

Aquafil S.p.A.
2022 Corporate Governance
and ownership structure report
as per Article 123-*bis* of Legislative Decree No. 58/1998

(traditional administration and control model)
Website: www.aquafil.com
Reporting year: 2022
Date of approval of Report: March 16, 2023

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KEY DEFINITIONS

The key definitions utilised in this Report are illustrated below.

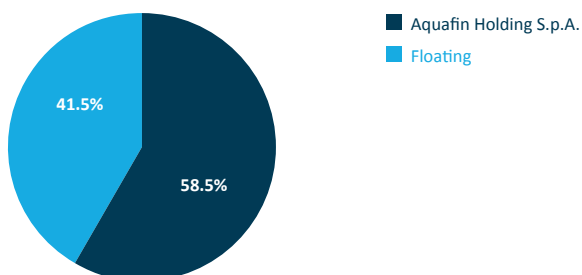
Italian Stock Exchange	Borsa Italiana S.p.A., with registered office at Milan, Piazza degli Affari No. 6.
Civil Code	Royal Decree 262 of March 16, 1942, and subsequent amendments and supplements.
Corporate Governance Code or Code	the new Corporate Governance Code of listed companies, in force since January 1, 2021 and adopted by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website www.borsaitaliana.it in the <i>Borsa Italiana/ Regulation/Corporate Governance</i> section.
Consob	the National Commission for Companies and the Stock Exchange, with registered office in Rome, Via G.B. Martini No. 3.
Effective Merger Date	December 4, 2017.
Issuer, Aquafil or Company	Aquafil S.p.A., with registered office in Arco (Trento), Via Linfano, No. 9, VAT and Tax No. 09652170961.
Reporting Period	year ended December 31, 2021.
Merger	the merger by incorporation of Aquafil (pre-merger), completed on the Effective Merger Date.
Group or Aquafil Group	Aquafil and the companies within its consolidation scope.
Stock Exchange Instruction Regulation	the Instructions to the Regulation for Markets organised and managed by Borsa Italiana.
Market Warrants	the warrants pursuant to the regulation for “ <i>Aquafil S.p.A. Market Warrants</i> ”.
MIV	the Investment Vehicles Market organised and managed by Borsa Italiana.
MTA	the Italian Stock Exchange organised and managed by Borsa Italiana.
Transaction	the business combination between Space3 and Aquafil (pre-merger), as approved by the Board of Directors of the aforementioned companies on July 15, 2017, undertaken principally through the Merger.
SMEs	small and medium-sized issuers of listed shares pursuant to Article 1, paragraph 1, letter <i>w-quater</i> 1), of the CFA.
Procedure for Related Party Transactions or RPT Procedure	the related party transactions procedure adopted by the Company in compliance with the Consob RPT Regulation.
Stock Exchange Regulation	the regulation for markets organised and managed by Borsa Italiana, and subsequent amendments and supplements.
Issuers’ Regulation	the enacting regulation of the CFA concerning the governance of issuers, adopted by Consob with motion No. 11971 of May 14, 1999 and subsequent amendments and supplements.
Related Parties Regulation or RPT Regulation	the regulation adopted by Consob motion No. 17221 of March 12, 2010 (as subsequently amended and supplemented) in relation to related party transactions.

Report	this Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123- <i>bis</i> of the CFA.
Space 3	Space 3 S.p.A.
Space Holding	Space Holding S.r.l., with registered office at Piazza Cavour 1, Milan, promoter of Space 3.
Sponsor Warrant	the warrants pursuant to the regulation for “ <i>Aquafil S.p.A. Sponsor Warrants</i> ”.
Company By-Laws	the By-Laws of the Company in force at the Reporting date.
CFA	Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented.

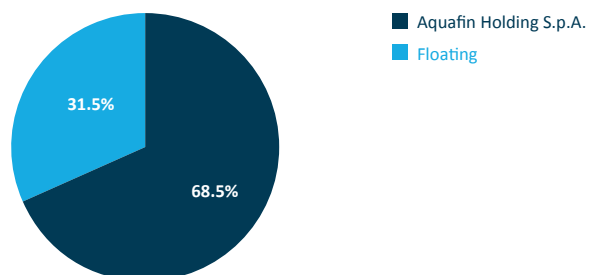
EXECUTIVE SUMMARY

AQUAFIL SHAREHOLDING STRUCTURE

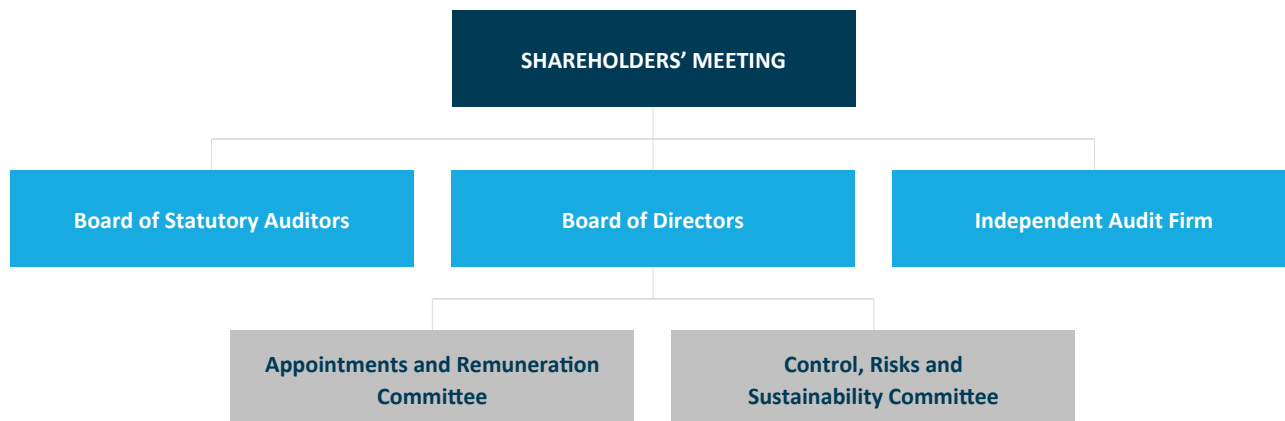
Ordinary capital



Voting capital

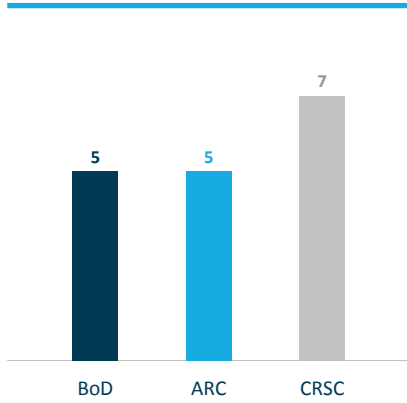


CORPORATE GOVERNANCE

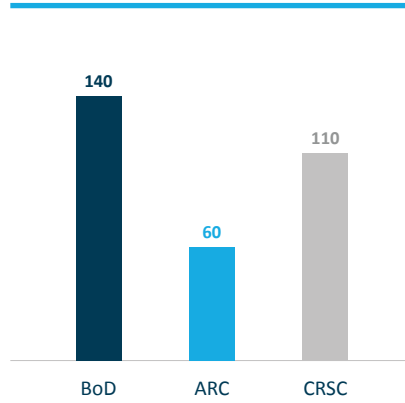


COMMITTEE MEETING IN 2022

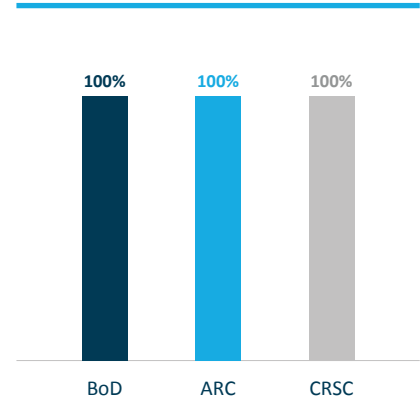
Number of meetings



Average meeting duration (minutes)



Average meeting attendance (%)



■ BoD: Board of Directors

■ ARC: Appointments and Remuneration Committee

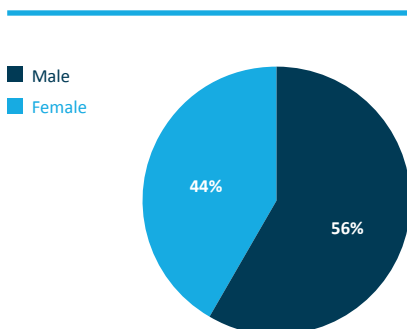
■ CRSC: Control, Risks and Sustainability Committee

ANNUAL BOARD EVALUATION PROCESS

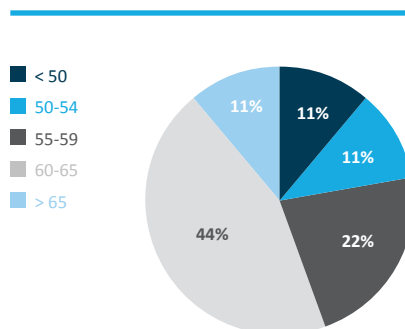
Board evaluation process carried out	Yes
Evaluating body	Self-evaluation with the support of an independent expert
Means of self-evaluation	Questionnaire and individual interviews

DIVERSITY ON THE BOARD OF DIRECTORS

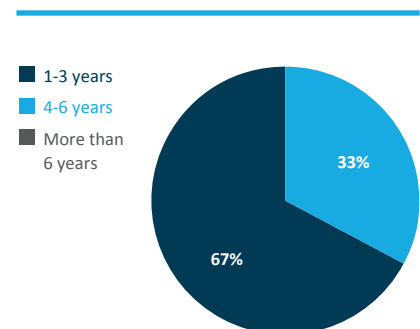
Gender diversity



Age diversity



Tenure diversity



SUMMARY OF ACTIVITIES RELATING TO THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In 2020, the Company began an **Enterprise Risk Assessment (ERA)** profiling, coordinated by the Internal Audit Function, to assess the effectiveness of the Internal Control and Risk Management System (ICRMS) on three aspects: **financial, operational, and compliance**. A “processes/controls” matrix was created and used to map the processes and related controls introduced by the Company, identifying risks and safeguards. The final phase of the project saw the definition, for each process of (i) metrics and impact indicators, (ii) a probability/frequency assessment, (iii) assessment of control measures, and (iv) a remediation strategy based on the risk priority number.

In 2022, **activities to strengthen the ICRMS** continued through:

- improvement of internal procedures, mainly in relation to the sales process, the supply chain and verification of criminal charges pending for senior figures;
- the issue of the Business Continuity Plan (BCP) document;
- the identification of corrective action, follow-up and reporting;
- the definition of Minimum Control Standards for warehouse, investment and purchasing processes, which were shared with all Group Companies;
- as per the Executive Officer for Financial Reporting’s work plan, activities to update the scope of 262 Model coverage, effectiveness testing on the occasion of the Half-Year Financial Report and the Annual and Consolidated Financial Statements, and training and awareness-raising activities for the structures when carrying out these activities.

SUSTAINABILITY GOVERNANCE

Sustainability is a key element of Aquafil’s business strategy, and is deeply integrated with its internal strategy and processes.

As part of the sustainability governance organisational measures introduced by Aquafil, in 2018 the **Sustainability Steering Committee** was set up to guide the structured development of corporate sustainability policies consistent with the sustainability plan and principles stated in THE ECO PLEDGE, ensuring that progress is monitored. The Committee oversees three main areas of sustainability: **environmental, social, and economic** aspects, through projects and initiatives that may involve the various parts of the Company.

Since 2020, sustainability issues within the Board of Directors have been overseen by the **Control, Risks and Sustainability Committee**. The Sustainability Steering Committee periodically reports to the **Control, Risks and Sustainability Committee** and the **Board of Directors** on the progress of the sustainability plan and any ongoing projects, presenting results, critical issues and any requests to begin new initiatives.

To reinforce the progress towards **generating shared value**, the Group has aligned its **2023 Remuneration Policy** with its sustainability strategy, including the **main objectives of the Sustainability Plan** within the **short-term and long-term variable incentive system** and assigning them a significant weighting (25%) within the total bonus (for further details, please see the Remuneration Report).

1. COMPANY PROFILE AND GOVERNANCE SYSTEM

For more than 50 years, Aquafil has been a leading Italian and global producer of synthetic fibres, and particularly of polyamide 6 fibres.

The Group sets benchmarks in terms of quality, innovation and new sustainable development models. It is considered a strategic choice in view of the focus on continual process and product development, delivered through ongoing capital and know-how investment.

The Group has more than 2,800 employees and 20 sites in Europe, the United States and Asia.

Aquafil's Corporate Governance system, i.e. the set of rules and conduct adopted for streamlined and transparent corporate board and control systems, in accordance with the regulatory provisions for Italian listed companies and based on the Self-Governance Code's principles and recommended application criteria. The Company also voted on February 17, 2021 to adopt the Corporate Governance Code, which was approved by the Corporate Governance Committee and is effective for the year beginning January 1, 2021.

As an Italian-registered company with shares traded on the STAR segment of the Italian Stock Exchange and compliant with the Code, Aquafil's corporate governance structure — based on the traditional organisational model — is composed of the following bodies: the Shareholders' Meeting; the Board of Directors, also operating through the Chief Executive Officer and the Executive Directors; the Board of Statutory Auditors; the Control, Risks and Sustainability Committee; the Appointments and Remuneration Committee; the Supervisory Board; the independent audit firm.

The Shareholders' Meeting is the body whose motions express the shareholders wishes. The motions passed in compliance with law and the By-Laws bind all shareholders, including those absent or dissenting, although these latter have the right to withdrawal in permitted cases. The Shareholders' Meeting is called in accordance with law and the regulations for companies with listed shares to resolve upon the matters reserved to it by law.

The Board of Directors sets out the company and Group strategic guidelines and is responsible for management oversight. It is therefore granted the widest powers of company administration considered appropriate in pursuit of the Company's aims and objectives, with the sole exclusion, obviously, of those expressly reserved by law for the Shareholders' Meeting.

The Board of Statutory Auditors supervises compliance with law and the By-Laws and in particular:

- operating control functions, in particular verifying:
 - compliance with the principles of correct management;
 - the adequacy of the Company's organisational structure;
 - proper implementation of the Code;
 - the adequacy of the instructions provided to the subsidiaries in terms of the market and inside information communication obligations;
- functions of the Internal Control and Audit Committee, particularly concerning:
 - oversight of:
 - i. the financial disclosure process;
 - ii. the efficacy of the internal control and internal audit systems, and if applicable, the risk management system;
 - iii. the audit of the statutory annual accounts and of the consolidated annual accounts;
 - iv. the independence of the independent audit firm;
 - communicating to the Board of Directors the outcome of the statutory audit;
 - responsibility for the independent audit firm selection policy.

The statutory audit is not within the Committee's scope, as assigned in accordance with law to an independent audit firm chosen by the Shareholders' Meeting.

The independent audit firm oversees the correct keeping of the accounting records and the reporting of operating events, while ensuring that the separate and consolidated financial statements are consistent with the accounting records and audits carried out and are compliant with applicable provisions. It may perform additional services assigned by the Board of Directors, where not incompatible with the statutory audit assignment.

The Supervisory Board completes the governance structure, with the Company having adopted a Code of Conduct and an Organisation, Management and Control Model as per Article 6 of Legislative Decree No. 231/2001 and subsequent, applying the relative structure of powers and duties.

This Report, approved by the Board of Directors on March 16, 2023, provides a comprehensive overview on the Issuer's corporate governance and ownership structure at December 31, 2022, pursuant to Article 123-*bis* of the CFA and in light of the Self-Governance Code's provisions, as well as the "Format for the report on corporate government and ownership structure" document (VII Edition, January 2019) prepared by Borsa Italiana.

With particular reference to the recommendations made in the Letter from the Chairperson of the Corporate Governance Committee of December 2021, and also in light of the new provisions of the Code, we note that the Company qualifies as a **concentrated and not large company**, although it is deemed appropriate to maintain the governance structures introduced to date, without simplification.

This Report, which forms an integral part of the Directors' Report, and the By-Laws, are available on the company website (www.aquafil.com in the *Corporate Governance* section).

2. DISCLOSURES ON SHAREHOLDERS (AS PER ARTICLE 123-BIS, PARAGRAPH 1 OF THE CONSOLIDATED FINANCE ACT)

2.1 Share capital structure (as per Article 123-*bis*, paragraph 1, letter a), CFA)

2.1.1 Share capital and shares of the Company

At the Reporting date, the subscribed and paid-in share capital of Aquafil amounts to Euro 49,722,417.28, comprising 51,218,794 shares divided into 42,902,774 ordinary shares, 8,316,020 special B shares (B Shares) and 0 special C shares (C Shares), all without nominal value.

Specifically, Aquafil's share capital is broken down as follows:

	No. of shares	% of share capital	Listed (with market indicated)/ not listed	Rights and obligations
Ordinary Shares ISIN Code IT0005241192	42,902,774		MTA, STAR Segment	The shares are indivisible and each share shall entitle the holder to one vote. Those in possession of shares may exercise their shareholder and equity rights in compliance with the limits established by statutory regulations and the By-Laws
Multi-votes shares (B Shares) ISIN Code IT0005285330	8,316,020		<i>Non-listed</i>	Assign the rights as per Article 5 of the By-Laws, including the right to three votes per share at Shareholders' Meetings
Shares without voting rights (C Shares) ISIN Code IT0005241747	0		<i>Non-listed</i>	Assign the rights as per Article 5 of the By-Laws
Other				

Taking account of the share's value at December 31, 2022 and the number of shares at that date, the capitalisation was Euro 314,483,395.16.

The ordinary shares, the B Shares and the C shares are subject to the dematerialisation rules pursuant to Article 83-*bis* and thereafter of the CFA.

The ordinary shares are to bearer, indivisible, freely transferable and confer to the owners equal rights. In particular, each ordinary share attributes the right to one vote at the Ordinary and Extraordinary Shareholders' Meeting of the Company, as well as additional equity and administrative rights pursuant to the By-Laws and statutory law.

In accordance with Article 5.4 of the By-Laws, the B shares attribute the same rights as the ordinary shares, with the exception of:

- each B Share confers the right to three votes pursuant to Article 127-*sexies* of the CFA at all Shareholders' Meetings of the Company, subject to any statutory limitation;

- b. they automatically convert into ordinary shares, based on one ordinary share for each B Share (without requiring a motion of the B Shares special shareholders' meeting or of the Shareholders' Meeting of the Company) in the event of: (i) transfer to parties who are not already holders of B Shares, except where the transferee is a parent, is controlled by or under common control of the transferor and, provided that, in this case, where the transferee loses the status of parent, control by or under the common control of the transferor, all the B Shares held by them are automatically converted into ordinary shares, based on one ordinary share for every B Share; (ii) in the case in which the holder of the B Shares ceases to be controlled, directly or indirectly, by (a) Giulio Bonazzi; (b) Roberta Previdi; (c) Silvana Bonazzi; (d) Francesco Bonazzi and/or (e) one or more direct line successors upon death of both (and not only one of) Giulio Bonazzi and Roberta Previdi, each of which, exclusively or jointly to one or more of the other aforementioned parties;
- c. they may be converted, in all or in part and also in several tranches, into ordinary shares on the simple request of the owner, to be sent to the Chairperson of the Board of Directors of Aquafil and in copy to the Chairperson of the Board of Statutory Auditors, also based on one ordinary share for every B Share.

The conversion is ratified by the Board of Directors by statutory majority. In the event of omission by the Board of Directors, the conversion is ratified by the Board of Statutory Auditors with the approval of a majority of those present.

Ordinary shares may not be converted into B Shares.

In accordance with Article 5.5 of the By-Laws, the C Shares attribute the same rights as the ordinary shares, with the exception of:

- i. they are without voting rights at the Ordinary and Extraordinary Shareholders' Meetings of the Company;
- ii. they are excluded from the right to receive the profits which the Company resolves to distribute by way of ordinary dividend;
- iii. they are non-transferable until April 5, 2022, except for: (a) the transfer of the special shares to withdrawing shareholders of Space Holding, on the completion of the liquidation of their holding in kind; and (b) the assignment of the special shares to the beneficiary company of a proportional spin-off of Space Holding for, among other matters, the investment of Space Holding in the Company;
- iv. they attributed the right at the time of issue to the allocation of "Space 3 S.p.A. Sponsor Warrants" (now called "Aquafil S.p.A. Sponsor Warrants") in the ratio of 2 warrants for every C Share;
- v. they are automatically converted into ordinary shares, in the ratio of 4.5 ordinary shares for every C Share, without the need for holders to request such and without amending the share capital, notwithstanding that this conversion will reduce the implied par value of the ordinary shares within 60 months from the Effective Merger Date in the amount of 80,000 C Shares in the case in which the official ordinary share price, for at least 20 days, even non-consecutively, out of 30 open consecutive trading days, is higher or equal to Euro 13 per ordinary share, subject to the fact that the period for the recording of the official ordinary share price for the triggering of this conversion event runs between the Space 3 Shareholders' Meeting date approving the Merger and the completion of 60 months from the Effective Merger Date. Where this period of 60 months is completed without conversion, all C Shares will automatically convert into 1 ordinary share, without amending the share capital.

The Company may issue B Shares limited to the following cases: (a) share capital increases pursuant to Article 2442 of the Civil Code or through new conferment without exclusion or limitation of the option right, in any case together with ordinary shares; and (b) mergers or spin-offs. Under no circumstances can the Company proceed with the issue of new C Shares.

In the event of a share capital increase to be carried out through the issue of ordinary shares, all shareholders will have the right to subscribe to the newly-issued ordinary shares (unless the option right is excluded in accordance with law or there is no entitlement) in proportion and in relation to the shares — including ordinary shares, B Shares or C Shares — held by each at the time of execution of the share capital increase. In such an event, the passing of the relative motion pursuant to Article 2376 of the Civil Code by the special Shareholders' Meeting of the B Shares is not required, or of the C Shares special Shareholders' Meeting.

In the event of a share capital increase through the issue of ordinary shares and B Shares: (i) the number of newly issued ordinary shares and B Shares must be proportional to the number of ordinary shares and B Shares in which the share capital is divided on the date of the relevant motion specifying that, to this end, existing C Shares will be counted as an equal number as ordinary shares; (ii) holders of C Shares may subscribe to ordinary shares according to the portion of the share capital represented by ordinary shares and C Shares held at the time of the share capital increase and (iii) newly issued ordinary shares and B Shares must be offered to the individual shareholder in relation to and in proportion to, respectively, the ordinary shares and B Shares held at the time of the share capital increase, specifying that: (a) existing C Shares, for this purpose, will be counted as an equal number as ordinary shares; and (b)

B Shares may only be subscribed to by shareholders who are already holders of B Shares; in the absence of subscription to newly issued B Shares by shareholders who are already holders of B Shares, the B Shares will automatically be converted into ordinary shares at the ratio of one ordinary share for every B Share and will be offered to other shareholders as provided by law.

Where the Company participates in a merger by incorporation as the incorporating company or in a merger, the holders of the B Shares will have the right to receive, within the share swap ratio, shares with the same characteristics - in relation to the multi-voting rights – as the B Shares, in accordance with applicable legal provisions.

At the Reporting date, the Company had adopted the remuneration plan for Directors and Employees of the Group described in the Remuneration Report prepared in accordance with Article 123-ter of the CFA and Article 84-quater of the Issuers' Regulation, as well as the disclosure document prepared pursuant to Article 114-bis of the CFA and Article 84-bis of the Issuers' Regulation and the relative illustrative report prepared in accordance with Article 114-bis of the CFA, available on the Company website www.aquafil.com in the *Corporate Governance* section.

2.1.2 Warrants

At the Reporting date, the following financial instruments that grant the right to subscribe newly issued Aquafil ordinary shares had been issued.

	Listed (with market indicated)/not listed	No. of instruments outstanding	Class of shares for conversion/ exercise	No. of shares for the conversion/ exercise
"Aquafil S.p.A. Sponsor Warrants" ISIN Code IT0005241754	Non-listed	800,000	Ordinary Shares	800,000

On December 23, 2016, the Extraordinary Shareholders' Meeting of Space 3 pre-merger - among other matters - approved:

- the divisible paid-in share capital increase for a maximum amount, including share premium, of Euro 10,400,000, to be reserved for the exercise of 800,000 "Aquafil S.p.A. Sponsor Warrants", through the issue of a maximum 800,000 ordinary shares, without nominal value, at a price of Euro 13.00, through the allocation of Euro 1.00 as the implied par value and Euro 12.00 as the share premium.

As the Reporting date, Space Holding holds all of the "Aquafil S.p.A. Sponsor Warrants" (i.e. 800,000). The "Aquafil S.p.A. Sponsor Warrants" are exercisable, at the terms and conditions of the Sponsor Warrants Regulation, in the period between the first market trading day after December 4, 2017 (the Effective Merger Date) and the tenth anniversary of that date.

The *Aquafil S.p.A. Sponsor Warrants* are not listed on any regulated market.

The Sponsor Warrants Regulation is available to the public on the company website www.aquafil.com in the Investor Relations/ Shareholder Information section.

2.2 Restriction on the transfer of shares (as per Article 123-bis, paragraph 1, letter b), CFA)

At the Reporting date, there are no restrictions on the transfer of the ordinary shares of the Company, subject to that illustrated below.

It should be noted that Space Holding has undertaken a lock-up commitment towards the Issuer with reference to the Aquafil ordinary shares arising from the conversion of special Space3 shares as part of the Merger, with reference to the Aquafil ordinary shares arising from the conversion of the C Shares upon the occurrence of the other events indicated in Article 5.5 of the By-Laws; the lock-up commitment will have a duration of 6 months from the relevant conversion.

There are no limits to holding shares of the Company, nor any clauses to restrict becoming a shareholder.

2.3 Significant holdings (as per Article 123-bis, paragraph 1, letter c), CFA)

The ordinary shares of the Company are traded within the management system authorised pursuant to the CFA.

At the Reporting date, the Company is an SME; therefore, pursuant to Article 120, paragraph 2 of the CFA, the significance threshold for the purposes of the communication obligations of significant shareholdings is equal to 5% of the voting share capital.

Based on the information available, the following table reports the data regarding the shareholders which, at the date of this Report, have holdings of above 5% of the voting share capital of the Issuer, directly or indirectly, including through nominees, trusts and subsidiaries.

SIGNIFICANT SHAREHOLDINGS

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
GB&P S.r.l.	Aquafin Holding S.p.A.	58.50%	68.52%

2.4 Shares which confer special rights (as per Article 123-bis, paragraph 1, letter d), CFA)

There are no securities which confer special control rights or securities with special powers pursuant to the regulations and statutory provisions, except for that outlined below.

Each B Share has the right to three votes pursuant to Article 127-*sexies* of the CFA at all Shareholders' Meetings of the Company, subject to any legal limitations and confer all rights and obligations indicated at paragraph 2.1.1 of this Report.

The By-Laws do not contain provisions upon multi-vote shares in accordance with Article 127-*quinquies* of the CFA.

2.5 Employee shareholdings: method for the exercise of voting rights (as per Article 123-bis, paragraph 1, letter e), of the CFA)

At the Reporting date, there were no share ownership systems for Directors and employees as described in the Remuneration Report prepared in accordance with Article 123-*ter* of the CFA and Article 84-*quater* of the Issuers' Regulation, as well as the disclosure document prepared pursuant to Article 114-*bis* of the CFA and Article 84-*bis* of the Issuers' Regulation and the relative illustrative report prepared in accordance with Article 114-*bis* of the CFA, available on the company website www.aquafil.com in the *Investor Relations* Section.

2.6 Voting restrictions (as per Article 123-bis, paragraph 1, letter f), CFA)

There are no restrictions on voting rights for holders of ordinary shares and/or B Shares. For completeness, the C Shares are without voting rights at the Ordinary and Extraordinary Shareholders' Meetings of the Company;

2.7 Shareholder agreements (as per Article 123-bis, paragraph 1, letter g), CFA)

As at the date of this Report, and subject to the unilateral commitment of Space Holding as described in point 2.2 above, there are no significant shareholders' agreements pursuant to Article 122, paragraph 5 of the CFA.

2.8 Change of control clauses (as per Article 123-bis, paragraph 1, letter h), of the cfa) and statutory provisions on public purchase offers (as per Article 104, paragraph 1-ter and 104-bis, paragraph 1, of the CFA)

With regards to the agreements which may be voided in the case of a change in control of Aquafil S.p.A., we report the following.

Loan contracts

Aquafil loans in place at the Reporting date are shown in the table below:

(in Euro thousands)	Original amount	Granting date	Maturity date
Medium/long-term fixed-rate bank loans			
Cassa Centrale Banca - Credito Cooperativo del Nord Est (ex Casse rurali trentine) (*)	15.000	2019	2026
Cassa Centrale Banca (*)	11.000	2022	2029
Credito Valtellinese (*)	15.000	2018	2024
Mediocredito Trentino Alto Adige	3.000	2022	2026
Cassa Depositi e Prestiti (*)	20.000	2020	2027
Total medium/long-term fixed-rate bank loans			
Medium/long-term variable-rate bank loans			
Deutsche Bank (*)	5.000	2018	2024
Deutsche Bank (*)	20.000	2022	2028
Cassa Risparmio di Bolzano (*)	20.000	2018	2025
Cassa Risparmio di Bolzano (*)	10.000	2022	2028
Banca Intesa (*) (**)	15.000	2018	2024
Banca Intesa (*) (**)	30.000	2021	2027
Banca di Verona	3.500	2016	2023
Banca di Verona	15.000	2017	2024
Banca di Verona	3.000	2019	2024
Banca di Verona	5.000	2022	2027
Credito Valtellinese	3.000	2017	2023
Cassa Rurale Raiffeisen Alto Adige	3.000	2017	2023
Banca Popolare di Milano (*) (**)	25.000	2018	2025
Banca Popolare di Milano (*) (**)	15.000	2019	2025
Banca Popolare Emilia Romagna (*) (**)	10.000	2019	2025
Banca Nazionale del Lavoro (*)	7.500	2018	2025
Banca Nazionale del Lavoro (*)	12.500	2018	2025
Banca Nazionale del Lavoro (*)	20.000	2022	2027
Banca Popolare di Sondrio	5.000	2017	2023
Credit Agricole Friuladria (ex Banca Popolare Friuladria) (*) (**)	10.000	2017	2025
Credit Agricole Friuladria (ex Banca Popolare Friuladria) (*) (**)	10.000	2019	2025
Monte dei Paschi (*)	15.000	2018	2025
Crediti Emiliano	5.000	2022	2027
Banca del Mezzogiorno (*) (**)	10.000	2019	2026
Cassa Depositi e Prestiti (*)	20.000	2022	2027
Credito Valtellinese (*)	5.000	2020	2025

(*) Loans that provide for compliance with financial covenants.

(**) Loan to which an interest rate swap contract is linked under which interest to be paid to the bank is fixed and equal to the value shown in the table.

In addition, at the Reporting date, the Company had issued two bonds:

- for Euro 50 million with maturity on September 20, 2028.
- for Euro 40 million with maturity on May 24, 2029.

The main objectives of these contracts is to fund the Company's investment plan, having the right to rescission where changes occur with regard to the direct or indirect control of Aquafil in accordance with Article 2359 of the Civil Code.

Contracts and Agreements

Within the scope of some contracts and commercial agreements signed by Aquafil, communication obligations in the case of a change in control are applicable; the Company has also signed agreements in which the change of control clause may result in resolution.

These agreements, overall not significant in terms of company and Group operations, are subject to confidentiality restrictions.

Public Purchase Offer

The Company By-Laws do not provide for exceptions to the passivity rule pursuant to Article 104, paragraphs 1 and 2 of the CFA, nor the application of the neutralisation rules pursuant to Article 104-bis, paragraphs 2 and 3 of the CFA.

2.9 Power to increase the share capital and authorisation to purchase treasury shares (as per Article 123-bis, paragraph 1, letter m), CFA)

2.9.2 Share capital increases

The By-Laws do not specifically assign to the Board of Directors the power to increase the share capital. The Issuers' Extraordinary Shareholders' Meeting of December 23, 2016 approved:

- the divisible paid-in share capital increase for a maximum amount, including share premium, of Euro 10,400,000, to be reserved for the exercise of 800,000 "Aquafil S.p.A. Sponsor Warrants", through the issue of a maximum 800,000 ordinary shares, without nominal value, at a price of Euro 13.00, through the allocation of Euro 1.00 as the implied par value and Euro 12.00 as the share premium.

The Board of Directors has not been granted the power by the Shareholders' Meeting to increase the share capital in accordance with Article 2443 of the Civil Code, nor to issue equity financial instruments.

2.9.2 Treasury shares

At the Reporting date, the Company does not have treasury shares in portfolio.

2.10 Management and co-ordination activities (as per Article 2497 and thereafter of the civil code)

The Company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Civil Code.

The parent company Aquafin Holding S.p.A. does not exercise management and co-ordination over Aquafil as substantially operating as a holding company, without an independent organisational structure and, consequently, de facto does not exercise direct management over Aquafil. In addition, we report that: (i) the Board of Directors of the Company approves the budget and the business plan; (ii) the Company has independent negotiating powers with customers and suppliers; and (iii) a centralised treasury agreement between the Company and the companies within the chain of control is not in place.

All of the Italian direct or indirect subsidiaries of Aquafil have met the publication requirements under Article 2497-bis of the Civil Code, indicating Aquafil as the company exercising management and co-ordination.

* * *

The information required by Article 123-bis, paragraph 1, letter i) of the CFA ("the agreements between the Company and Directors... which provide indemnity in the case of resignation or dismissal from office without just cause or termination of employment following a public tender offer") is illustrated in the Remuneration Report, drawn up as per Article 123-ter of the CFA and Article 84-quater of the Issuers' Regulation, available in accordance with the provisions of law on the website of the Company www.aquafil.com.

The information required by Article 123-bis, paragraph 1, letter l) of the CFA relating to the "applicable regulations concerning the appointment and replacement of Directors (...), in addition to the amendment of the By-Laws if differing from applicable law and regulations" is illustrated in the Board of Directors section.

3. COMPLIANCE (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), CFA)

This Report reflects and illustrates the corporate governance structure applied by the Company in accordance with the provisions of the Code, with which the Company complies.

The Board of Directors is always open to assessing new guidelines presented in the Code and their incorporation into the Company's corporate governance system, as long as compatible with the Company's situation and that the recommendations further improve the Company's reliability in the eyes of investors.

Aquafil S.p.A. and its strategic subsidiaries - as identified by the Board of Directors' motion of February 14, 2020, namely Aquafil USA, Aquafil SLO doo and Aquafil Synthetic Fibres and Polymers (Jiaying) Co., Ltd, to the best of the Board's knowledge, are not subject to any non-Italian legal provisions that affect the Company's corporate governance structure.

4. BOARD OF DIRECTORS

In accordance with current regulations for companies with listed shares on regulated markets, the Board of Directors is central to the governance system of the Company.

4.1 Appointment and replacement (as per Article 123-bis, paragraph 1, letter I), CFA)

The Company is administered by a Board of Directors made up of between 8 and 15 members. The Shareholders' Meeting establishes the number of members on the Board of Directors, which remains in place until otherwise resolved.

All Directors must satisfy the eligibility and good standing requirements established by applicable law and other provisions. In addition, in accordance with the legal and regulatory requirements, a number of Directors should be independent.

The Shareholders' Meeting appoints the Board of Directors on the basis of slates presented by the shareholders, in accordance with the procedure set out in the following paragraphs, except where otherwise established by obligatory laws or regulations.

Shareholders can present a slate for the appointment of Directors who, alone or together with other presenting shareholders, have a shareholding at least equal to that determined by Consob in accordance with applicable provisions and regulations (which for the Company with regards to 2022 is 2.5% of the share capital considering the share capital comprised of listed shares). Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the Issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

The slates must be filed at the registered office of the Company according to the manner prescribed by current regulations, at least twenty-five days prior to the Shareholders' Meeting called to appoint the Directors. The slates must be made available to the public by the Company at least twenty-one days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

The slates provide for a number of candidates not above 15, each listed by progressive number. The slates may not be composed of candidates only from the same gender (masculine or feminine); each slate must include a number of candidates of the under-represented gender to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender balance (masculine and feminine), with rounding applied in accordance with current regulations.

The following must be attached to each slate, or else shall be considered as not presented:

- curriculum vitae of the candidates;
- declarations of the individual candidates, in which they accept their candidature and certify, under their own responsibility, the inexistence of any cause of ineligibility or incompatibility, as well as the satisfaction of the requirements prescribed by applicable regulations for the office of Director of the Company, including where applicable, declarations on the independence of candidates;
- the shareholders who have presented the slates and their total shareholding;
- any other further declaration, disclosure and/or document required by law and applicable regulatory rules.

Individual Shareholders, shareholders belonging to the same group or members of a shareholder agreement pursuant to Article 122 of the CFA, may not present or be involved in the presentation, even through nominees or trust companies, of more than one slate or vote on other slates; in addition, each candidate may only be present on one slate, at the risk of being declared ineligible.

The candidates elected at the end of the voting shall be those on the two slates that have obtained the highest number of votes as follows: (i) from the slate which obtained the highest number of votes (the "Majority Slate"), all the Directors shall be elected in progressive number, less one; and (ii) from the slate which obtained the second highest number of votes and that is not associated, even indirectly, with the shareholders who presented or voted for the Majority Slate (the "Minority Slate") one Director shall be elected, being the first candidate indicated on the slate.

Consideration is not taken of the slates which have not obtained at least half of the votes required for the presentation of slates.

Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide, with the candidate being elected by means of a simple majority of the votes.

If voting does not result in compliance with legal and regulatory provisions in relation to gender balance (including rounding up where necessary in relation to the under-represented gender), the elected candidate appearing last on the Majority Slate of the over-represented gender is excluded and will be replaced by the first candidates from the same slate belonging to the other gender. Where it is not possible to implement this replacement procedure in order to guarantee compliance with legal and regulatory provisions concerning gender balance, the non-elected Directors will be elected by the Shareholders' Meeting through ordinary majority, with presentation of candidates belonging to the under-represented gender.

Where the candidates elected do not ensure the number of Independent Directors as required by applicable regulations, the non-independent candidate(s) elected last in progressive order of the Majority Slate will be replaced by the first independent candidate according to the progressive numbering not elected in the same Majority Slate. Where this procedure does not ensure the required number of Independent Directors, the Shareholders' Meeting will elect in accordance with ordinary majority, with presentation of independent candidates.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the members of the Board of Directors will be taken from this slate in accordance with applicable law and regulations, including gender balance regulations (rounded upwards where resulting in a fraction), in accordance with current regulations.

In the absence of slates, or where only one slate is presented and this slate does not receive the majority of the votes, or where the number of Directors elected based on the slates presented is below the number of members to be elected, or where the entire Board of Directors need not be re-elected, or where it is not possible for whatever reason to proceed with the nomination of the Board of Directors with the above-mentioned procedures, the members of the Board of Directors will be appointed by the Shareholders' Meeting through ordinary majority, without application of the slate voting mechanism, subject to the obligation to maintain the minimum number of Independent Directors established by law and in accordance with applicable law and regulations in relation to gender balance.

The Directors are elected for a period, established by the Shareholders Meeting, of not greater than three years from the acceptance of their office and until the date of the Shareholders' Meeting for the approval of the annual accounts for the last year of their appointment.

Where over half the Directors appointed by the Shareholders' Meeting resign, the entire Board shall be deemed to have vacated office with effect from the re-appointment of the Board of Directors and the remaining Directors must promptly call a Shareholders' Meeting for the appointment of the new Board of Directors.

In the event that, for whatever reason, one or more Directors are no longer sitting, the Board of Directors will proceed with co-option, where possible, from among the non-elected candidates from the slate from which the Director leaving office had been elected, according to the progressive numbering of the slate, while maintaining the obligation of a minimum number of Independent Directors as established by law, considering also the share segment, and in accordance with the applicable law and regulations on gender balance quotas.

The Board of Directors elects a Chairperson from among its members, who remains in this position for the duration of the Board's mandate.

4.2 Composition (as per Article 123-bis, paragraph 2, letter d), CFA)

4.2.1 Members of the Board of Directors

The Board of Directors of the Company comprises a minimum of 8 and a maximum of 15 members. The number of members is established by the Shareholders' Meeting.

As required by the Code, the Board of Directors consists of Executive and Non-Executive Directors; the number, the expertise, the authority and the availability of time of the Non-Executive Directors is such to guarantee that their opinion can have a significant impact on Board motions.

The Issuer's Shareholders' Meeting held on June 18, 2020 appointed the Board of Directors and set the number of members at 9 and the term of office at three financial years.

Subsequently, by implementing the slate voting system provided for by Article 11 of the By-Laws *pro tempore*, the Shareholders' Meeting appointed the Board of Directors of Aquafil. In particular, it should be underlined that 8 (eight) members of the Board of Directors were taken from the slate submitted by the shareholder Aquafin Holding, which qualified as the Majority Slate, and 1 (one) member was taken from the slate that qualified as the Minority Slate.

Pursuant to Article 2386 of the Civil Code, the Shareholders' Meeting held on April 28, 2022 appointed Stefano Giovanni Loro and Attilio Annoni as Directors of the Company until the approval of the 2022 financial statements, confirming the replacements made by the Board of Directors due to the resignations of first Fabrizio Calenti and later Adriano Vivaldi.

At December 31, 2022, the Board of Directors was comprised, also in view of the gender balance regulation at Article 147-ter, paragraph 1-ter of the CFA, nine Directors, of whom four were executive, as follows:

Office	Name	Place and date of birth	Date of appointment
Chairperson & Chief Executive Officer	Giulio Bonazzi	Verona, July 26, 1963	June 18, 2020
Senior Executive Director	Attilio Annoni	Milan, July 22, 1960	April 28, 2022 May 12, 2022
Executive Director	Stefano Giovanni Loro	Bassano del Grappa (VI), April 17, 1965	April 28, 2022
Executive Director	Franco Rossi	Milan, November 2, 1959	June 18, 2020
Director	Silvana Bonazzi	Bussolengo (Verona), February 27, 1993	June 18, 2020
Director	Simona Heidempergher	Milan, November 1, 1968	June 18, 2020
Director	Ilaria Maria Dalla Riva	Pavia, November 20, 1970	June 18, 2020
Director	Margherita Zambon	Vicenza, November 4, 1960	June 18, 2020
Director	Francesco Profumo	Savona, May 3, 1953	June 18, 2020

The Board of Directors shall remain in office until the approval date of the 2022 Annual Accounts.

All members of the Board of Directors possess the standing requirements set out for control members with regulation of the Italian Ministry of Justice pursuant to Article 148, paragraph 4, of the CFA.

In addition, the Independent Directors Heidempergher, Zambon, Dalla Riva and Profumo declared their independence in accordance with Article 147-ter, paragraph 4 of the CFA and Article 3 of the Code.

The Non-Executive and Independent Directors bring their specific expertise to Board discussions, contributing to the making of decisions in the Company's interest.

The Directors act and deliberate in a knowledgeable and independent manner, pursuing the creation of value for the shareholders. They execute the role in the certainty of having the necessary time available to diligently perform their duties.

The Chairperson coordinates activities and leads the Board of Directors' meetings and ensures that its members are informed appropriately in advance on the significant matters to be discussed and with regards to useful elements for constructive involvement, subject to necessity, urgency or confidentiality.

The Chairperson, in addition, through the competent company functions, ensures that the Directors are involved in initiatives which improve their knowledge of the entity and its dynamics and that they are informed upon major legislative and regulatory developments regarding the Company and the corporate bodies.

The table on the following page provides further clarifications regarding the composition of the Board of Directors.

The Company highlights that no specific policies were adopted in terms of diversity, although it points out that the appointments of the members of administrative and control boards were driven by also taking account — in addition to applicable legal provisions — of: candidates' age (having therefore considered their possible experience and professional contribution) and individuals' training.

The Board of Directors currently expects to be able to continue on this track in the year 2022.

Board of Directors

Office	Member	Year of birth	Date first appointment (*)	In office from
Chairperson & Chief Executive Officer	Bonazzi Giulio	1963	27/07/2017	18/06/2020
Senior Executive Director	Attilio Annoni	1960	21/12/2021	28/04/2022
Director	Stefano Giovanni Loro	1965	29/06/2021	28/04/2022
Director	Rossi Franco	1959	27/07/2017	18/06/2020
Director	Bonazzi Silvana	1993	27/07/2017	18/06/2020
Director	Heidempergher Simona	1968	27/07/2017	18/06/2020
Director	Ilaria Maria Dalla Riva	1970	18/06/2020	18/06/2020
Director	Zambon Margherita	1960	27/07/2017	18/06/2020
Director	Profumo Francesco	1953	27/07/2017	18/06/2020
Number of meetings held in the Reporting Year: 5	Control, Risks and Sustainability/RPT Committee: 7		Appointments and Remuneration Committee 4	

For further information on the slates filed for the appointment of the Board of Directors reference should be made to the website of the Company www.aquafil.com, where the professional curricula vitae of each Director is available.

4.2.2 Maximum number of offices held in other companies

The Board of Directors has not defined the general criteria relating to the maximum number of offices of administration and control in other companies that may be considered compatible with the proper carrying out of their duties as Directors of the Company.

This decision was based on the Board's consideration that it was more appropriate for each Director to decide whether the office of Director or Statutory Auditor is compatible with positions held in other listed companies on regulated markets (including overseas), in financial, banking, insurance or large companies, with the diligent undertaking of their duties as Director of the Issuer.

This assessment is undertaken on an annual basis during the disclosures of the offices held by the Directors and, in the event of incompatibility arising, each Director will present to the Board any situations of accumulated offices not compatible which will be assessed on a case by case basis by the Board.

The same assessment was conducted at the Board's induction meeting on June 18, 2020, and no communications were provided in the interim that would result in a review of the assessment.

4.2.3 Induction Programme

The Board meetings, for their content and frequency, permits the Directors to receive adequate information on the sector in which the Issuer operates, on the business operations and their performances, on the principles of correct risk management, as well as the relative regulatory framework.

The induction process began in 2018, when the Board of Directors met in Phoenix (Arizona), visiting one of the Group plants, so as to have a more practical understanding of one of the specific sectors in which the Issuer undertakes its activities and to better understand the underlying business operations and relative developments.

Subsequently, at the Board of Directors meeting of November 14, 2019, a plant visit was organised at Ljubljana (Slovenia) to concretely improve knowledge of the ECONYL® regeneration process, while training was also undertaken with an expert corporate governance lawyer on the main governance and risk management issues.

The year 2020 was marked by the outbreak of the Covid-19 Pandemic. Therefore, the Board was only able to organise a training session with an expert corporate governance lawyer to discuss the main changes related to the entry into force of the New Corporate Governance Code.

In office until	Board of Directors					Control, Risks and Sustainability Committee			Appointments and Remun. Committee		
	Slate (**)	Exec.	Non Exec.	Ind. Code	Ind. CFA	No. other offices (***)	(*)	(*)	(**)	(*)	(**)
Approv. 2022 Accounts	1	X									
Approv. 2022 Accounts		X									
Approv. 2022 Accounts	-	X									
Approv. 2022 Accounts	1	X									
Approv. 2022 Accounts	1		X								
Approv. 2022 Accounts	1		X		X		X				
Approv. 2022 Accounts	2		X		X			X			X
Approv. 2022 Accounts	1		X		X					X	
Approv. 2022 Accounts	1		X		X		X			X	

In full continuity with the past, and given the increased focus on topics that are central to the Company's business, in 2022 a specific session was carried out on the topic of risk analysis and assessment.

4.2.4 Board Evaluation

In line with best practices and the provisions of the Corporate Governance Code. In 2022, the Board of Directors conducted a self-evaluation of the Board and its Committees. The was carried out with the support of a specialised external consultant, The European House - Ambrosetti.

As per the recommendations of the Corporate Governance Code, the Chairperson of the Board of Directors is responsible for ensuring the adequacy and transparency of the self- evaluation process. The Chairperson was supported by the Appointments and Remuneration Committee.

The Board Evaluation in 2022 included the following activities:

- completion by each Director of a questionnaire to assess the composition and functioning of the Board and its Committees;
- individual interviews with each Director and members of the Board of Statutory Auditors, designed to obtain additional opinions on the functioning of the Board.

The questionnaire and interviews covered eight relevant macro areas: the size and composition of the Board; the functioning of the Board and interactions between Directors; roles, responsibilities and internal processes within the Board; the definition of strategic guidelines, results and performance; relations between the Board and Management; dialogue and engagement with the market; the Internal Control and Risk Management System and functioning of the Control, Risks and Sustainability Committee; remuneration policies and the functioning of the Appointments and Remuneration Committee.

The results of the two activities were analysed and summarised in a report produced by the independent consultant, which was presented to the Appointments and Remuneration Committee during its meeting on February 9, 2023, and subsequently at the Board of Directors meeting held on February 15, 2023.

The purpose of the Board Evaluation was to reflect on the strengths, critical issues and - most importantly - on the future challenges facing the body, areas for improvement and concrete action that could be taken, especially given the reappointment of the Board scheduled for 2023.

The Board and Committees' self-evaluation of their size, composition, and functioning was positive. Every Director interviewed acknowledged the progress achieved by the Board of Directors. Specifically, the results of the 2022 Board Evaluation highlighted:

- the smooth overall functioning of the Board, including compliance with current regulations and the Recommendations of the Corporate Governance Code;
- the presence of high-profile Directors with a wide range of technical and functional experience, overall knowledge and professional backgrounds;

- iii) the effective definition of strategic guidelines, results and performance;
- iv) a structured process for assessing operating performance, which is based on appropriate and timely information;
- v) a constructive and effective relationship between the Board, the Committees and the Board of Statutory Auditors;
- vi) the way in which the role and functioning of committees allow discussion and analysis on in-depth aspects of significant issues;
- vii) the effectiveness of the Internal Control and Risk Management System considering the particular characteristics of the Company and the risk profile assumed; Of particular note was the progress that has been made in the area of risk mapping, which is extremely relevant considering the specific operating environment.

4.3 Role of the Board of Directors (as per Article 123-bis, paragraph 2, letter d) of the CFA)

4.3.1 Powers attributed to the Board of Directors

The Board shall have the widest powers of ordinary and extraordinary administration of the Company, with the power to carry out all acts it deems appropriate for attaining the corporate scope, with the sole exclusion of those attributed by law to the Shareholders' Meeting.

The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following motions, without prejudice to the concurrent competence of the Shareholders' Meeting: *(i)* the opening and closing of secondary offices; *(ii)* the appointment of Directors as company representatives; *(iii)* the reduction of the share capital in the case of withdrawal of the shareholders; *(iv)* the transfer of the registered office within the national territory, *(v)* the merger of the Company in the cases established by Articles 2505 and 2505-bis of the Civil Code, also with regards to that stated, for spin-offs, by Article 2506-ter, final paragraph; and *(vi)* amendment of the By-Laws in accordance with regulatory provisions.

The Board has a central role in operating activities, overseeing the various functions and is responsible for the organisational and strategic guidelines, as well as for verifying the existence of the necessary controls to monitor the performance of the Issuer and the Group.

The remit of the Board includes the review and approval of the strategic, industrial and financial plans of the Issuer and of the Group, periodically monitoring their implementation.

The Board also defines the corporate governance system of the Issuer and the structure of the Group.

In accordance with the regulatory provisions and the Code, the Board reviews and approves in advance the Issuers' and its subsidiaries' operations, when having a significant strategic, economic or financial importance for the Issuer, paying particular attention to the situations in which one or more Directors have an interest on their own behalf or on behalf of third parties.

The Board has not established criteria for the identification of transactions which have significant strategic, economic, equity or financial importance for the Issuer, in that these transactions, where not within the powers conferred to the Chief Executive Officer and the Executive Directors, are within the remit of the Board.

This ensures that, with the exception of the powers expressly conferred to the Chief Executive Officer and the Executive Directors (listed in detail in paragraph 4.4.1 below), the Board of the Issuer reviews and assesses the most significant transactions which guarantees constant monitoring of the operating performance and taking an active part in the principal business decisions.

In relation to the management of conflicts of interest and related party transactions of the Issuer and of the Group, reference should be made to paragraph 13 below.

In compliance with Article 2381 of the Civil Code and the provisions of the Code, the Board periodically assessed the adequacy of the organisational, administration and general accounting system of the Issuer, with particular reference to the Internal Control and Risk Management System, in accordance with the procedures adopted by the Issuer.

In the undertaking of these activities the Board shall be assisted, on a case by case basis, by the Control, Risks and Sustainability Committee, the Internal Audit Manager and the Executive Officer, as well as the procedures and verifications implemented in accordance with Law 262/2005.

Simultaneously, the Board at least quarterly shall assess the general operating performance, taking into account, in particular, the information received from the Chief Executive Officer and the Executive Directors, as well as periodically, comparing the results with the budgets.

Similarly, the Board shall undertake their annual evaluation, in accordance with the provisions of the Code, in order to establish whether the size, the composition and the functioning of the Board and of its committees shall be adequate in relation to the operational and organisational needs of the Company, also taking into account the professional characteristics, experience, including managerial and sectorial, of its members as well as the presence, of a total of nine Directors, of five Non-Executive Directors (of which three independent), capable of influencing, for their number and authority, the Board decisions and contributing their specific know-how and which also guarantees an appropriate composition of the Committees within the Board.

As of the date of this Report, the Shareholders' Meeting has not authorised any general and pre-emptive departure from the competition restrictions envisaged by Article 2390 of the Civil Code.

4.3.2 Procedures and frequency of board meetings

Meetings are held in accordance with the By-Laws and Regulation of the Board of Directors, as updated by the Board on November 11, 2021 and available on the Company's website.

The validity of Board motions requires the presence of a majority of its members in office, with motions passed by a majority of those present.

The Board of Directors elects a Chairperson from among its members, who remains in this position for the duration Board of Directors.

As per Article 12 of the By-Laws, the Board of Directors may delegate part of its powers to an Executive Committee, determining the limits of such mandate as well as the number of members of the committee and its operating procedures.

The Board of Directors may appoint one or more Executive Directors, granting them the relevant powers and conferring to one of them, where applicable, the role of Chief Executive Officer. In addition, the Board of Directors may also establish one or more committees with consulting, advisory, or audit functions in accordance with applicable laws and regulations. The Board of Directors may also appoint General Managers, defining their powers and granting powers of attorney to third parties for certain acts or categories of acts.

Under Article 13 of the By-Laws, the Board of Directors meets at the Company's registered office or another location, whenever the Chairperson deems it necessary or whenever a request is made by the Chief Executive Officer, if appointed, or by at least two of its members or by the Board of Statutory Auditors.

The calling of the Board of Directors is made by the Chairperson or, if absent, by the Chief Executive Officer, with notices to be sent, by letter, telegram, fax or email with proof of receipt, to the domicile address of each Director and Statutory Auditor at least five days before the date set for the meeting; in case of urgency, the calling of the Board of Directors may be made at least two days before the date set for the meeting. The meeting of the Board and its motions are valid, even in the absence of formal call, where all Directors in office and the majority of the Board of Statutory Auditors are in attendance, as long as the absent members of the Board of Statutory Auditors have been informed in advance of the meeting and are not opposed. In these cases (i) any of the attendees may oppose the discussion and voting of the matters on which they have not been adequately informed; and (ii) the motions undertaken should be communicated in a timely manner to the absent Statutory Auditors. In the absence of the Chairperson, the chair of the meeting is assumed by the Chief Executive Officer, if appointed, or failing that the most senior Director.

In light of the provisions made following the COVID-19 emergency, the meetings of the Board of Directors may also be held by audio or video conference, provided that: (i) the Chairperson and the Secretary, if appointed, are present in the same location and write and sign the minutes, verifying that the meeting was held in that location; (ii) the Chairperson of the meeting may verify the identity of the participants, direct the course of the meeting and witness and announce the results of the voting; (iii) the person taking the minutes may adequately observe the events of the meeting to be recorded in the minutes; and (iv) participants may participate in the discussion and the simultaneous voting on the matters on the Agenda, as well as view, receive or transmit documents.

The Board of Directors, after prior mandatory consultation with the Board of Statutory Auditors, shall appoint an Executive Officer responsible for the preparation of the financial statements, in accordance with Article 154-*bis* of the CFA (the Executive Officer for Financial Reporting), granting this person the adequate means and powers for the accomplishment of the tasks assigned.

In 2022, the Board of Directors met on five occasions, with an average meeting duration of approx. two hours and a 100% participation rate for all directors.

For 2023, the Board of Directors has already met twice (including the meeting held today) and are expected to meet at least three more times (according to that stated in the approved financial calendar).

The meetings were appropriately minuted.

The Chairperson of the Board of Directors ensured that the documentation relating to the matters on the Agenda was made available to the Directors and Statutory Auditors with sufficient time before the date of each Board meeting. The timeliness and completeness of the pre-meeting information is ensured by sending the supporting documentation - in compliance with the provisions of the Regulation of the Board of Directors - at least three days before the date of the Board meeting, except in urgent cases in which the documentation is made available with the best possible timeliness by giving notice by that date. This timeframe was always respected, reporting an average of three days in advance, while aiming for four days in order to meet the Issuer's firm commitment to make pre-meeting information flows increasingly efficient.

In addition, the Chairperson of the Board ensured that sufficient time was provided to the matters on the Agenda in order that all the Directors may contribute, thereby guaranteeing, constructive debate in the Board meetings.

Executives of the Issuer attended Board meetings in order to provide detailed information on matters on the Agenda.

In general, the Chief Executive Officer and the Executive Directors ensure - within their respective scopes - that the Executives are available to attend Board meetings so that valuable contributions may be made, in particular for the Non-Executive Directors to acquire adequate information on the operations of the Issuer.

The Executive Officer appointed normally attends the Board of Directors' meetings.

4.4 Executive bodies

In accordance with the By-Laws, the Board of Directors may delegate part of its powers to an Executive Committee, determining the limits of such mandate, as well as the number of members of the committee and its operating procedures.

Under Article 12.3 of the By-Laws, the Board of Directors may appoint one or more Executive Directors, granting them the relevant powers and conferring to one of them, where applicable, the role of Chief Executive Officer. In addition, the Board of Directors may also establish one or more committees with consulting, advisory, or audit functions in accordance with applicable laws and regulations. The Board of Directors may also appoint General Managers, defining their powers and granting powers of attorney to third parties for certain acts or categories of acts.

Under Article 12.4 of the By-Laws, the Chairperson of the Board of Directors is the legal representative of the Company in dealings with third parties and in legal matters (with the right to appoint lawyers and attorneys-of-record). Representation also rests with the Directors who have delegated powers granted by the Board of Directors, with the General Managers, proxies and attorneys-in-fact, within the limits of the powers conferred to them.

4.4.1 Chief Executive Officer and Executive Directors

Also taking into account the motion passed on June 18, 2020, the office of Chief Executive Officer is currently held by Mr. Giulio Bonazzi, who is chiefly responsible for the management of the Issuer; we also underline that the interlocking directorate condition provided for by Criterion 2.C.5 does not apply.

Mr. Attilio Annoni is Senior Executive Director granted the powers set out below.

(a) Powers of the Chief Executive Officer Giulio Bonazzi

all powers for the Company's ordinary and extraordinary administration (with the sole exception of those that the By-Laws, the law or the Self-Governance Code reserve exclusively to the Board of Directors and the Shareholders' Meeting). In particular, Director Giulio Bonazzi is granted, including, and without limitation, full powers to manage the following areas, activities and corporate functions:

- a) commercial, promotional, marketing and communication activities;
- b) production and logistics activities;

- c) financial and operational purchasing and/or sale and/or trade and/or leasing activities, and in any case, including through the signing of related lease and/or lease of use contracts and/or any contract, document or instrument required, of (a) movable assets (including those registered), (b) real estate, (c) services of any type and nature, (c) utilities, (d) rights and obligations of any nature and type, and (e) in any case, all that is deemed necessary by the Director for the Company's management;
- d) the acquisition and/or sale of corporate holdings of any type up to a maximum of Euro 25,000,000 per transaction and the disposal of the Company's strategic assets up to a maximum of Euro 25,000,000 per transaction, together with the establishment and dissolution and/or the liquidation of investee companies;
- e) activities related to financial transactions, including, without limitation: (i) to request and obtain bank credit facilities and/or short, medium and long-term financing of any kind and nature; (ii) to open, close and change bank current accounts of any kind and to make deposits and withdrawals (by obtaining associated instruments such as bank cheques or bank drafts and any other instrument deemed necessary for this purpose); (iii) to submit, recall or defer bills of any kind for discount or collection; (iv) to carry out factoring transactions of any form and type; (v) to grant, where necessary and/or required for financing activities, any and all kinds of guarantor, guarantee and any other type of commitment, including collateral security, both on real estate and movable assets (including, but not limited to, the creation of liens and mortgages, etc.);
- f) activities related to the assumption of guarantor and/or guarantee commitments of any kind in respect of third parties to guarantee the obligations assumed by the Company's subsidiaries (directly or indirectly) or the obligations assumed by third parties, up to a maximum of Euro 15,000,000 per transaction;
- g) activities connected to the issue of declarations of conformity (and/or any associated or related declaration) for products marketed by the Company;
- h) activities related to any operation or fulfilment of any kind and nature, to be carried out with both national and international government entities at all levels, supervisory authorities and/or surveillance authorities;
- i) to represent the Company in court and out of court in all matters and before national and international courts of all types and at all levels, both as the plaintiff and the defendant, with the power (without limitation) to appoint lawyers, attorneys-of-record, consultants and arbitrators, elect domicile, file complaints and lawsuits, bring civil actions, propose petitions and appeals, undertake and request procedural acts or protective, executive and insolvency measures, represent the Company in court whenever the law or the court requests the participation of the Company's legal representative, and to confer all powers upon any appointed attorneys-of-record, including the definition of rights in disputes, with the power to reconcile, settle, issue receipts, withdraw from proceedings, accept waivers and perform any other necessary act;
- j) to represent the Company at the Shareholders' Meeting of Italian and foreign investee companies, in any jurisdiction; and
- k) activities related to personnel management in all respects, including, but not limited to, recruitment, dismissals, changes to any type of role, grading, duties and remuneration, as well as in connection with the management of trade union relations of all types and levels;

all this: (a) with the Company's representation for all purposes, within the scope of the powers conferred, in respect of any third party, including, without limitation, any national or international authority, including, without limitation, civil, administrative, judicial, social security and insurance Authorities or Entities of any level, as well as tax and registry offices and, in general, the State Financial Administration, the central and peripheral offices of the *Cassa Depositi e Prestiti* (Deposit and Loan Bank), State Treasuries, Regions, Provinces and Municipalities as well as regional or trade Industrial Associations; (b) with the power to confer mandates and grant powers of attorney, according to the terms deemed most suitable by the Director, for individual acts or categories of acts (or matters), within the scope of the powers conferred, as well as to revoke and/or modify them; (c) with all the necessary, useful or appropriate powers, without any limitation and including those not expressly mentioned, for the purposes of exercising the powers conferred, including, but not limited to, the power to sign, supplement and amend any and all deeds, attestations, declarations or documents and to perform all acts and actions that may be necessary, useful or even solely suitable for this purpose.

(b) Powers of the Senior Executive Director Mr. Attilio Annoni

"The Director Attilio Annoni is granted the widest and fullest powers of ordinary administration both with regard to commercial, production and logistical activities in the sectors in which the Company operates (fibres, polymers, etc.), and to organise, manage and supervise the administrative activities of the Company.

Specifically, the following powers are granted:

- (i) *represent the Company in respect of any financing institution, company and/or entity, with full delegation to operate with them in order to inter alia: (i) request and obtain bank credit facilities and/or short, medium and long term financing of any kind and nature; (ii) open, close and change bank current accounts of any kind and make deposits and withdrawals, by obtaining and signing associated instruments such as bank cheques or bank drafts and any other instrument or document deemed necessary for this purpose; (iii) submit, recall or defer bills of any kind for discount or collection; (iv) carry out factoring transactions of any form and type; (v) order payments and collect payments relating to the Company's suppliers and customers with all necessary instruments; (vi) make transfers. All this, with the power to grant, where necessary and/or required, any and all kinds of guarantor, guarantee*

and any other type of commitment, including collateral security, both on real estate and movable assets (such as, without limitation, liens, mortgages, etc.);

- (ii) represent the Company in all matters before national and international government entities of any kind and nature, and supervisory and/or surveillance authorities by signing statements, including tax statements, of any type, nature and form;
- (iii) to represent the Company in any matter in court and out of court and before national and international courts of all types and all levels, both as the plaintiff and the defendant, to appoint lawyers, attorneys-of-record, consultants and arbitrators, elect domicile, file complaints and lawsuits, bring civil actions, propose petitions and appeals, undertake and request procedural acts or protective, executive and insolvency measures, represent the Company in court whenever the law or the court requests the participation of the Company's legal representative, and conferring all powers upon any appointed attorneys-of-record, including the definition of rights in disputes, with the power to reconcile, settle, issue receipts, withdraw from proceedings, accept waivers and perform any other act necessary for this purpose;
- (iv) carry out activities related to personnel management in all respects, including, but not limited to, recruitment, dismissals, changes to any type of role, grading, duties and remuneration, as well as in connection with the management of trade union relations of all types and levels;
- (v) carry out activities related to the assumption of guarantor and/or guarantee commitments of any kind in respect of third parties to guarantee the obligations assumed by the Company's subsidiaries (directly or indirectly) or the obligations assumed by third parties, up to a maximum of Euro 15,000,000 per transaction;
- (vi) carry out acquisitions and/or sales of corporate holdings of any type up to a maximum of Euro 25,000,000 per transaction and dispose of the Company's strategic assets up to a maximum of Euro 25,000,000 per transaction, together with the establishment and dissolution and/or the liquidation of investee companies;
- (vii) represent the Company at the Shareholders' Meeting of Italian and foreign investee companies, in any jurisdiction;
- (viii) carry out financial and operational purchasing and/or sale and/or trade and/or leasing activities, and in any case including through the signing of related lease and/or lease of use contracts and/or any contract, document or instrument required, of **(a)** movable assets (including those registered), **(b)** real estate, **(c)** services of any type and nature, **(d)** utilities, **(e)** rights and obligations of any nature and type, and as deemed necessary by the Director for the Company's management;

all this: **(a)** with the Company's representation for all purposes, within the scope of the powers conferred, in respect of any third party, including, without limitation, any national or international authority, including, without limitation, civil, administrative, judicial, social security and insurance Authorities or Entities of any level, as well as tax and registry offices and, in general, the State Financial Administration, the central and peripheral offices of the Cassa Depositi e Prestiti (Deposit and Loan Bank), State Treasuries, Regions, Provinces and Municipalities as well as regional or trade Industrial Associations; **(b)** with the power to confer mandates and grant powers of attorney, according to the terms deemed most suitable by the Director, for individual acts or categories of acts (or matters), within the scope of the powers conferred, as well as to revoke and/or modify them; **(c)** with all the necessary, useful or appropriate powers, without any limitation and including those not expressly mentioned, for the purposes of exercising the powers conferred, including, but not limited to, the power to sign, supplement and amend any and all deeds, attestations, declarations or documents and to perform all acts and actions that may be necessary, useful or even solely suitable for this purpose."

4.4.2 Chairperson of the Board of Directors

On June 18, 2020, Giulio Bonazzi was confirmed as Chairperson of the Board of Directors.

In view of the composition of the Board of Directors in office and the conferment of the above offices and powers, the conditions set out in the Code have been satisfied, since the Director Giulio Bonazzi is the Chairperson of the Board of Directors and is principally responsible for company management.

In accordance with the Code, it was found necessary for the Board of Directors to designate Independent Director Simona Heidempergher as Lead Independent Director.

Under Article 12.4 of the By-Laws, the Chairperson of the Board of Directors is the legal representative of the Company in dealings with third parties and in legal matters (with the right to appoint lawyers and attorneys-of-record).

4.4.3 Executive Committee

Under Article 12.2 of the By-Laws, the Board may delegate some of its powers to an Executive Committee, determining the limits of the mandate, as well as the number of members and the operating procedures.

Pursuant to Article 2389 of the Civil Code, the remuneration of the Executive Committee members is to be decided by the Shareholders' Meeting.

At the Reporting date, an Executive Committee had not been established.

4.4.4 Reporting to the Board of Directors

Pursuant to Article 14.5 of the By-Laws, the Board of Directors and the Board of Statutory Auditors are kept informed, inter alia by the persons with delegated powers, about the performance of the Company, its prospects and the transactions of greatest significance for its profitability, financial position or assets and liabilities carried out by the Company or its subsidiaries; in particular, such persons report any transactions in which they have an interest, on their own behalf or on behalf of third parties, or that are influenced by the person, if any, who performs management and coordination activities. The communication shall be made in good time and, in any case, at least on a quarterly basis, either on the occasion of a meeting or by means of a written note.

From the beginning of their mandate, at least on a quarterly basis, the Chief Executive Officer and the Executive Directors reported in an adequate and timely manner to the Board of Directors and the Board of Statutory Auditors on the activities undertaken concerning the powers conferred and in a manner to permit the Board to express opinions in an informed manner on the matters under examination.

4.5 Other directors with delegated duties

As of the date of this Report, beyond the Chairperson and Chief Executive Officer and the Executive Director, no other directors have been attributed delegated duties.

4.6 Independent Directors

Pursuant to the combined provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the CFA and in accordance with the requirements of Article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation and Article IA.2.10. 6 of the Stock Exchange Instruction Regulation, four Independent Directors currently hold office on the Board of Directors, in the persons of Simona Heidempergher, Margherita Zambon, Ilaria Maria Dalla Riva and Francesco Profumo.

The Board of Directors assesses the existence and permanence of the requirements above, also applying all the criteria as per the Code, on the basis of the information that the parties are required to provide under their own responsibility, or of the information available to the Board of Directors.

With reference to the Board of Directors currently in office, on assuming office on June 18, 2020, at its meeting of February 17, 2021 and later at its meeting of February 9, 2022, the Board carried out the necessary checks on the fulfilment of the independence requirements of the aforementioned Directors.

The Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members on March 8, 2022.

4.7 Lead Independent Director

We highlight that the composition of the Board of Directors means that the conditions for which - pursuant to the Code - it is necessary to appoint a Lead Independent Director have been met, and Ms. Simona Heidempergher is confirmed as Independent Director. In accordance with the provisions of the Code, the Lead Independent Director was tasked with the duties of collecting and co-ordinating the petitions and contributions of Non-Executive Directors, in particular of the Independent Directors, as well as working with the Chairperson of the Board of Directors to ensure that Directors receive adequate and timely information and may call meetings of the Independent Directors to discuss the functioning of the Board and corporate operations.

4.8 General manager

As of the date of this Report, the Board of Directors has not appointed a General Manager.

5. PROCESSING OF CORPORATE INFORMATION

The Company carried out a review and updating of the procedures concerning the processing of corporate information, with the support of an outside legal consultant in order to take into consideration the new rules and the Consob Guidelines. On February 14, 2020, the Board of Directors adopted the new version of the following procedures: (i) the Relevant Information Processing Policy (“**RIL**”); and (ii) the Inside Information Processing Policy, reviewing the previous regulatory framework as approved by the Board of Directors on September 12, 2017 and entering into force on the Effective Merger Date.

It is indicated therefore that at the date of this Report, the following procedures are in force:

- (i) Relevant Information Processing Policy;
- (ii) Inside Information Processing Policy; and
- (iii) Internal dealing code of conduct.

5.1 Relevant information processing policy

The objective of the Relevant Information Processing Policy (“**Relevant Information Policy**”) is to set the maximum level of confidentiality for information for which - as established by the Consob Guidelines and the Relevant Information Policy - there is a reasonable possibility that at a later date it may come at an inside nature.

The Relevant Information Policy therefore governs the identification of “Relevant Information” of Addressees (as therein defined) and the definition of the “List of Relevant Information”.

A copy of the Inside Information Processing Policy is available on the website of the Company www.aquafil.com in the *Procedures and Regulations* section.

5.2 Inside information processing policy

The purpose of the Inside Information Processing Policy (the **Inside Information Processing Policy**) is to prevent the release of Inside Information (as defined below) in an untimely, incomplete or inadequate manner, or in any case in such a way as to cause asymmetric information within the market.

In particular, the dissemination of Inside Information, as governed by the aforementioned Inside Information Processing Policy protects the market and investors, assuring them adequate knowledge of the events concerning the Issuer on which to base their investment decisions.

It is also the objective of the Policy to prevent certain persons or categories of persons from using information not known to the public to make speculative transactions on the markets to the detriment of the investors without knowledge of such information.

A copy of the Inside Information Processing Policy is available on the website of the Company www.aquafil.com in the *Procedures and Regulations* section.

5.3 Internal Dealing Code

In compliance with the provisions of the MAR Regulation, the Company adopted an Internal Dealing Policy, which is available on the Company website www.aquafil.com in the *Procedures and Regulations* Section.

In accordance with the provisions of the Internal Dealing Policy, the Disclosure Officer is the person appointed for the implementation of the above-mentioned Policy and the updating of the list of Covered Persons.

In this regard, the Board of Directors of the Issuer confirmed the appointment of Ivan Roccasalva as Disclosure Officer on June 18, 2020.

6. INTERNAL COMMITTEES TO THE BOARD OF DIRECTORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), OF THE CFA)

The Board of Directors of Aquafil have set up the following committees:

- Control, Risks and Sustainability Committee
- Appointments and Remuneration Committee.

The Board has not indicated the need to currently establish a Related Party Transactions Committee, as such oversight is provided by the Control, Risks and Sustainability Committee.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

7.1 Composition and operation (as per Article 123-bis, paragraph 2, letter d) of the CFA)

In accordance with Article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulation, applicable to issuers with shares traded on the MTA, STAR segment, as well as in accordance with the provisions of Article 6 of the Code, the Board of Directors of the Company set up an Appointments and Remuneration Committee.

Board of Directors motion of June 18, 2020 appointed as members of the Appointments and Remuneration Committee the following Non-Executive Directors, all of whom independent:

Chairperson	Francesco Profumo (*)
Member	Margherita Zambon
Member	Ilaria Maria Dalla Riva

(*) Person with adequate financial and remuneration policy knowledge and experience, as assessed by the Board of Directors meeting of June 18, 2020.

The meetings of the Appointments and Remuneration Committee are coordinated by its Chairperson and minutes of the meetings are kept. The Chairperson regularly provided information on the meetings held by the Committee at the next Board of Directors' meeting.

In 2022, the Appointments and Remuneration Committee met four times; the meetings lasted on average approx. an hour and a half and with full participation (i.e. 100% attendance).

The Chairperson of the Board of Statutory Auditors and at least one other member of the Board of Statutory Auditors always attended the meetings of the Appointments and Remuneration Committee.

In accordance with the combined provisions of Article 2.2.3, paragraph 3, letter n) of the Stock Exchange Regulation — applicable to the issuers with shares traded on the MTA, STAR segment — and the Code, no Director takes part in the meetings of the Appointments and Remuneration Committee in which the proposals to the Board of Directors relating to their remuneration are being discussed.

In 2023, at the Reporting Date, the Appointments and Remuneration Committee has met on four occasions - on January 17, February 9, March 8 and March 16. All members attended the meetings, with each meeting lasting an hour and a half on average.

7.2 Appointments and remuneration committee duties and activities

The Regulations for the functioning of the Appointments and Remuneration Committee were updated, also in order to align them where necessary with the provisions of the new Corporate Governance Code, and were approved by the Board of Directors on March 11, 2021.

In accordance with the Regulation, the Committee comprises three Independent Directors, or alternatively, Non-Executive Directors, the majority of whom independent, from among whom the Chairperson will be chosen; as per this regulation, in addition, the members

of the Committee should have appropriate expertise to execute the duties required of them and at least one member of the Appointments and Remuneration Committee should possess adequate knowledge and experience with regards to finance and remuneration policies, and as assessed by the Board of Directors on appointment.

The Appointments and Remuneration Committee, with regards to appointments, supports the Board of Directors with investigative, proposal and consultation duties. In particular:

- (i) it assists the Board in defining and preparing any criteria for the designation of the parties at point (ii) below, as well as the Board of Directors of the subsidiaries;
- (ii) it draws up opinions for the Board of Directors in relation to the size and composition of the Board and expresses recommendations on the professional roles whose presence on the Board of Directors is considered beneficial, and also with regards to the following matters:
 - a) maximum number of Director or Statutory Auditor positions in other companies compatible with the effective performance of the position of Director with the Company, taking account of the participation of Directors on internal Board Committees. It therefore sets out general criteria based on the commitment related to each role (Executive Director, non-executive or independent), also in relation to the nature and to the size of the companies, as well as whether belonging to the Group. The committee also carries out investigative work with regards to the relative periodic checks and assessments.
 - b) assessments upon each matter or issue handled by the Board with regards to authorisation by the Shareholders' Meeting of any exceptions to the non-competition requirement under Article 2390 (non-competition requirement);
- (iii) reports to the Board its assessment with regards to the appointment of Senior Executives and members of the Company's Boards and bodies, proposed by the Chief Executive Officer and/or by the Chairperson of the Board of Directors, appointed by the Board and oversees the relative succession plans. Where possible and appropriate, in relation to the ownership structure, proposes to the Board the Chief Executive Officer succession plan;
- (iv) it supports the Board in drawing up, updating and implementing the succession plan, if any, for the Chief Executive Officer and Senior Executives of the Company, by examining and assessing the criteria underlying the plan;
- (v) proposes to the Board directorship candidates where during the year one or more vacancies arises on the Board (Article 2386, first paragraph of the Civil Code), ensuring compliance with the minimum number of Independent Directors requirement and the under-represented gender quota;
- (vi) proposes to the Board candidates for the position of Director to be submitted to the Shareholders' Meeting, taking into account any recommendation received from the shareholders, where it is not possible to obtain the required number of Directors from the slates submitted by the shareholders;
- (vii) supervises the self-evaluation of the Board and its Committees pursuant to the Corporate Governance Code, with regard to the size, composition and functioning of the Board of Directors and its committees, undertaking the preliminary investigation for the appointment, if necessary, of an external consultant for the self-evaluation;
- (viii) taking account of the results of the self-evaluation, draws up opinions for the Board - in view of the renewal of the Board of Directors - with regards to its size and that of its Committees, and also with regards to the managerial and professional expertise and roles which would support the Board or the Committees to express their position to the shareholders before the appointment of the new Board;
- (ix) undertakes the investigations required for the periodic verifications upon the independence and standing requirements of Directors and on the absence of reasons for incompatibility or ineligibility;
- (x) draws up an opinion for the Board with regards to any activities carried out by Directors in competition with those of the Company;
- (xi) reports to the next appropriate Board meeting, through the Chairperson of the Committee, on the main issues reviewed by the Committee at its meetings; in addition, reports to the Board, on at least a half-yearly basis and not beyond the deadline for approval of the annual and half-year financial reports, on the activities carried out, and also on the adequacy of the appointment system, at the Board meeting indicated by the Chairperson of the Board of Directors.

The Appointments and Remuneration Committee is also assigned the duty, with regards to remuneration, to assist the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration policy of Senior Directors and Executives. In particular:

- (i) it periodically assesses the suitability, overall consistency and real application of the remuneration policy for Directors and Senior Executives. In the latter regard, it makes use of information provided by the Chief Executive Officers; formulates proposals to the Board of Directors on this matter, also with reference to the Board of Directors of the subsidiaries;
- (ii) it presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Senior Directors, as well as establishing the performance objectives related to the variable component of this remuneration; assesses the possibility of establishing long-term incentive plans for Executive Directors and Senior Executives; monitors the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance objectives;
- (iii) it reviews in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting for approval of the Annual Financial Statements;

(iv) it carries out additional duties assigned by the Board of Directors;

The Appointments and Remuneration Committee may access all information and departments necessary for the undertaking of their duties, as well as utilising outside consultants within the budget approved by the Board of Directors. In this latter regard, where wishing to utilise the services of a consultant for information on remuneration policy market practice, the Committee in advance verifies that such consultants are not in a position whereby their independence of judgement may be affected.

8. REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The remuneration of the Directors is established by the Shareholders' Meeting. Pursuant to Article 15 of the By-Laws, the Shareholders' Meeting may determine the total amount of the remuneration of all of the Directors, including Senior Directors, whose division is established by the Board of Directors, having consulted with the Board of Statutory Auditors, for the remuneration of the Senior Directors pursuant to Article 2389 of the Civil Code.

On June 18, 2020, the Shareholders' Meeting set the remuneration of the entire Board of Directors at Euro 430,000.00.

On June 29, 2021, the Board of Directors, having received the approval of the Board of Statutory Auditors and the Appointments and Remuneration Committee, also resolved to grant - for the financial year 2021 - additional compensation for their specific roles to the Chairperson and Chief Executive Officer Giulio Bonazzi and the Executive Directors Adriano Vivaldi and Fabrizio Calenti.

For information on the remuneration policy adopted by the Issuer and the remuneration of the members of the Board of Directors and Senior Executives, reference should be made to the Remuneration Report prepared pursuant to Article 123-ter of the CFA and 84-quater of the Issuers' Regulation available on the company website at www.aquafil.com.

9. INCENTIVE MECHANISMS FOR THE INTERNAL AUDIT MANAGER AND THE EXECUTIVE OFFICER FOR FINANCIAL REPORTING

The incentive mechanisms for the Executive Officer are in line with the responsibilities assigned, as confirmed by the Board of Directors.

The incentive mechanisms for the Internal Audit Manager are in line with the responsibilities assigned, as confirmed by the Board of Directors.

10. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

10.1 Composition and operation (as per Article 123-bis, paragraph 2, letter d) of the CFA)

In accordance with the combined provisions of Article 2.2.3, paragraph 3, letter o) of the Stock Exchange Regulation, applicable to issuers with shares traded on the Italian Stock Exchange, STAR segment, as well as in accordance with the provisions of the Code, the Board of Directors internally set up a Control, Risks and Sustainability Committee.

Board of Directors motion of June 18, 2020 appointed as members of the Control, Risks and Sustainability Committee:

Chairperson	Simona Heidempergher (*)
Member	Francesco Profumo
Member	Ilaria Maria Dalla Riva

(*) Person with adequate accounting, financial and risk management knowledge and experience, as reviewed by the Board of Directors meeting of June 18, 2020.

On August 28, 2020, the Board of Directors supplemented the functions of the committee on sustainability issues by approving the new Committee Rules.

The meetings of the Control, Risks and Sustainability Committee were coordinated by its Chairperson and duly recorded in the minutes; the Chairperson of the Board of Statutory Auditors and at least one other member of the Board of Statutory Auditors attended these meetings.

In 2022, the Committee met seven times; the average duration of meetings was of approximately an hour and all Committee members attendance was 100%.

In 2023, the Committee has already held three meetings - on February 9, March 8 and March 16.

10.2 Functions assigned to the committee and activities carried out

The Regulations for the functioning of the Control, Risks and Sustainability Committee was updated during 2020, in particular for the inclusion of the functions relating to sustainability, and approved by the Board of Directors on August 28, 2020.

The Regulations were subsequently updated, also to align them where necessary with the provisions of the new Corporate Governance Code, and approved by the Board of Directors on February 17, 2021.

In accordance with the Committee regulation, it supports the Board of Directors, with appropriate investigative activity, in their assessments and decisions concerning the Internal Control and Risk Management System, and with regards to the approval of the periodic financial reports.

The Committee also assists the Board of Directors with regard to its duties concerning (i) the drawing up of the Internal Control and Risk Management System guidelines, so as to ensure that the principal risks concerning the Company and its subsidiaries may be correctly identified, adequately measured, managed and monitored, establishing the basis for whether such risks are compatible with a sound and correct management of the company according to the identified strategic objectives; (ii) the periodic verification, undertaken at least annually, upon the adequacy and efficacy of the internal control and risk management system according to the specific characteristics of the Company and the risk profile assumed; (iii) the description, in the corporate governance report, of the principal characteristics of the internal control and risk management system and the means for co-ordination among the parties involved, to assess its adequacy; (iv) the assessment, having consulted the Board of Statutory Auditors, of the results of the Independent Auditors' Report and any letter of recommendations and in the report of fundamental questions established during the audit; (v) the management of risks from impacting events which the Board becomes aware of, supporting, through appropriate investigative actions, the assessments and decisions of the Board of Directors, (vi) the approval, at least annually, of the work plan drawn up by the Internal Audit Manager, having consulted the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System.

The Control, Risks and Sustainability Committee in accordance with the Self-Governance Code, in assisting the Board of Directors:

- (i) evaluates, together with the Executive Officer for Financial Reporting and having consulted the independent audit firm and the Board of Statutory Auditors, the correct application of the accounting standards and their uniformity for the preparation of the consolidated financial statements;
- (ii) defines the control mechanisms to verify compliance with the duties allocated and periodically monitors their functioning, reporting in a timely manner any irregularities to the Board of Directors;
- (iii) expresses opinions on specific aspects concerning the identification of the principal corporate risks;
- (iv) examines the periodic reports, concerning the assessment of the Internal Control and Risk Management System, and those of particular importance, prepared by the Internal Audit Department;
- (v) monitors the independence, adequacy, efficacy and efficiency of the Internal Audit department;
- (vi) may request the Internal Audit department to carry out verifications on specific operational areas, simultaneously communicating such to the Chairperson of the Board of Statutory Auditors;
- (vii) reports, at least every six months, on the approval of the annual and half-year accounts, to the Board of Directors on the work carried out and on the adequacy of the Internal Control and Risk Management System;
- (viii) expresses opinions on the appointment, revocation, remuneration and budget made available to the Internal Audit Manager;
- (ix) carries out additional duties assigned by the Board of Directors;

The Committee, in exercising its duties, may access the information and departments necessary to complete their tasks, as well as utilise, at the expense of Aquafil and to the extent of the budget approved by the Board of Directors, outside consultants where their independence of judgment is not affected.

Other duties assigned to the Control, Risks and Sustainability Committee functions are set out in paragraph 12 below, including the assigned duties of the Related Parties Committee under the Procedure for Related Party Transactions.

On March 8 and March 15, 2022, the Committee assessed the correct utilisation of the accounting policies and their uniformity in the preparation of the financial statements for the period and planned the constant review of the advancement of the projects for the

review of the organisation systems and models of the Group, of the Internal Control and Risk Management System as well as in this context, the completion of the 2021 audit plan and the compliance controls undertaken in accordance with Law 262/2005 and Legislative Decree No. 231/2001 and subsequent amendments.

During the meetings held the Committee discussed the most appropriate initiatives in relation to its own remit and functions, within a progressive improvement of the Internal Control and Risk Management System in order to ensure maximum efficiency and security of the system.

The meetings of the Committee will largely be undertaken simultaneously with the meetings of the Board of Statutory Auditors of the Issuer and in the presence of the members of the Board of Statutory Auditors, of the Executive Officer for Financial Reporting and the Internal Audit Manager and, where beneficial, also with the participation of a representative from the independent audit firm. The presence of these control and oversight bodies is expected to permit the communication and discussion of the principal aspects relating to the identification of the business risks.

In the carrying out of its functions, the Committee has and will have full access to the information and to the corporate functions necessary for the carrying out of its remit.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (AS PER ARTICLE 123-BIS, PARA. 2, LETTER 3) OF THE CFA)

The Internal Control and Risk Management System is the set of rules, procedures and organisational structures aimed at facilitating, through an adequate process of identification, measurement, management and monitoring of the main risks, a sound and correct management consistent with the established goals.

An effective Internal Control and Risk Management System contributes to ensuring the protection of corporate assets, the efficiency and effectiveness of business operations, the reliability of financial reporting and compliance with laws and regulations.

This system allows managers to have on a regular and timely basis a sufficient overview of the economic and financial situation of the Company and of the main companies of the Group and soundly and correctly facilitates: *(i)* the monitoring of the main key performance indicators and risk factors that relate to the Company and to the main Group companies; *(ii)* the collection of data and information with particular reference to financial information, in adequate quantities for analysis according to type of business activity, organisational complexity and specificity of the information needs of management; *(iii)* the development of prospective financial data for the business plan and the budget, as well as for the verification of the meeting of business objectives through an analysis of variances.

In 2022 the Board of Directors, among other issues:

- approved the work plan drawn up by the Internal Audit Manager, after review by the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System (Director in charge);
- assessed, having consulted the Board of Statutory Auditors, the results presented by the independent audit firm.

In the exercise of these functions, the Board of Directors shall be supported by the Director in charge of the Internal Control and Risk Management System and the Control, Risks and Sustainability Committee.

On December 7, 2017, the Board of Directors approved the guidelines of the Executive Officer for Financial Reporting in compliance with Law 262/05, together with the procedure for collecting the related internal representations on behalf of the companies of the Group.

At the Reporting date, the Issuer had completed the drafting and formulisation of the company policies to guarantee compliance with the applicable regulation.

At the Reporting date, the Company:

- had renewed the following certifications:
for the BCF sector:
 - REACH (Letter Conformity REACH);
 - ECONYL® Product Certificate (certification body: DNV);
 - ISO 14001: 2004;
 - ISO 9001: 2008 (Aquafil Quality management system);

- ISO 9001: 2008 (Quality management system / TESSIL4);
- ISO 9001: 2008 (Quality Management System Certificate / Group);
- ECONYL® caprolactam certificate (certification body: DNV);
- OEKO – TEX (Aqualeuna);
- OHSAS 18001:2007;
- EPD* (ECONYL® polymer);
- EPD* (ECONYL® yarn (BCF Reprocessed));
- ISO 9001 (AquafilUSA);
- UL 2018 (AquafilUSA);
- ISO 9001:2008 (AquafilAsia Pacific);
- ISO 9001:2008 (Aqualeuna);
- ISO 14001:2004 (Aqualeuna);
- ISO 50001:2011 (Aqualeuna);
- ISO 9001:2008 (Aquafil Jaxing English language);
- ISO 9001:14001 (Aquafil Jaxing English language);
- OHSAS 18001:2007 (Aquafil Jaxing English language);
- OEKO – TEX (standard 100);

for the NTF sector:

- REACH (Letter Conformity REACH);
- ECONYL® Product certificate (certification body: DNV);
- ISO 14001 (AquafilSLO entire facility);
- Responsible care, AquafilSLO – Ljubljana (certification body: ICCA);
- OEKO - TEX Standard 100 Aquafil (standard 100);
- EPD * (ECONYL® polymer);
- EPD * (ECONYL® yarn);
- ISO 14001_2004 (AquafilCRO d.o.o.);
- ISO 50001_2011 (AquafilCRO d.o.o.);
- IQNet SR 10:2015 – Social Responsibility Management System (AquafilCRO d.o.o.);
- OHSAS 18001:2007 (AquafilCRO d.o.o.);
- OEKO – TEX (standard 100 AquafilSLO);
- OEKO TEX Standard 100 Aquafil S.p.A. ECONYL® (ECONYL® yarns);
- confirmed the adoption of the Code of Conduct and ensures the continual update of its Organisational and Management Model, with reference to the prevention of offences as per Legislative Decree No. 231/01 and subsequent amendments, under the constant guidance of the Supervisory Board in office;
- completed a comprehensive risk assessment activity with the support of an external consulting firm, as well as the IT Risk Management assessment and IT risk analysis.

One of the main elements of the Internal Control and Risk Management System is the internal control of the financial disclosure process. This aims to ensure integrity, accuracy, reliability and timeliness in the preparation and communication of disclosure (including financial).

Moreover, the strengthening of the Internal Control and Risk Management System continued in 2022. This process comprised the following macro-elements:

- definition of the procedures and risk control matrices for each business process for each Company falling within the consolidation scope;
- identification of corrective actions, follow-ups and reporting - definition and sharing of corrective actions with the management, assessment of the effective implementation of the same, preparation of reports to the Executive Officer for Financial Reporting and for the supervisory and control bodies;
- updating of the 262 Model and related documentation, on the basis of corporate, organisational and procedural changes made;
- self-evaluation process to seek to capitalise on the contingency experience gained during the emergency phase of the pandemic.

The methodology followed for designing and for carrying out checks concerning the 262 Model were in line with best international practice and shall ensure full traceability in its implementation.

With reference to the identification and assessment of financial reporting risks, the Issuer carries out its analyses and audit activities on subsidiaries with levels of revenue and balance sheet assets in excess of a threshold of predefined materiality, as well as on the management of intercompany transactions. Following qualitative considerations, routine analyses and audits are performed also on other subsidiaries, regardless of their quantitative contribution to the consolidated financial statements.

The risks, measured and evaluated according to best practices in the field of international risk assessment, cover the operational processes relating to general accounting entries and the estimates and financial statement declarations, with a view to prevent errors of accuracy and completeness and to prevent fraud. The assessment of the 'inherency' of the risks is qualitative and is performed both with regard to the materiality and the nature of the accounting entries and with regard to the frequency of the operational processes.

In relation to the identification and the assessment of controls for identified risks, the 262 Model considers preventive, investigative and second level controls on processes relating to accounting entries and on the estimates. The assessment of the adequacy and effectiveness of controls to mitigate risks shall be qualitative, based on the outcome of the checks carried out in the course of the 262 Model monitoring activities.

The monitoring activities are concentrated on the operational processes relating to the material accounting items, which are identified annually via a preliminary scope analysis. In addition, ad-hoc checks were carried out on activities relating to accounts closures and consolidation entries, which the Company documented and which were allocated in terms of responsibilities and authorised via a dedicated computer program in order to guarantee completeness and accuracy of information.

The Executive Officer and the Internal Audit Manager report periodically to the Control, Risks and Sustainability Committee, the Board of Statutory Auditors and to the Director in charge of the Internal Control and Risk Management System and, to the extent of its remit, to the Supervisory Board concerning the management of the 262 Model, expressing an assessment of the adequacy of the administrative and accounting control system and corrective actions to be implemented.

The Board of Directors periodically monitors the adequacy of the Internal Control and Risk Management System in relation to the requirements of the business, as well as its efficiency, based on the periodic report received from the Director in charge of the Internal Control and Risk Management System, of the Control, Risks and Sustainability Committee, of the Internal Audit Manager, of the Supervisory Board and of the Board of Statutory Auditors.

11.1 Director in charge of the internal Control and Risk Management System

As part of the structuring and strengthening of the risk management and control system, on June 18, 2020, the Board of Directors confirmed Adriano Vivaldi as the Director responsible for the establishment and maintenance of an effective Internal Control and Risk Management System (the **Director in charge of the Internal Control and Risk Management System**) (who has since left office) also considering the provisions of the Code.

11.2 Internal Audit Manager

On August 28, 2020, having consulted with the Control, Risks and Sustainability Committee and the Board of Statutory Auditors, the Board of Directors confirmed Barbara Dalla Piazza as Internal Audit Manager pursuant to the Self-Governance Code.

At the Reporting date, the internal audit function:

- fully implemented the activities set out in the 2022 Audit Plan, as approved by the Board of Directors in the meeting of March 15, 2022, with prior review by the Control, Risks and Sustainability Committee and the Director in charge of the Internal Control and Risk Management System and, among others, carried out direct and specific control activities within the Issuer and the most significant Group companies, in order to uncover any deficiencies in the Internal Control and Risk Management System in the various risk areas; the internal audit manager also audited and assessed the suitability, efficiency and the effective functioning of the internal control and risk management system on an ongoing basis in relation to specific needs and in compliance with international standards;
- prepared periodic reports containing sufficient information on activities, on the manner in which risk management is carried out, as well as compliance with defined plans for their containment, for the purposes of the appropriateness of the Internal Control and Risk Management System; these reports were sent to the Director in charge of the Internal Control and Risk Management System,

the Chairperson of the Board of Statutory Auditors, the Chairperson of the Control, Risks and Sustainability Committee and, where required in relation to events under examination, to the Chairperson of the Board and the Supervisory Board;

- prepared the 2022 Audit Plan, approved by the Board of Directors meeting of March 15, 2022, with prior review by the Control, Risks and Sustainability Committee, the Director in charge of the Internal Control and Risk Management System and consulted with the Board of Statutory Auditors.

In particular, the internal audit manager, carried out the verifications on the Internal Control and Risk Management System, in line with the audit plan and undertaking the follow up activities (in particular with reference of the controls in compliance with the provisions of Law 262/2005 and Legislative Decree No. 231/2001).

In addition, during the Reporting Period, the results of the audit activities were analysed, discussed and shared, between the internal audit function, the head of the processes/departments involved from time to time and management of the Company in order to agree upon and undertake appropriate preventative/corrective action, whose realisation was constantly monitored until their complete execution.

The remuneration of the Internal Audit Manager was determined in accordance with company policies. The Board ensures that the Internal Audit Manager has adequate resources for the undertaking of his/her duties.

11.3 Organisational model as per Legislative Decree No. 231 of 2001

The Issuer's Board of Directors, at its meeting of November 13, 2020, approved amendments to the Organisation, Management and Control Model comprising the Code of Conduct, the General Part, the Special Parts and the Governance System.

The Model provides for policies and measures to guarantee the performance of activities in accordance with law and to identify and eliminate situations of risk, as well as for a system of prevention designed to mitigate offence risk that is consistent with the organisational structure and with best practice.

It comprises a General Section and 1 Special Section (with 13 subsections).

In particular, the Special Sections clarify the nature and the possible ways of committing the types of Relevant Offences identified in the Risk areas, as well as the specific organisational controls implemented to prevent their commission.

Forming an integral part of the Model are the following documents attached thereto: (i) the Supervisory Board Regulation; (ii) the Governance System and (iii) the Code of Conduct.

The Code of Conduct is an integral part of the Model. It sets ethical principles and prescriptive rules of conduct for employees and other addressees, contributing to establish an appropriate control environment to ensure that the Issuer's activity is always based on the principles of fairness and transparency and to reduce the risk of the offences covered under Legislative Decree No. 231/2001 and subsequent.

The requirement for exemption from administrative liability has led to the establishment of a Supervisory Board within the Issuer, which has independent powers of initiative and control, with the task of: (i) monitoring the effectiveness of the model, which is embodied in the verification of consistency between actual conduct and the model established; (ii) conducting the examination of the adequacy of the model, or rather its real capacity to prevent, in principle, undesirable conduct; (iii) carrying out an analysis of the maintenance over time of the soundness and functionality of the Model; (iv) ensuring the necessary dynamic update of the Model, through the formulation of specific suggestions, in the event that analyses performed require corrections and adjustments; (v) carrying out the so-called "follow-up", or rather verifying the implementation and the functionality of the solutions proposed.

On November 13, 2020, the Board of Directors renewed the appointment of the Supervisory Board for 3 years, composed of three members, in the persons of Fabio Egidi, external member, as Chairperson; Marco Sargenti, external member; and Karim Tonelli, internal member.

On September 30, 2022, Mr. Marco Sargenti resigned from the Supervisory Board for personal reasons. The Board of Directors appointed Mr. Michele Pansarella in his place on November 8, 2022, effective until the conclusion of the current Board's term. The current members of the Supervisory Board are therefore Mr. Fabio Egidi as Chairperson, Mr. Michele Pansarella as external member, and Mr. Karim Tonelli as internal member.

On March 16, 2023, the Supervisory Board presented a report to the Board of Directors on the controls and checks performed in the reference Year and their outcome.

In 2022, the Supervisory Board met six times, and also held meetings for training purposes.

The offences covered by the Issuer's model are in line with current law and in particular the Model was latterly updated at the Board meeting of November 13, 2020 with the inclusion, among others, of fiscal offences.

The Model introduces an adequate system and sanctioning mechanisms for conduct in violation.

The Code of Conduct and Model may be consulted on the company website www.aquafil.com in the *Corporate Governance/Documents* section.

11.4 Independent Audit Firm

On January 30, 2018, the Shareholders' Meeting of Aquafil, *inter alia*: (i) approved, pursuant to Article 13 of Legislative Decree No. 39/2010 and Article 7 of the Regulation adopted with Ministerial Decree No. 261/2012, the mutual resolution of the audit appointment of KPMG S.p.A. for 9 years of which the last for the year ended December 31, 2024; and (ii) simultaneously appointed Pricewaterhousecoopers S.p.A. (**PwC**) for the duration of nine years (from 2017 to 2025), in accordance with Article 13 of Legislative Decree No. 39/2010.

Therefore, the audit for the 2017-2025 period was awarded to PwC S.p.A.

11.5 Executive Officer for Financial Reporting

In accordance with Article 16 of the By-Laws, the Board of Directors appoints, upon obligatory approval of the Board of Statutory Auditors, the Executive Officer for Financial Reporting pursuant to Article 154-*bis* of the CFA, providing him/her with adequate means and powers to carry out the role.

On June 18, 2020, the Board of Directors of the Issuer confirmed Mr. Sergio Calliari (Issuer employee in the role of Group Administration Director) as the Executive Officer for Financial Reporting as per Article 154-*bis* of the CFA.

The Executive Officer for Financial Reporting must be of a professional standard such as to have qualified experience of at least three years in the exercise of administration and control activities, or in executive or consultancy functions, with listed companies and/or relative groups of companies, or companies, entities and enterprises of large and significant size, including the preparation and control of accounting and corporate documents. The Executive Officer must also meet the requirements of good standing as provided for Statutory Auditors by the applicable legal provisions.

The Executive Officer has the primary duty to design, manage and monitor the processes concerning, in particular, administrative-accounting information flows, including automatic data processing and accounting recording systems, also to provide — in the legally and regulatory required forms — the declarations on their adequacy and effective application.

The Executive Officer, in addition, is required to identify and assess the financial disclosure risks, identify and implement the required controls to mitigate the possibility that these risks occur and monitor and assess the effectiveness of the controls within a risk management and internal control system, in relation to the financial disclosure process, which is adequate and functioning.

As per Article 154-bis of the CFA, the Executive Officer is required to: (i) declare that the deeds and communications of the Issuer communicated to the market and concerning accounting disclosure (including interim) of the Issuer corresponds to the underlying accounting records and entries; (ii) prepare appropriate administrative and accounting policies for the drafting of the statutory and consolidated financial statements, in addition to any other communications of a financial nature; and (iii) jointly with the Chief Executive Officer declare through a specific report attached to the statutory financial statements, the condensed half-year financial statements and the consolidated financial statements, among others, the adequacy and effective application of the procedures at point (ii), during the period to which the documents refer and declare, in addition, the correspondence of such to the accounting records and entries and their suitability to provide a true and fair view of the Company's financial statements and any companies included in the consolidation, assigning for this purpose the following powers:

- (a) full access to all information considered relevant for the execution of duties, both at the Company and at any parent companies;
- (b) attend the meetings of the Board of Directors concerning matters within their scope;
- (c) faculty for dialogue with all administrative and control boards of the Company and the subsidiaries;
- (d) faculty to approve company policies with an impact on the financial statements, on the consolidated financial statements or on other documents requiring certification;
- (e) involvement in the design of IT systems impacting the Company financial statements;
- (f) the possibility to utilise IT systems.

In order to permit the Board of Directors to properly execute its supervisory powers, the Executive Officer should, in addition, report at least quarterly to the Board with regards to activities carried out, in addition to any emerging critical issues.

The Executive Officer is provided with all the necessary powers and means for the execution of his duties.

The Executive Officer, together with the Chief Executive Officer, has the duty to provide instructions also to the subsidiaries belonging to the Group, to ensure adoption of all provisions, administrative and accounting procedures and all other acts and measures necessary for the correct drafting of the consolidated financial statements, in addition to all measures communicated by the Executive Officer in accordance with Law No. 262/05, which ensures the maximum reliability of information flows to the Executive Officer and concerning the preparation of the financial statements.

11.6 Coordination of the parties involved in the Internal Control and Risk Management System

The coordination procedures put in place by the Issuer between the different parties involved in the Internal Control and Risk Management System guarantee an efficient and effective coordination and sharing of information between the bodies involved. In particular:

- the Internal Audit Manager Ms. Barbara Dalla Piazza maintains periodic communication with the other corporate bodies and structures with oversight and monitoring functions upon the Internal Control and Risk Management System, such as the Executive Officer, the Supervisory Board as per Legislative Decree No. 231/01 and the independent audit firm, each within their respective scopes and responsibilities;
- the participation of the Internal Audit Manager at the meetings of the Supervisory Board and at the meetings of the Control, Risks and Sustainability Committee enables the internal audit function to maintain adequate visibility of pressing company risks and managed by the Group and of issues emerging and brought to the attention of the various oversight and control boards;
- the Board of Statutory Auditors maintains periodic communication with the Board of Directors and with the Control, Risks and Sustainability Committee. In particular, the Chairperson and at least one member of the Board of Statutory Auditors always attend the meetings of the Control, Risks and Sustainability Committee; the Board of Statutory Auditors also meets periodically (during its meetings or jointly with the Control, Risks and Sustainability Committee) with the Internal Audit Manager, the Supervisory Board and the independent audit firm;
- the members of the Supervisory Board may attend, on invitation, the meetings of the Board of Directors and the Control, Risks and Sustainability Committee, reporting half-yearly on the activities undertaken;
- the independent audit firm attends, where invited, the meetings of the Control, Risks and Sustainability Committee so as to be constantly up to date on activities and on that decided by the Committee, and also for the purposes of reporting on planning and on the outcome of audit activities.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

12.1 Composition and appointment

12.1.1 Composition and operation (as per Article 123-bis, paragraph 2, letter d) of the CFA)

The Board of Directors allocated these functions to the Control, Risks and Sustainability Committee.

The meetings of the Control, Risks and Sustainability Committee are coordinated by its Chairperson and minutes of the meetings are kept. The Chairperson regularly provided information on the meetings held by the Committee at the next Board of Directors' meeting.

The Chairperson of the Board of Statutory Auditors and at least one other member of the Board of Statutory Auditors always attended the Committee meetings.

In 2022, the Control, Risks and Sustainability Committee met four times to serve as the Related Party Transactions Committee, on March 8, May 12, August 26 and August 30.

12.1.2 Functions assigned to the Control, Risks and Sustainability Committee with regards to Related Party Transactions and activities carried out

At the Reporting date, the Related Party Transactions Committee executed its functions in compliance with the Procedure for Related Party Transactions.

In particular, the Related Party Transactions Committee, in the undertaking of its duties, reviewed the relationships and transactions with related parties which existed prior to the Merger and took note of these.

12.2 Related party transactions policy

On September 12, 2017, the Board of Directors approved a draft of the Procedure for Related Party Transactions, in accordance with Article 2391-bis of the Civil Code (with effect from the Effective Merger Date). In line with that established by the Related Parties Regulation, a draft of this policy, subsequent to the Effective Merger Date, was submitted to the Control and Risks Committee (in execution of its role as the Related Parties Committee), which issued a favourable opinion upon the policy, which was thereafter definitively approved by the Board of Directors on December 7, 2017.

On January 30, 2018, the Shareholders' Meeting also approved an amendment to the By-Laws which is functional to incorporate Consob indications regulating Related Party Transactions.

The Procedure for Related Party Transactions and its annexes, as applied by the Issuer, can be consulted on the Issuer's website at www.aquafil.com in the *Corporate Governance/Procedures and Regulations* section, also as amended by the Board motion of May 11, 2021, in light of the amendments to the Consob Related Party Transactions Regulation, passed with Consob Resolution No. 21624 of December 11, 2020.

13. APPOINTMENT OF STATUTORY AUDITORS

In accordance with Article 17 of the By-Laws, the Board of Statutory Auditors comprises three Statutory Auditors and two Alternate Auditors, appointed by the Shareholders' Meeting on the basis of slates presented by shareholders.

As per Article 17 of the By-Laws, shareholders may present a slate for the appointment of Statutory Auditors who, alone or together with other presenting shareholders, hold a percentage in the share capital at least equal to that determined by Consob in accordance with applicable legislation and regulations (which for the Company, for 2022, was 2.5% of the share capital for such purposes referring to the share capital represented by listed shares). Ownership of the minimum shareholding is determined according to the shares that are registered in favour of the shareholder on the day in which the slates are filed with the Issuer; certification can also be presented subsequent to the filing provided that it is within the deadline for the publication of the slates.

Slates are filed at the registered office in accordance with applicable law, at least twenty-five days prior to the date of the Shareholders' Meeting called to approve the election of the Statutory Auditors. The slates must be made available to the public by the Company at least twenty-one days prior to the Shareholders' Meeting in accordance with the manner prescribed by current regulations.

The slates must include the names of one or more candidates for the position of Statutory Auditor and one or more candidates for the position of Alternate Auditor. The names of the candidates are divided between each section (Statutory Auditors section, Alternate Auditors section) by progressive numbering and in any event with a number not exceeding the Board members to be elected. The slates, if they contain, in both sections, a number of candidates equal to or greater than 3, must contain a number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both for statutory auditors and alternate auditors, complies with the legal and regulatory provisions that are in force in relation to gender balance (male and female), provided that if the application of the criterion for the gender balance quota does not result in a full number, this should be rounded up to the next unit.

The following documents must be attached to each slate, at the risk of ineligibility: (i) information on the identity of shareholders who have presented them, with an indication of the total percentage of shares held; (ii) a declaration by shareholders other than those who hold, even jointly, a controlling or majority shareholding, attesting to the absence of any relationship with these latter in accordance with applicable law; (iii) detailed information about the personal and professional characteristics of the candidates, as well as a declaration by the candidates certifying that they meet the statutory requirements, and acceptance of the candidature, accompanied by a list of administrative and control positions held with other companies; (iv) any additional or differing declaration, information, and/or documents provided for by applicable law and regulations.

Each shareholder, shareholders who belong to the same group of companies, as well as shareholders involved in a shareholder agreement in accordance with Article 122 of Legislative Decree No. 58/1998, may not present or participate in presenting, even through a nominee or trust company, more than one slate nor can they vote for differing slates; in addition, each candidate may be present in only one slate, at the risk of ineligibility.

In the case where only one slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date. In this case, the percentage threshold established for the presentation of the slate is reduced by half.

The Statutory Auditors are elected as follows: (i) from the slate that obtained the largest number of votes (Majority Slate) taken in the progressive order in which they appear in the slate, two Statutory Auditors and one Alternate Auditor; (ii) from the slate that obtained the second largest number of votes and are not connected, even indirectly, with the shareholders who presented or voted for the Majority Slate in accordance with the applicable provisions and taken in the progressive order in which they appear on the slate, the third Statutory Auditor will be chosen (Minority Statutory Auditor), who will chair the Board of Statutory Auditors, and the second Alternate Auditor (Minority Alternate Auditor). Should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting shall decide, with the candidate being elected by means of a simple majority of the votes.

Where the result of voting does not satisfy the applicable gender balance law and regulations that are in force (including the rounding up to the next unit if the application of the criterion for the gender equality quota does not result in a full number), the candidate for the office of Statutory or Alternate Auditor from the over-represented gender elected as last in progressive order from the Majority Slate will be excluded and will be replaced by the next candidate for the office of standing or alternate auditor from the same slate belonging to the other gender.

Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the Statutory Auditors and Alternate Auditors will be taken from this slate in accordance with the law and regulations in place, including in terms of gender balance (male and female).

The Statutory Auditors are appointed for a period of three years (and may be re-elected), which expires on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the final year in office.

Subject to compliance with the applicable law and regulations in force in relation to gender balance, in cases where, for whatever reason, (i) a statutory auditor from the Majority Slate leaves office, the alternate auditor elected from the Majority Slate will take their place, (ii) a Minority Statutory Auditor leaves office, they will be replaced by the Minority Alternate Auditor. If, for whatever reason, it is not possible to proceed as indicated above, the Shareholders' Meeting must be called in order to supplement the Board through statutory majority, without the application of slate voting, subject to compliance with the applicable law and regulations in relation to the gender balance quotas.

Finally, in the absence of slates, or where it is not possible for whatever reason to appoint the Board of Statutory Auditors with the procedures indicated in this Article, the three Statutory Auditors and the two Alternate Auditors will be appointed by the Shareholders' Meeting through the majority provided for by law, in accordance with the laws and regulations in force also in relation to the gender balance quota.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (AS PER ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF THE CFA)

On April 28, 2021, the Shareholders' Meeting appointed the following members to the Board of Statutory Auditors of the Company:

Office	Name	Date of appointment
Chairperson	Stefano Poggi Longostrevi	April 28, 2021
Statutory Auditor	Bettina Solimando	April 28, 2021
Statutory Auditor	Beatrice Bompieri	April 28, 2021
Alternate Auditor	Marina Manna	April 28, 2021
Alternate Auditor	Davide Barbieri	April 28, 2021

Mses Bettina Solimando, Beatrice Bompieri and Marina Manna came from the slate filed by the shareholder Aquafin Holding (obtaining 47,429,299 votes, equal to at 89.073% of the voting share capital), while Messrs. Stefano Poggi Longostrevi and Davide Barbieri came from the slate filed jointly by a group of asset management companies and international and domestic institutional investors (obtaining 5,816,633 votes, equal to 10.924% of the voting share capital).

The Board of Statutory Auditors will remain in office until the Shareholders' Meeting called for the approval of the 2023 Annual Accounts.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors										
Office	Member	Year of birth	Date first appointment (*)	In office from	In office until	Slate (**)	Ind. Code	Attendance at Board meetings (***)	No. other offices (****)	
Chairperson	Poggi Longostrevi Stefano	1965	January 30, 2018	April 28, 2021	Approv. 2023 Accounts	2	x	100%	16	
Statutory Auditor	Solimando Bettina	1974	January 30, 2018	April 28, 2021	Approv. 2023 Accounts	1	x	100%	17	
Statutory Auditor	Bompieri Beatrice	1968	April 28, 2021	April 28, 2021	Approv. 2023 Accounts	1	x	100%	4	
Alternate Auditor	Manna Marina	1960	January 30, 2018	April 28, 2021	Approv. 2023 Accounts	1	x	N/A	5	
Alternate Auditor	Barbieri Davide	1984	January 30, 2018	April 28, 2021	Approv. 2023 Accounts	2	x	N/A	8	

Quorum required for the presentation of slates by minority shareholders for the election of one or more standing members (as per Article 148 CFA): 2.5%

NOTES

(*) The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of the Issuer.

(**) This column indicates the slate from which each Statutory Auditor originated ("M": Majority Slate; "m": Minority Slate).

(***) This column indicates the percentage of attendance of the Statutory Auditors in relation to the number of meetings of the Board of Statutory Auditors (indicates the number of meetings attended compared to the amount they could have attended; e.g. 6/8; 8/8 etc.).

(****) This column indicates the number of offices of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation.

Meetings of the Board of Statutory Auditors may be held with participants located in several places, near or far, linked by audio or video, provided that: *(i)* the Chairperson of the meeting is able to verify the identity and the legitimacy of the participants, direct the proceedings of the meeting and witness and announce the results of the vote; *(ii)* the person taking the minutes is able to adequately observe the events of the meeting that is to be minuted; *(iii)* the participants are able to follow the discussion and vote simultaneously on the matters on the Agenda, as well as view, receive or transmit documents. If all the aforementioned conditions are complied with, the meeting shall be deemed to have been held in the place where the Chairperson is present and where the secretary of the meeting must be present, to permit the minute-taking of the meeting (subject to specific exceptions provided for by the law in connection with the COVID-19 pandemic).

In 2022, the Board of Statutory Auditors held 14 meetings (including individual meetings and meetings in joint session with the Control, Risks and Sustainability Committee), on January 18, February 9, March 8, March 15, March 23, March 25, May 12, July 22, August 26, August 30, October 5, November 8 and November 23. The average duration of meetings was approximately two hours, with 100% attendance by all members.

At the meeting of March 16, 2023, the Board of Statutory Auditors assessed the correct application - by the Board of Directors - of the procedures to assess the independence of the Independent Directors according to the Code.

In addition, on March 16, 2023, the Board of Statutory Auditors also assessed the independence of its members, already assessed on appointment, and also in accordance with the requirements for independence of Directors by the Self-Governance Code, while also undertaking its self-evaluation. The result of these evaluations was communicated to the Board of Directors in the Board meeting of March 16, 2023 and announced to the market through the publishing of this Report, available on the company website www.aquafil.com.

The Board of Statutory Auditors reviewed and shall review the independence of the independent audit firm, ensuring compliance with regulatory provisions, and the nature and extent of the various services provided to the Issuer and its subsidiaries by the Audit Firm and its network.

The Board of Statutory Auditors has constantly maintained normal coordination initiatives with the Control, Risks and Sustainability Committee, the Internal Audit Department and the Supervisory Board, as well as meeting periodically with the independent audit firm. For information on the manner of the coordination reference should be made to paragraph 11.6.

Legislative Decree No. 39/2010 ("Implementation of EU Directive No. 43/2006, relating to the audit of separate and consolidated annual accounts, which modifies EU Directive 78/660 and EU Directive 83/349, and which revokes EU Directive 84/253) attributed to the Board of Statutory Auditors the functions of the Internal Control and Audit Committee and, in particular the oversight functions on *(i)* the financial disclosure process; *(ii)* the efficiency of the internal control system, internal audit, where applicable, and risk management; *(iii)* the audit of the separate and consolidated annual accounts; *(iv)* the independence of the independent audit firm, in particular in relation to non-audit services by the party providing audit services.

For the entire duration of the admission to trading of the Company's shares on an Italian regulated market, the Board of Statutory Auditors in addition exercises all other duties and powers established by the special laws; with regards to mandatory reporting, the Directors are required to report on a quarterly basis, in accordance with Article 150 of the CFA.

The Chairperson of the Board of Directors ensured that the Statutory Auditors received adequate information on the sector in which the Issuer operates, on the business operations and their performances, of the principles of correct risk management as well as the relative regulatory framework. In particular, during the Board meetings held at the headquarters of the Company, the Statutory Auditors regularly received detailed information on the sector in which the Issuer undertakes its activities, in order to fully understand the underlying business operations and the relative developments during the year.

We also note that during the first visit of the new members of the Board of Statutory Auditors to the Company's headquarters, the Statutory Auditors of Aquafil were able to make an extended visit to the Arco (Trento) production facility in order to gain adequate knowledge of the sector in which the Issuer operates, in addition to company and production dynamics.

The remuneration of the Statutory Auditors is commensurate with the commitment required, the importance of the role covered, in addition to the size and sector of the Company.

The Issuer does not provide a specific obligation for the Statutory Auditors to promptly inform the other members of the Board of Statutory Auditors and the Chairperson of the Board on the nature, terms, origin and size of their interest, where the Statutory Auditor

have, on their own behalf or on behalf of third parties, an interest in a transaction of the Issuer; this is due to the fact that the Issuer considers this disclosure information a normal duty for the parties which hold the position of Statutory Auditor.

In accordance with the By-Laws, the Chief Executive Officer shall report adequately and promptly to the Board of Directors and the Board of Statutory Auditors on the activities undertaken, on the general operating performance and outlook, as well as on major operations for their size or nature by the Issuer and its subsidiaries, in accordance with the provisions of law and the By-Laws, and therefore on a quarterly basis.

15. Relations with Shareholders

The disclosure with shareholders is ensured by making available the most relevant corporate documents in a timely and continuous manner on the Issuer's website www.aquafil.com in the *Investor Relations*, *Corporate Governance* and *News&Media* sections and, where required by the applicable regulations, on the authorised storage mechanism eMarket STORAGE at www.emarketstorage.com.

In particular, all press releases issued to the market and the Issuer's periodic financial reports are available on the aforementioned website as soon as they have been approved by the corporate bodies (annual report, interim report, quarterly report).

Also available on the aforementioned website are the main Corporate Governance documents, the Organisation, Management and Control Model in accordance with Legislative Decree No. 231/2001 and subsequent and the Code of Conduct.

In accordance with the Code, relations with institutional investors are managed by the Investor Relator.

The duty of the Investor Relator is to constantly ensure that senior management are updated on the financial market disclosure obligations and, in particular, those concerning investors.

The Investor Relator represents, therefore, the point of contact between the Issuer and the market and has the duty to liaise with company structures to maintain and incentivise compliance with corporate disclosure regulations. Investor relation activities are shared with and supported by management.

On June 18, 2020, the Board of Directors confirmed Mr. Karim Tonelli as Aquafil's Investor Relator (contact: investor.relations@aquafil.com), for the maintenance of relations with shareholders and institutional investors and to undertake any specific tasks for the management of price sensitive information and relations with Consob and Borsa Italiana.

The Board of Directors will assess the implementation of any further initiatives to ensure shareholders more timely and straightforward access to essential information upon the Issuer.

INVESTOR COMMUNICATION POLICY

On November 11, 2021, on the proposal of the Chairperson and Chief Executive Officer, the Board of Directors approved the Investor Communication Policy, as per the recommendations of the Corporate Governance Code.

The Policy is available on Aquafil's website at www.aquafil.com in the "Investor Relations" section. The contents of the Policy are summarised below.

Aquafil believes that the definition, development and maintenance of open, transparent and ongoing dialogue with all shareholders and investors creates significant benefits both for investors — understood as current and potential shareholders — and to the Company, with a view to fostering the creation of value over the medium-long term.

Aquafil has therefore adopted an Engagement Policy, the purpose of which is to regulate Dialogue between the Board of Directors and Stakeholders on matters falling within the Board's remit, identifying the persons involved, topics to be discussed, timing and channels of interaction.

Pursuant to the Policy, in managing Dialogue the Company will operate in compliance with the principles of transparency and equal treatment, with the provisions of the applicable Law and regulations (including those concerning the handling of Sensitive Information) and with its internal governance rules.

The areas covered by the Policy, and therefore by the Dialogue are, in particular:

- a) the business plan;
- b) risk management and the Internal Control and Risk Management System;
- c) the corporate governance system;
- d) transactions announced or carried out by the Group that have significant strategic, economic, capital or financial importance;
- e) appointment and composition of the corporate bodies;
- f) the remuneration policy for Directors and Senior Executives;
- g) environmental, social and sustainability issues.

The Policy provides that the Board of Directors is responsible for directing, overseeing, and monitoring the application of this Policy and, in general, the progress and effectiveness of Dialogue. The Board of Directors delegates the management of Dialogue to the Chief Executive Officer and any other Director with delegated powers (the Director in charge of the Internal Control and Risk Management System).

The Investor Relator represents the point of contact with Investors and is responsible for receiving and collecting the requests made by them. Together with the Secretary, he/she co-ordinates the activities and contents of the Dialogue with the respective interlocutors. The Secretary interacts with Stakeholders in co-ordination with the Investor Relator, particularly on issues of corporate governance.

For further details, see the Investor Communication Policy.

16. SHAREHOLDERS' MEETINGS (AS PER ARTICLE 123-BIS, PARAGRAPH 2 OF LETTER C) OF THE CFA)

16.1 Shareholders' Meeting call

As per Article 8 of the By-Laws, the Shareholders' Meeting deliberates upon matters reserved to it by law and the By-Laws. Shareholders' Meeting motions, taken in accordance with law and the By-Laws, are binding on all shareholders. The Shareholders' Meeting takes place in single call.

For the purposes of calculating the quorum required by law and the By-Laws for the holding of an ordinary and extraordinary Shareholders' Meeting and for passing of the relevant motions, the number of votes represented by the shares, and not the number of shares, will be counted. Motions for the amendment of Articles 5.6, 5.8 and 8.3 of the By-Laws are passed with majorities of at least 70% of the total number of votes devolving to the issued shares.

As per Article 8.3 of the By-Laws, the Related Party Transactions Policy of the Company may establish (i) that the Board of Directors approves the "significant transactions", as defined by the RPT Regulation, despite an opinion to the contrary issued by the Independent Directors Committee responsible for issuing an opinion on the aforementioned transactions, provided that the execution of such transactions are authorised by the Shareholders' Meeting in accordance with Article 2364, paragraph 1, No. 5 of the Civil Code. In this case, the Shareholders' Meeting will resolve by statutory majority, provided that, where the unrelated shareholders present at the Shareholders' Meeting account for at least 10% of the voting share capital, considering every ordinary share and every multi-vote share individually, without consideration of the right to multiple votes attributed to the special shares, the majority of unrelated shareholders voting at the Shareholders' Meeting do not vote against.

Pursuant to Article 9 of the By-Laws, the Shareholders' Meeting for the approval of the financial statements must be called by the Board of Directors at least once a year, within one hundred and twenty days from the end of the year or, in the cases provided for by Article 2364, paragraph 2, of the Civil Code, within one hundred and eighty days from the end of the year, pursuant to the provision of Article 154-ter of the CFA.

The Shareholders' Meeting may be called in Italy, even outside the municipality in which the registered office is located, or in other countries of the European Union, in Switzerland or in the United Kingdom.

The Shareholders' Meeting shall be called by publishing a notice on the Company website, in addition to the other manners established by applicable law, and shall contain the information required by applicable law, also by reason of the subjects covered.

As per Article 126-*bis* of the CFA, shareholders who represent, even jointly, at least one-fortieth of the share capital may request - except for matters within the remit of the Board or based on projects or a report prepared by them - within ten days of publication of the Call Notice, or within five days in the case of calling as per Article 125-*bis*, paragraph 3, of the CFA or Article 104, paragraph 2, of the CFA, a supplementation to the matters on the Agenda, indicating in the request the further matters to be included on the Agenda, or present proposals on matters already on the Agenda.

In accordance with Article 2367 of the Civil Code, the Directors shall call without delay the Shareholders' Meeting where requested by shareholders collectively representing at least one-twentieth of the share capital.

Pursuant to Article 127-*ter* of the CFA establishes that shareholders may submit questions on the matters on the Agenda, also before the Shareholders' Meeting. For questions submitted before the Shareholders' Meeting, responses will be made, at the latest, during the Meeting itself. The Company may provide a single reply to questions with the same subject matter. The call notice indicates the deadline by which questions submitted before the Shareholders' Meeting should reach the Company. The deadline may not be more than three days in advance of the Shareholders' Meeting in first or single call, or five days where the call notice establishes that the Company provides, before the Shareholders' Meeting, a response to the questions received. In this case, the responses are provided at least two days before the Shareholders' Meeting, also through publication in a separate section of the company website.

16.2 Right to attend Shareholders' Meetings

As per Article 10 of the By-Laws, those with voting rights have a right to attend the Shareholders' Meeting.

The right to attend the Shareholders' Meeting and the right to vote is verified by a notice to the Company, effected by the authorised intermediary in accordance with law, based on the accounting records at the end of the seventh trading day prior to the date fixed for the Shareholders' Meeting in single call, and submitted to the Company in accordance with law.

Those who have the right to vote in the Shareholders' Meeting can be represented by a proxy in accordance with law. Electronic notification of proxy may be made, in the manner indicated in the call notice, by sending a message addressed to the certified email address indicated in the notice itself or by using the appropriate section of the Company's website.

For each Shareholders' Meeting, the Company may designate, through notification in the call notice, a person to whom shareholders can confer proxy, with voting instructions on all or some of the proposals on the Agenda, in the terms and manner provided by law (as per Article 135-*undecies* of the CFA).

16.3 Holding of the Shareholders' Meeting

The Shareholders' Meeting shall be chaired by the Chairperson of the Board of Directors, or in such absence or impediment or at the request of the Chairperson him/herself, by another person elected by the Shareholders' Meeting, including the Chief Executive Officer (if elected). The Chairperson shall be assisted by a Secretary elected on his proposal by majority of those present. In the Extraordinary Shareholders' Meeting and, in any case, when the Chairperson considers it appropriate, the functions of the Secretary shall be carried out by a Notary appointed by the Chairperson.

For the valid constitution of the Shareholders' Meeting, both ordinary and extraordinary, and motions thereof, the legal and statutory provisions are applied. For the purposes of calculating the quorum required by law and the By-Laws for the holding - in a single notice - of an ordinary and extraordinary Shareholders' Meeting and for passing of the relevant motions, the number of votes represented by the shares, and not the number of shares, will be counted.

The Shareholders' Meeting may be held in several locations, via audio/video link, on the condition that a collective approach is taken and the principles of good faith and of equal treatment of shareholders are upheld and, in particular, provided that: (a) the Chairperson of the Shareholders' Meeting may (i) ascertain the identity and right to attend of all present, (ii) govern the business of the meeting, in addition to (iii) verify and declare the voting results; (b) the minutes-taker is able to adequately note all the matters pertaining to the Shareholders' Meeting; (c) attendees may participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice of the Shareholders' Meeting which also indicates the locations. The meeting shall be considered to have been held in the place where there are, simultaneously, the Chairperson and the person taking the minutes.

Pursuant to Article 7 of the By-Laws, shareholders may withdraw in accordance with the mandatory cases provided for by law.

The opposition of Shareholders to motions regarding the extension of the duration of the Company or the introduction or the removal of provisions concerning the circulation of shares does not constitute a right to withdrawal.

As per Article 20 of the By-Laws, the net profit for the period, excluding the 5% share allocated to the legal reserve until the reaching of one-fifth of the share capital, is divided among the shareholders, as resolved by the Shareholders' Meeting.

* * *

The Shareholders' Meetings of the Issuer adopted Shareholder Meeting regulations, approved on December 23, 2016 by the Shareholders' Meeting of Space 3. This Shareholders' Meeting Regulation establishes, among other matters, that:

- the Chairperson (the Chairperson of the Board of Directors or, in his/her absence or impediment the person designated by the Shareholders' Meeting) may adopt any provision considered appropriate to ensure the correct execution of Shareholders' Meeting business and the exercise of the rights of participants;
- in the discussion of such matters and proposals, the Chairperson, where a majority of the share capital is not in opposition, may follow a different order of consideration from that stated in the call notice of the meeting and may call for some or all of the matters on the Agenda to be discussed together;
- the Chairperson conducts the discussion, giving the floor to Directors, to Statutory Auditors and any parties so requesting. Those holding the right to vote and the bondholders' joint representative may request the floor on only one occasion for each matter on the agenda, making observations and requesting information. Those persons entitled to vote may also draw up proposals. Requests to contribute may be made from the constitution of the Shareholders' Meeting until the time at which the Chairperson has not declared the discussion of the matter closed. In order to ensure the orderly conduct of the meeting, the Chairperson has the power to determine, at the opening of or during the discussion of individual matters, a deadline for the submission of requests to contribute. The Chairperson establishes the manner in which contribution requests are made and the order in which they are heard. The Chairperson and, on his/her invitation, those assisting him/her respond to speakers at the end of all contributions under discussion, or after each contribution, taking account also of any questions drawn up by shareholders before the Shareholders' Meeting, which have not been responded to by the Company. Those who have requested the floor have the right to a brief reply;
- before voting commences, the Chairperson readmits to the Shareholders' Meeting any persons excluded during the discussion in accordance with the regulation;
- the Chairperson shall decide the order in which the proposals on the individual matters on the Agenda are put to the vote, generally giving priority to those formulated by the Board of Directors.

In 2022, one Shareholders' Meeting was held on April 28, 2022.

With regards to the rights of shareholders not outlined in this Report, reference should be made to the applicable *pro tempore* laws and regulations.

17. FURTHER CORPORATE GOVERNANCE ACTIVITIES

At the Reporting date, no additional corporate governance practices effectively applied by the Issuer outside of the obligations established by legislation or regulations exist.

18. CHANGES SINCE THE END OF THE REPORTING PERIOD

Since the end of the Reporting Year no changes have been made to the corporate governance structure.

19. CONSIDERATIONS ON THE JANUARY 23 LETTER OF THE CHAIRPERSON OF THE CORPORATE GOVERNANCE COMMITTEE

The considerations formulated in the letter of January 25, 2023 of the Chairperson of the Corporate Governance Committee were brought to the attention of the Board of Directors and of the Committees.

These were of particular interest to the Chairperson of the Board of Directors and the Appointments and Remuneration Committee who, respectively, took account of these recommendations during the preparation of the self-evaluation questionnaire and in the meeting of the Board of Directors of February 15, 2023, focusing in detail on the recommendations and invitations contained therein, which centred on the following areas in particular: (i) sustainability of the remuneration of Executive Directors, (ii) the Investor Communication Policy, and (iii) encouraging dialogue with significant stakeholders.

* * *

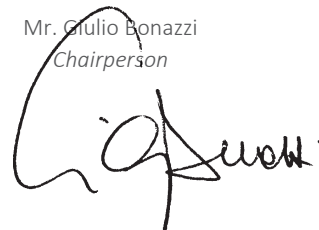
Arco (Trento), March 16, 2023

Aquafil S.p.A.

Aquafil S.p.A.

On behalf of the Board of Directors

Mr. Giulio Bonazzi
Chairperson

A handwritten signature in black ink, appearing to read 'Giulio Bonazzi', written over the printed name and title.