

Remuneration
Report

2019



Aquafil S.p.A.

Remuneration Report

in accordance with Article 123-*ter* of Legislative Decree 58/1998



7 Introduction



11 SECTION I

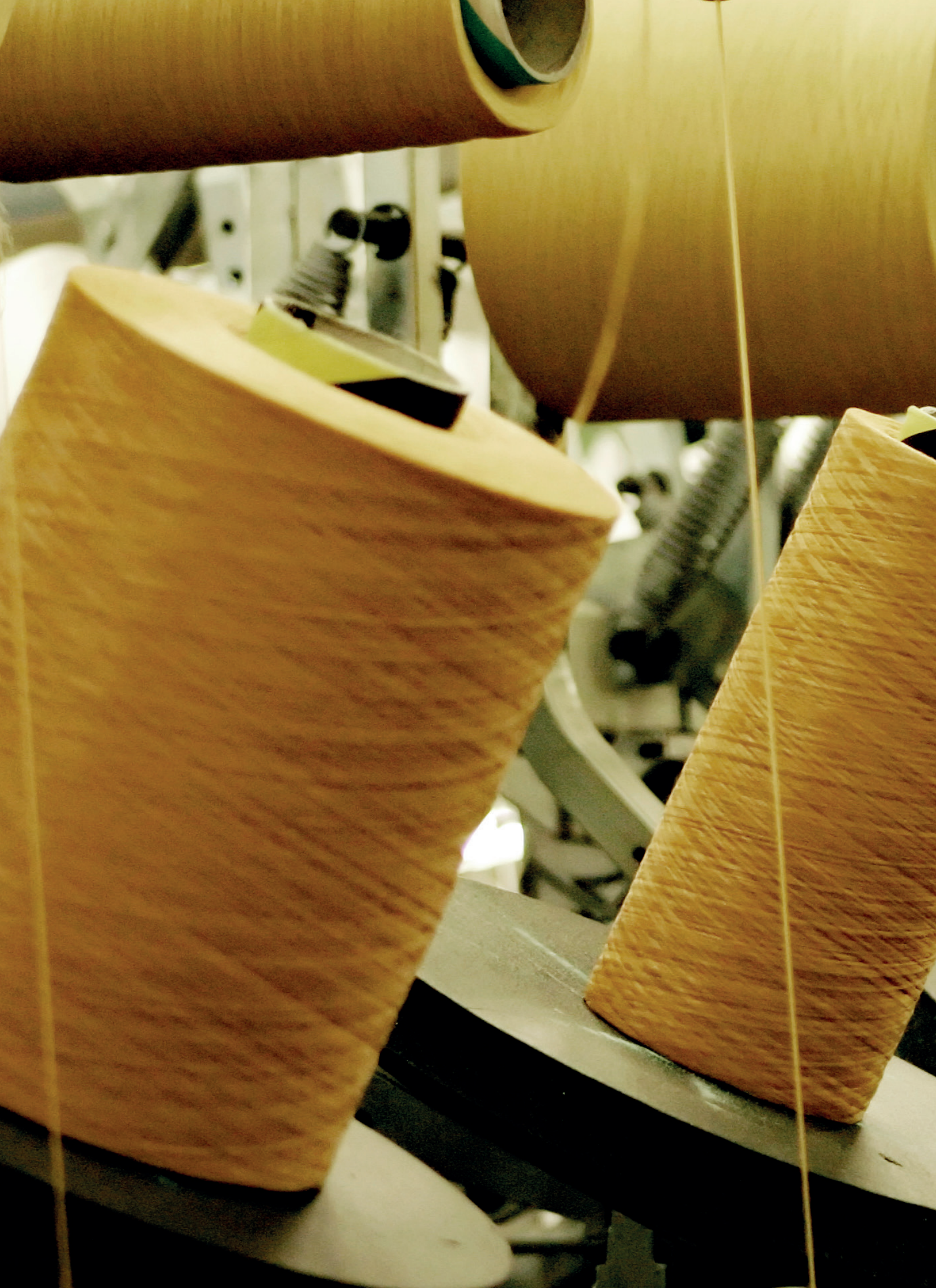
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Introduction

This report was prepared in accordance with *(i)* Article 1-*quater* of Consob Issuers' Regulation No. 11971 of May 14, 1999 (the "**Issuers' Regulation**"), by which Consob has implemented the revisions to Article 123-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments (**CFA**) and *(ii)* Article 6 of the Self-Governance Code of listed companies promoted by Borsa Italiana S.p.A. for the remuneration of Directors and Senior Executives of listed companies ("**Report**").

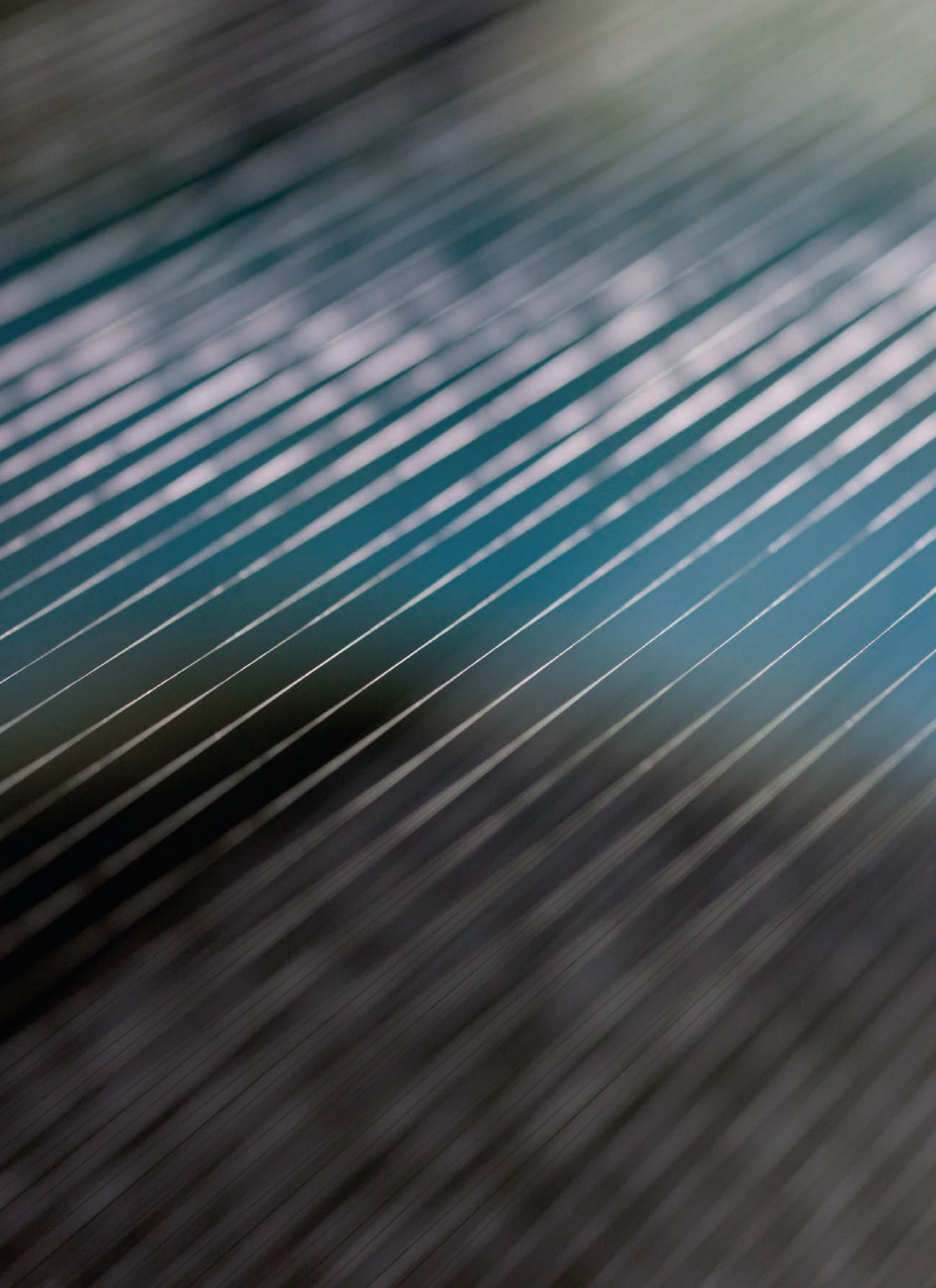
The Board of Directors of Aquafil S.p.A. ("**Aquafil**", "**Company**" o "**Issuer**") decided to prepare this Report (prepared according to the structure of Annex 3A, schedule 7-*bis* and schedule 7-*ter* of the Issuers' Regulation) in order to acknowledge:

- a) in **Section I**, the types of remuneration and relative criteria adopted (or simply maintained) by the Board of Directors of the Issuer in financial year 2019 and 2020 for *(i)* the members of the Board of Directors, including Senior Directors, *(ii)* Senior Executives, as well as *(iii)* members of the Board of Statutory Auditors; and
- b) in **Section II**, the composition and quantification of fees matured in financial year 2019 *(i)* by members of the Board of Directors, including Senior Directors, *(ii)* by Senior Executives, as well as *(iii)* by members of the Board of Statutory Auditors, together with disclosure regarding votes against in the Report regarding 2018.

In addition, Section II contains information related to shares held by the Issuer and by the subsidiaries, by the Board of Directors and Board of Statutory Auditors, by Senior Executives, as well as by spouses who are not legally separated and by minor children, in line with what is established in Article 84-*quater*, paragraph 4, of the Issuers' Regulation.

The Shareholders of Aquafil, to be called for the approval of the statutory financial statements at December 31, 2019, shall be called to express an opinion, as per Article 123-*ter* of the CFA.

The results of the vote will be made available to the public in accordance with Article 125 *quater*, paragraph 2 of the CFA.



11 SECTION I

11 1.1 Bodies and interested parties and
any involvement of independent experts

11 1.2 2020 remuneration policy for the
Board of Directors and objectives

13 1.3 2020 remuneration policy for Senior Executives

13 1.4 Board of Statutory Auditors remuneration policy

Section I

1.1 BODIES AND INTERESTED PARTIES AND ANY INVOLVEMENT OF INDEPENDENT EXPERTS

The Issuer has adopted a traditional management and control model.

The following are the bodies of the Issuer that are delegated with defining the remuneration policy:

- a) the Shareholders' Meeting which, among other matters: (i) resolves the remuneration for the Board of Directors; (ii) resolves the remuneration for the Board of Statutory Auditors; (iii) undertakes an advisory non-binding vote on Section I of the remuneration report; (iv) establishes the remuneration for the Executive Committee, where appointed;
- b) the Board of Directors which, among other matters: (i) allocates the total remuneration resolved by the Shareholders' Meeting for the Board among its members; (ii) establishes the remuneration for the Senior Executives in accordance with Article 2389, paragraph 3, of the Civil Code; (iii) defines the remuneration policy; (iv) approves the remuneration report;
- c) the Board of Statutory Auditors expresses its opinion on proposals for the remuneration of Senior Directors in accordance with Article 2389, paragraph 3, of the Civil Code.

The Board of Directors has set up the Appointments and Remuneration Committee based on the recommendations of the Self-Governance Code. The documentation concerning the Appointments and Remuneration Committee is made available on the Issuers' website.

Given the simplicity of Aquafil's Remuneration Policy — which remains unchanged since its first publication — was in fact prepared with the support of company functions and outside consultants — independent experts were not involved in the assessment of the remuneration policy, utilising instead the remuneration policies of other comparable companies.

At present, it should be noted that point 1.2 refers to the remuneration of the Board of Directors for 2019, although in 2020 the new Board will be appointed and its remuneration will be decided.

1.2 2020 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND OBJECTIVES

The Issuer's Board of Directors approved:

- considering the maximum emolument established by the Shareholders' Meeting, the break down of the lower amount of Euro 430,000 annually (per calendar year and therefore with application on a pro-rata basis for fractions of the year), as follows:
 - (a) to the director Giulio Bonazzi, Euro 40,000 for the office of director;
 - (b) to the director Adriano Vivaldi, Euro 40,000 for the office of director;
 - (c) to the director Fabrizio Calenti, Euro 40,000 for the office of director;
 - (d) to the director Franco Rossi, Euro 40,000 for the office of director;
 - (e) to the director Carlo Pagliani, Euro 50,000, of which:
 - Euro 40,000 for the office of director; and
 - Euro 10,000 as a member of the Control and Risks Committee;
 - (f) to the director Francesco Profumo, Euro 65,000, of which:
 - Euro 40,000 for the office of director;
 - Euro 15,000 as Chairperson of the Appointments and Remuneration Committee; and
 - Euro 10,000 as a member of the Control and Risks Committee;
 - (g) to the director Simona Heidempergher, Euro 65,000, of which:
 - Euro 40,000 for the office of director;
 - Euro 15,000 as Chairperson of the Control and Risks Committee; and
 - Euro 10,000 as a member of the Appointments and Remuneration Committee;
 - (h) to the director Margherita Zambon, Euro 50,000, of which:
 - Euro 40,000 for the office of director; and
 - Euro 10,000 as a member of the Appointments and Remuneration Committee; and
 - (i) to the director Silvana Bonazzi, Euro 40,000 for the office of director.
- in accordance to the faculty assigned by the Shareholders' Meeting, to remunerate senior directors — as a fixed component of remuneration — as follows:
 - (a) to the director Giulio Bonazzi, Euro 1,170,000;
 - (b) to the director Adriano Vivaldi, Euro 50,000;
 - (c) to the director Fabrizio Calenti, Euro 50,000; and
 - (d) to the director Franco Rossi, Euro 5,000.

With regards to this remuneration, on December 7, 2017, the Appointments and Remuneration Committee of the Issuer expressed a favourable opinion on the breakdown, taking account that such was based also on other remuneration (as an employee and emoluments paid by other Group companies) recognised to each of the executive members of the Board of Directors.

The Issuer therefore adopted a long-term monetary incentive plan for executive directors and senior executives of the Aquafil Group (called the "2018-2020 Cash Long Term Incentive") ("**Plan**"), together with the text of the relative regulation ("**Regulation**"), in benefit of: (i) Giulio Bonazzi (Chairperson and CEO), (ii) Adriano Vivaldi (Executive Director and CFO), (iii) Fabrizio Calenti, (Executive Director and Chairperson of NTF and

ECONYL® operations), **(iv)** Franco Rossi (Executive Director and Chairperson of BCF USA operations), **(v)** Stefano Loro (Senior Executive and Chairperson of EMEA BCF operations), **(vi)** Giuseppe Crippa (Senior Executive and Vice Chairperson of BCF industrial operations), **(vii)** Sergio Calliari (Senior Executive and Vice Chairperson Finance), **(viii)** Karim Tonelli (Senior Executive, Investor Relator and Performance Management Director), **(ix)** Denis Jahic (NTF and ECONYL® Industrial Activities Manager), **(x)** Sasa Muminovic (Aquafil Slo HR Manager), and **(xi)** Gregor Kranjc (Aquafil Slo Administration Director).

On the basis of that above, and considering that the Plan was effectively approved by the Shareholders' Meeting, the remuneration policies adopted by the Company for each category of beneficiary are outlined below.

NON-EXECUTIVE DIRECTORS

This category includes Directors who do not hold specific management powers and do not hold managerial positions in the company or the Aquafil Group of companies. The non-executive directors are recognised a remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code.

INDEPENDENT DIRECTORS

Remuneration for Independent Directors is equivalent to that of other directors: there is, therefore, no specific remuneration policy for Independent Directors.

EXECUTIVE DIRECTORS

The remuneration of Executive Directors is structured as the sum of the fixed component and a variable component. When adopting this remuneration policy - essentially expressed in the Plan - the Company paid attention to medium-term remuneration and, intrinsically, to the sustainability of its business activities.

a. Fixed component

The fixed component of the remuneration acknowledges the breadth and strategic nature of the role, the distinctive subjective characteristics and strategic expertise. The amount is sufficient to remunerate the service of the Executive Directors also in the case of the non-achievement of the performance objectives upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propensity of the company.

The fixed annual remuneration is approximately equivalent to a range between 48% and 100% of the total remuneration and is paid monthly.

b. Medium/long-term variable component

The variable component of Executive Director remuneration concerns the medium/long-term period (the Plan covers the 2018-2020 period).

This component of Executive Directors' remuneration is based on the reaching of pre-defined annual performance objectives established by the budget approved by the Board of Directors, which can only be amended in terms of the criteria identified by the Plan Regulation.

The annual variable remuneration indicatively ranges from between 7% (floor) and 110% (cap) of the fixed remuneration and is quantified with the approval of the relative consolidated financial statements, on the basis of the reported consolidated EBITDA. The above-stated variable remuneration increases or decreases on the basis of the reaching, or failure to reach, the EBITDA target set out in the budget.

In particular, on achieving the EBITDA targeted in the annual budget approved by the Board of Directors ("Target bonus"), the annual variable remuneration is fixed at 60% of the fixed remuneration (for the Chairperson and Chief Executive Officer and Top Management) or 40% of the fixed remuneration (for the other Senior Executives).

This variable component may be reduced (up to 100% and therefore cancelled) in the case of a 10% negative differential against the effective EBITDA threshold indicated in the Plan; on the other hand, it may be increased (up to 110% of the fixed remuneration) in the case of exceeding the effective EBITDA threshold indicated in the Plan by over 15%. Where ranging between the two extremes, the variable remuneration will be directly proportional to the result achieved.

The level of achievement of the EBITDA objective will be based on a like-for-like operational scope, i.e. neutralising the effects of any acquisitions and/or divestments of businesses and/or business units and/or other similar transactions, where materially significant or constituting in excess of 5% of consolidated turnover.

Once the amount of the variable component is established, this variable component will be paid: (i) for 40% in the year subsequent to that for which it was established; and (ii) for the remaining part, on the completion of an additional 24 months. The amount of the deferred incentive is indexed against the Aquafil share price, as per the applicable Regulation.

For members of the Board of Directors in office, there is no additional compensation for the termination of office before the natural expiry of the term, while some non-monetary benefits are provided for (cars and/or insurance coverage other than third party liability of corporate boards in the exercise of their functions, so-called D&O). There are no agreements which take effect, have been amended, or terminate upon a change of control of the company or request for resignation following a takeover bid or a public exchange offer.

There are no stock option plans.

1.3 2020 REMUNERATION POLICY FOR SENIOR EXECUTIVES

At the reporting date, the company has adopted for senior executives the same Remuneration Policy as that adopted for Executive Directors.

Reference should be made therefore to point 1.2 above for further details.

1.4 BOARD OF STATUTORY AUDITORS REMUNERATION POLICY

The remuneration of the members of the Board of Statutory Auditors was established by the Shareholders' Meeting on January 30, 2018.

Subject to that stated above, there are no agreements which take effect, have been amended, or terminate upon a change of control of the company or request for resignation following a takeover bid or a public exchange offer.



17 SECTION II

17 1.1 Items comprising remuneration

17 1.1.1 Board of Directors and Senior Executives

17 1.1.2 Board of Statutory Auditors

17 1.2 Remuneration paid or matured

18 1.3 Stock Option Plans

18 1.4 Ordinary shares of the company held by members
of the Board of Directors and Statutory Auditors,
General Managers and Senior Executives

18 1.5 Votes against in the previous voting

Section II

1.1 ITEMS COMPRISING REMUNERATION

1.1.1 BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The remuneration of the members of the Board of Directors and of Senior Executives for FY 2019 comprises:

- remuneration for office;
- remuneration for committees;
- bonuses and other incentives, also under the Plan;
- employment remuneration;
- remuneration from subsidiaries.

1.1.2 BOARD OF STATUTORY AUDITORS

The remuneration of the Statutory Auditors in office at December 31, 2019 exclusively comprises remuneration for office.

1.2 REMUNERATION PAID OR MATURED

The members of the Board of Directors and the Senior Executives for FY 2019 received the following remuneration:

Name	Office	State	Emoluments for Office	Emoluments for Committees	Bonuses & Other Incentives	Remuneration Employment (1)	Remuneration Subsidiaries (2)	Total
Giulio Bonazzi	Chairman BoD & Chief Executive Officer	In office	1,210,000				143,000	1,353,000
Adriano Vivaldi	Executive Director & CFO	In office	90,000			288,755	43,000	421,755
Fabrizio Calenti	Executive Director & Chairman NTF & ECONYL®	In office	90,000			331,922	6,667	428,589
Franco Rossi	Executive Director & Chairman BCF USA	In office	45,000				277,860	322,860
Simona Heidempergher	Lead Independent Director & Member Risk Control Committee & Appointments and Remuneration Committee	In office	40,000	25,000				65,000
Francesco Profumo	Independent Director Member Risk Control Committee & Appointments and Remuneration Committee	In office	40,000	25,000				65,000
Margherita Elena Maria Zambon	Independent Director Member Appointments and Remuneration Committee	In office	40,000	10,000				50,000
Carlo Pagliani	Director & Member Risks Control Committee	In office	40,000	10,000				50,000
Silvana Bonazzi	Director	In office	40,000					40,000
Stefano Giovanni Loro	Chairman BCF EMEA	In office				256,840	50,000	306,840
Giuseppe Crippa	Vice Chairman BCF industrial activities	In office				197,297	18,000	215,297
Sergio Calliari	Vice Chairman Finance Dept. Executive Officer ex 262/2005	In office				155,990	18,000	173,990
Karim Tonelli	Investor Relator & Performance Management Director	In office				169,240		169,240
Denis Jahic	Chief Executive Officer AquafilSLO & NTF Industrial Operations Manager	In office					178,774	178,774
Gregor Kranjc	Executive Director & Chief Financial Officer AquafilSLO	In office					135,859	135,859
Sasa Muminovic	Executive Director & Human Resources Manager AquafilSLO	In office					138,711	138,711
Total			1,635,000	70,000	0	1,400,044	1,009,871	4,114,915

The Board of Statutory Auditors at December 31, 2019 had received the following remuneration:

Name	Office	State	Emoluments for office
Poggi Longostrevi Stefano	Chairman Board of Statutory Auditors	In office	50,000
Buttignon Fabio	Statutory Auditor	In office	35,000
Solimando Bettina	Statutory Auditor	In office	35,000
Total			120,000

1.3 STOCK OPTION PLANS

The company has not approved any Stock Option Plans.

1.4 ORDINARY SHARES OF THE COMPANY HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND STATUTORY AUDITORS, GENERAL MANAGERS AND SENIOR EXECUTIVES

Except as indicated in the following table, there are no ordinary shares held by directors and statutory auditors, nor by spouses who are not legally separated and by minor children, directly or through subsidiaries, trust companies or nominees, as per the Shareholder Register, communications received or from other information acquired by the directors and statutory auditors.

Shareholder	No. of Shares	% share capital	% voting rights
Giulio Bonazzi	29,803,036	58.50%	68.52%
Fabrizio Calenti	248,296	0.490%	0.369%
Sergio Calliari	62,005	0.122%	0.092%
Franco Rossi	116,012	0.227%	0.171%
Adriano Vivaldi	248,296	0.490%	0.369%
Total	30,477,645	60.47%	69.89%

1.5 VOTES AGAINST IN THE PREVIOUS VOTING

The Company informs that when voting on the Remuneration Report for the year 2018 there was only one (1) vote against, not preceded by a specific Shareholders' Meeting intervention.

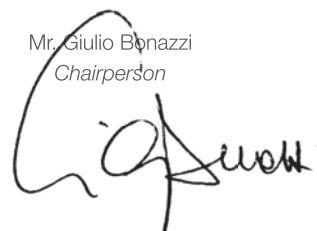
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Arco, March 13, 2020

Aquafil S.p.A.

On behalf of the Board of Directors

Mr. Giulio Bonazzi
Chairperson





Aquafil S.p.A.

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