays particular attention to each action, behaviour or agreement, ensuring that they are characterised by the utmost transparency, correctness and legality. To this end, as far as possible, Safilo will avoid being represented in such relations by just one individual, on the presumption that the presence of more than one person minimises the risk of interpersonal relations that are inconsistent with the Company's wishes; where this is not possible, however, a record of the dealings will be guaranteed.

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During business dealings, or commercial relations with the Public Administration, Addressees must not adopt, directly or indirectly, behaviour that will influence the decision of the counterpart in an incorrect way. In particular, it is not permitted to examine or propose job or commercial opportunities that may favour employees of the Public Administration in a personal way, or to request or obtain confidential information that could compromise the integrity or the reputation of both parties. While carrying out business relations, the Company must respect what is established in the contract, avoiding unauthorised modifications, preparing suitable mechanisms for checking and safeguarding, and only employing competent and suitable people. Should the Company use consultants or third parties to represent it in relations with the Public Administration, the same regulations apply to these individuals and their staff as those for employees of the Company. Furthermore, in choosing the aforesaid consultants, the Company will favour professionalism, correctness and competency, excluding anyone who has personal or employment relations with the Public Administration, even indirectly through intermediaries, or family ties.

## **H) Gifts, presents and benefits**

No gifts are permitted that may be interpreted as exceeding normal commercial or courtesy practise, or in any case aimed at acquiring favourable conditions in carrying out any activity linked to the Company and /or to the Group. In particular, it is absolutely forbidden to give gifts to public officials in Italy or abroad, or their relatives, which may influence the autonomy of their judgement or lead them to guarantee some advantage.

It is underlined that this norm concerns both presents promised or offered as well as those received, where present means any type of benefit (free entrance to conferences, promise of a job offer, etc.)

Given the prohibition indicated above, presents offered to third parties, that do not however belong to the Public Administration, must be of a modest value and documented in a suitable way in order to allow for any checks, and must be authorised by the line manager and reported to the Supervisory Body.

The Addressees of this Code of Ethics who receive presents or benefits that are not of a modest value must communicate this to the Supervisory Body, who will assess the suitability and will notify the sender of Company policy on this matter.

## **III. HEALTH, SAFETY, ENVIRONMENT**

### **A) Health and safety**

The Company, at every level, guarantees the physical and moral integrity of its workers, working conditions that respect individual dignity and a safe and hygienic working environment,

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in full respect of the regulations in force concerning the prevention of accidents at work and protection of workers.

The Company evaluates the risks which could affect safety in the work environments, also with regard to equipment or chemical substances selection as well as the work layout design; it carries out its activities in technical, organisational and economic conditions that ensure adequate prevention of accidents, and a hygienic and safe working environment.

Any decision taken at any organization level, regarding work safety, must consider the following principles and fundamental criteria:

- Avoid risks;
- Evaluate risks which cannot be avoided and fight them at the origin;
- Adapt the work to the human being, especially with regard to the ergonomics of the workplace, the choice of equipment, the working and production methods, pursuing the aim of reducing monotonous and repetitive jobs and diminishing the effects of the latter on the employees' health;
- Consider technology evolution
- Substitute what is dangerous with something else which is not or less dangerous
- Give higher priority to a general protection system than to individual ones

Safilo plans prevention aiming to an integrated system which consistently combines technology, organization, working conditions, social relationships and the influence of the working environment on these factors.

The Company commits itself to diffusing and reinforcing amongst its collaborators a culture of safety, developing the knowledge of risks and promoting responsible behaviour from all its collaborators.

The Addressees of this Code, and in particular the Employer and his Delegates, Managers, Persons in charge of the safety safeguarding, employees, those in charge and operators of the prevention and protection departments, competent doctor and designated representatives of employees on safety matters, contribute to the process of preventing risks and protecting the health and safety of themselves, colleagues and other parties, including personal responsibility in accordance with the relevant laws on this matter.

Within the scope of Company activities the abuse of alcoholic substances or drugs is forbidden as is smoking in the workplace, in accordance with current laws and in any case where smoke can cause danger to Company structures and possessions or to the health or safety of colleagues and third parties.

## **B) Product safety**

Safilo designs and produces its products not only to satisfy functional requirements and aesthetical taste, but also respecting the most strict safety and quality regulations.

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## C) Protection of the environment

The environment is a fundamental asset for the community that Safilo wishes to contribute towards safeguarding. For this purpose, Safilo programmes its activities in such a way as to seek a balance between economic initiatives and environmental needs, respecting the requirements of the law and applicable regulations, seeking to cooperate as much as possible with Public Authorities that carry out checks, surveillance and protection of the environment.

The Addressees of this Code of Ethics contribute to the process of protecting the environment. In particular, those who are involved in the production processes pay great attention to avoid any illegal dumping or emission of harmful materials and deal with industrial waste materials that are considered most hazardous in accordance with the specific rules.

## IV. PROTECTION OF CONFIDENTIAL AND PRIVILEGED INFORMATION

Any information and other material that the Addressees become aware of or come into possession of, relating to their working or professional role, are strictly confidential and are the exclusive property of the Company. Such information may concern present and future activities, information and news that has not yet been published, even if it will soon be made known.

Particularly relevant confidential information is privileged or price-sensitive information, which refers to information that is precise, not of public knowledge, directly or indirectly concerning a company that issues financial instruments and which, if made public, could significantly influence the prices of such financial instruments. Those who, due to their position, profession or role, have access to privileged information about the Company (for example, information concerning changes in management, acquisition projects, fusion, splitting, strategic plans, budget, business plan), may not use it for their own advantage and/or those of relatives, people they know, and in general third parties, but exclusively within their working environment to carry out their own work, profession, function or role. They must, furthermore, pay particular attention to not communicate the privileged information to third parties, if not for reasons linked to their role or professional purposes and according to the methods indicated in the procedure for protecting privileged information adopted by the Company, and to avoid any improper use of such information.

Even information and/or any form of news, documents, data, that are not available to the public and are linked to the actions and operations for one's own role and responsibility, must not be published, nor used and not even communicated for any other purpose without express authorisation.

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It is recommended however that a level of confidentiality be maintained for information concerning the Company, working and professional activities.

## V. USE OF INFORMATION RESOURCES

IT and telecommunication resources are an essential instrument for the correct and competitive running of the Company, as they ensure the speed, completeness and correctness of the information necessary for the efficient management and control of company activities.

All information that is held within the company's IT and telematic systems, including electronic mail, are the property of Safilo and are used exclusively for carrying out company activities, with the means and within the limits indicated by the Company.

To guarantee respect for the regulations regarding individual privacy, a correct and limited use of IT and telecommunication tools is aimed for, avoiding usage that seeks to collect, store, and diffuse data and information for purposes other than company activities; the use of IT and telecommunication tools is subject to monitoring and checking by the Company, insofar it is necessary to prevent any breach of law or regulation requirements.

## VI. ACCOUNTING BOOKS AND COMPANY REGISTERS

The Company records all company activities and operations accurately, in order to guarantee the utmost transparency in accounting for shareholders, third parties and authorities, and to avoid the appearance of false, misleading or deceptive accounts. Administrative and accounting activity is carried out using up to date and computerised instruments and procedures in order to ensure maximum efficiency, correctness, completeness and compliance with accounting principles, and to facilitate the necessary controls and checks of the legitimacy, consistency and congruousness relating to the processes of decision making, authorisation and actions and operations carried out for the Company.

The Company believes that the correctness and transparency of company financial statements are important, and that this is also maintained via certification of the company's financial statements, as well as checks made by the Board of Auditors; Safilo collaborates fully at each level, providing correct and true information concerning activities, goods and company operations, as well as fulfilling any reasonable requests made by bodies involved.

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## VII. COMPANY CONDUCT

Safilo believes that company conduct must always be formally and effectively in accordance with the law, respecting the decisions of the shareholders, maintaining transparent and reliable conduct, even towards its creditors, preserving the integrity of the share capital and of the non-distributable reserves, as well as cooperating with the relevant Authorities.

## VIII. CONFLICTS OF INTEREST

The Addressees should avoid all situations and refrain from any activity that could even only possibly cause a conflict of interest between their private economic activities and the role they cover within the structure they belong to. Situations that could, even only hypothetically, constitute a conflict of interest must be communicated to the Company Board of Directors.

It is not permitted, however, to pursue one's own interests to the detriment of Company interests, and to personally make use of Company goods without authorisation, and have an interest directly or indirectly in competing companies, clients, suppliers or advisors.

## IX. IMPLEMENTATION AND CONTROL

With respect for the law and in order to plan and manage company activities efficiently, correctly, transparently and with quality, Safilo adopts and puts into practise organisational, management and control charters that provide suitable measures and guarantee the carrying out of activities in accordance with the law and the rules of conduct of this Code, and also bring to light and quickly remove any situations of risk, preventing illicit conduct or behaviour that is contrary to the rules of this Code by any person who acts for the Company.

Given the process of activities and the complex organisation, the Company has adopted a delegation system for roles and powers, explicitly and specifically providing for the attribution of responsibilities to people with suitable capabilities and skills.

Application of the Code of Ethics is one of the responsibilities of the Board member delegated to attend to the Company's Internal Control System, supported by the Supervisory Body, who has the duty of:

1. Ensuring that the Code is complied with and that it is circulated to all Addressees;
2. Checking any information received about breaches of the Code and informing the Bodies and Company departments involved about the results of the checks and the imposition of any sanctions.

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3. Proposing modifications to the Code content to adapt it to the changing context in which the Company exists and operates and to needs arising from evolution of the Company itself.

This Code of Ethics is circulated as far as possible to all Addressees, even by being published on the company web site.

## **X. BREACHES REPORTING**

Any occurrence of a breach of the law and/or company regulations or of this Code of Ethics must be promptly notified in writing and by name, to one's superior or to the Supervisory Body. The notifications will be fully investigated and, should a breach be found, suitable sanctions will be applied.

Safilo is committed to ensuring that no-one is subject to retaliation of any nature for having provided information on possible breaches of the Code or related rules.

## **XI. SANCTIONS**

Any breach of the provisions of this Code of Ethics constitutes misconduct or unfulfilment of contractual obligations of the employees or external collaborators, with the consequences of the law and contract, also in accordance with articles 2104 and 2105 of the Italian civil code or with the corresponding local laws applicable in each Country where this Code is adopted. The Company will also have the right to apply disciplinary sanctions provided for by the collective labour agreements also recalled by the Organizational, Management and Control Charter adopted as foreseen by the 231/2001 Italian legislative decree.

For Addressees who are not employees of the Company, observance of the Code represents a condition for the continuation of the professional or collaboration relationship.

## **XII. FINAL PROVISIONS**

This Code of Ethics is effective from its adoption by the Board of Directors until it is revised.

**p. Board of Directors of SAFILO GROUP S.p.A.**

**Chairman**  
**Vittorio Tabacchi**

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