

AQUAFIL S.p.A.
GENERAL SHAREHOLDERS' MEETING

June 18, 2020, at 3.00 p.m, in single call

(pursuant to Article 125-ter of Legislative Decree No. 58/1998, and Article 84-ter of Consob Regulation No. 11971/1999)

Director's Report illustrating item 4 on the Agenda of the General Shareholders' Meeting to be held on June 18, 2020, prepared pursuant to Article 125-ter of Legislative Decree No. 58/1998, and regarding:

4. Appointment of the Board of Directors following the determination of the number of its members, the term of office and remuneration: relevant and ensuing resolutions"

This report has been prepared pursuant to Article 125-ter, paragraph 1, of Legislative Decree No. 58 dated February 24, 1998, as further amended and extended (**TUF**), as well as Article 84-ter of the Regulation No. 11971 issued by Consob on May 14, 1999, as further amended and extended (**Rules for Issuers**), and pertains to item four placed on the Agenda of the General Shareholders' Meeting of Aquafil S.p.A. ("**Aquafil**" or the "**Company**") scheduled for Thursday, June 18, 2020, single call.

This Report is available to the public at the Company's registered offices, on the corporate website (www.aquafil.com) and in the other manners provided for by Consob regulations.

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Cap.Soc. Euro 50.676.034,18 di cui sottoscritto e versato Euro 49.722.417,28

C.F. IT 09652170961 – V.A.T. IT 09652170961 – REA TN 228169

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Appointment of the Board of Directors for the financial year 2020-2022 (until the approval of the financial statements for the year ending December 31, 2022), with prior determination of the number of members of the Board and their remuneration: relevant and ensuing resolutions.

Shareholders,

With respect to the appointment of the Board of Directors, which shall take place on the basis of lists of candidates, reference is made to the provisions of Article 147-ter of Legislative Decree 58/1998 and Article 11 of the Articles of Association. The following is however noted:

standing to submit lists:

Members of the Board of Directors shall be appointed by Shareholders' resolution, on the basis of lists of candidates submitted by shareholders, in accordance with the procedure entrenched in the following provisions, without prejudice to any and all different or additional procedural or other requirements imposed under imperative statutory or regulatory provisions.

Lists of candidates for Board of Directors' membership may be submitted by shareholders who, at the time of submission of the list, hold — either on their own or together with other submitting shareholders — a percentage of the Company's share capital at least equal to the percentage established by Consob pursuant to applicable statutory and regulatory provisions. Based on the Consob Managerial Determination No. 28 of January 30, 2020 for Aquafil the percentage is 2.5%.

Satisfaction of the minimum equity ownership requirement for the submission of lists of candidates must be established on the basis of shares registered in favor of the submitting shareholder on the day on which the aforesaid lists are filed with the issuer; the related certificate may be produced even after such filing, but before expiry of the deadline for the publication of the lists in question.

methods and timings for the presentation of lists; appointment of the members of the Board of Directors

The lists must be lodged at the Company's registered office in accordance with the procedures imposed under applicable regulations, at least twenty-five days prior to the scheduled date of the General Shareholders' Meeting convened to pass resolutions on the appointment of members of the Board of Directors. The Company must render the lists public at least twenty-one days prior to the scheduled date of the aforesaid General Shareholders' Meeting, in accordance with the procedures imposed under applicable regulations.

Each list must not only bear the names of no more than 15 candidates, numbered and arranged in serial order, but also include and expressly specify the names of at least two candidates for the position of member of the Board of Directors who meet the independence requirements imposed under applicable regulations and the Corporate Governance Code issued by Borsa Italiana S.p.A. No all-male or all-female lists of candidates shall be admissible and each list must include a number of candidates of the gender less represented, such that the final composition (men and women) of the Board of Directors is compliant with the gender balance laws and regulations in force from time to time.

Under penalty of inadmissibility, each list must be accompanied by: (i) a copy of the curriculum vitae of each of the candidates on the list; (ii) statements from each of the said candidates, accepting their candidature and certifying, under their own responsibility, that they do not labor under any of the causes of incompatibility or unfitness for office, and that they meet all the requirements imposed under applicable regulations for serving as a director of the Company, as well as, in the case of candidates seeking appointment as independent directors, that they meet the applicable statutory independence requirements; (iii) an indication of the identity of the shareholder or shareholders submitting the list, together with the percentage of the Company's share capital cumulatively held by the same; (iv) any and all other or additional statements, information and/or documents as may be required under relevant statutory and regulatory provisions in force from time to time.

No shareholder nor any grouping of shareholders falling under the same corporate group or who are parties to a shareholders' agreement within the meaning of Article 122 of TUF, may submit, either alone or together with others, or otherwise through third-party intermediaries or trust companies, more than one list or vote in favor

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of more than one list, it being further understood that, under penalty of ineligibility, no candidate may appear on more than one list.

We invite those wishing to present the lists for the appointment of the Board of Directors to observe the recommendations drawn up by Consob with Communication No. DEM/9017893 of February 26, 2009 regarding the relationships of affiliation between lists as per Article 147-ter, paragraph 3, of TUF and the contents of Article 144-quinquies of the CONSOB Issuers' Regulation, to which reference is made.

At the end of voting, the candidates included in the two lists that obtained the highest number of votes shall be deemed elected subject to the following: (i) a number of directors equivalent to the sum total of the directors to be appointed less one shall be drawn, in the serial order in which their candidatures were submitted, from the list that obtained the highest number of votes (the "Majority List"); and (ii) one director shall be appointed in the person of the candidate appearing first in serial order in the list that obtained the second highest number of votes and that is not directly nor indirectly linked to any of the shareholders that submitted or voted in favor of the Majority List (the "Minority List").

No account shall be taken of lists that do not receive a percentage of votes at least equivalent to half the voting stock required to be held in order to submit the list in question.

In the case where two or more lists receive the same number of votes, a second round of voting shall be held, and the candidates who receive a simple majority of the votes, without recourse to the list voting mechanism, shall be deemed to have been elected.

Should the outcome of voting result fail to meet applicable gender balance (men and women) regulations in force from time to time (including with regard to the requirement of rounding up to the nearest whole number in the case where the proper implementation of gender balance regulations does not result in an integer number), application shall be made, in the order in which they are listed, of the following replacement mechanisms:

a) the elected candidates belonging to the more represented gender and appearing last in serial order on the Majority List shall be replaced by the first non-elected candidates drawn from the same list and belonging to the other gender;

b) should it prove unfeasible to implement the aforesaid replacement procedure to ensure compliance with the gender balance statutory and regulatory provisions governing the mandatory gender ratio (men and women) in force from time to time, the General Shareholders' Meeting shall directly elect members of the Board of Directors from amongst candidates belonging to the less represented gender, pursuant to ordinary procedures and with ordinary majorities.

Should the outcome of voting not comply with requirements for a minimum number of independent directors under applicable regulations, taking due account, *inter alia*, of the stock-market segment in which shares in the Company are listed for public trading, the elected non-independent candidates appearing last, in serial order, on the Majority List shall be replaced by the first non-elected independent candidates included in that same list. In the case where this procedure fails to deliver the result stated above, the replacement will be decided by Shareholders' resolution pursuant to ordinary procedures and with ordinary majorities, from amongst candidates meeting regulatory independence requirements.

Should only one list be submitted, the General Shareholders' Meeting shall vote on the said list, and should the latter obtain a relative majority of votes, all the members of the Board of Directors shall be drawn from the said list, without prejudice to the gender balance (men and women) statutory and regulatory provisions in force from time to time (including with regard to the requirement of rounding up to the nearest whole number in the case where the proper implementation of gender balance regulations does not result in an integer number).

If no list is submitted, or if only one list is submitted and fails to obtain a relative majority of votes, or if the number of directors elected on the basis of the submitted lists falls short of the number of directors to be appointed, or if only some Board seats must be filled without the need for the appointment of a new Board of Directors, or if, for any reason or cause whatsoever, it were to prove unfeasible to appoint the Board of Directors pursuant to the procedures contemplated in this Article, the related appointments shall be made by means of Shareholders' resolution passed pursuant to ordinary procedures and with ordinary majorities,

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without recourse to the list voting mechanism and without prejudice to either the statutory requirements imposed in terms of the minimum number of independent directors to be appointed, taking due account, *inter alia*, of the stock-market segment in which shares in the Company are listed for public trading, or any and all applicable gender balance statutory and regulatory provisions in force from time to time.

* * * * *

In addition, the Board of Directors, in the meeting of March 13, finalized its own self-evaluation process at the end of which — also taking account of the opinion in accordance with Criterion 5.C.1. of the Corporate Governance Code given by the Appointments and Remuneration Committee — considered it appropriate to express its own observations regarding a number of corporate governance matters relating to the Board of Directors.

The outgoing Board of Directors emphasizes that it would be desirable — without prejudice to full compliance with the new legislation on gender quotas — that the process to appoint the administrative body would see: (i) the offices of Chairman and Chief Executive Office not being covered by the same person; and (ii) a gradual reduction in the number of Executive Directors, also taking account of the averages expressed by listed companies in Italy, thus emphasizing the differentiation of roles between the Board of Directors and Top Management.

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Regarding the preliminary discussion points, it is noted that the current Board consists of 9 (nine) members, the total remuneration had been determined as Euro 430,000.00 per annum (per calendar year, and hence with pro-rata application for fractions of the year) for the entire Board, and the period in office was dependent on the effective date of the business combination and related admission to listing.

In light of the foregoing, the Board of Directors invites the Shareholders to pass the following resolution:

“The General Shareholders’ Meeting of Aquafil S.p.A.

resolves

- a. to set the number of members of the Board of Directors at 9 (nine);*
- b. that the Board of Directors so appointed shall remain in office for the financial years 2020-2022 and thus until the approval of the financial statements for the year ending December 31, 2022;*
- c. that an annual remuneration of Euro 430,000,00 be paid (per calendar year, and hence with pro-rata application for fractions of the year) for the entire Board, which will be divided amongst its members in accordance with the resolutions that will be taken by the Board of Directors, and which are subject to any further remuneration payable to directors vested with special functions to be established by the Board of Directors.*

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Arco (Trento), May 7, 2020

On behalf of the Board of Directors

The Chairman of the Board of Directors

(Giulio Bonazzi)

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