

Remuneration  
Report

2018

**AQUAFIL**   
synthetic fibres and polymers





# **Aquafil S.p.A.**

## **Remuneration Report**

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

March 2019

Issuer: Aquafil S.p.A.  
Website: [www.aquafil.com](http://www.aquafil.com)  
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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 (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, published in December 2011 (**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 define:

- a) in **Section I**, the types of remuneration and relative criteria adopted by the Board of Directors of the Issuer in financial year 2018 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 2018 (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.

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 Art. 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, 2018, shall be called to express an opinion, as per Article 123-*ter* of the CFA, on the first section of the Report. The results of the vote will be made available to the public in accordance with Article 125 *quater*, paragraph 2 of the CFA.

## 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 Art. 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 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.

### 1.2. 2019 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 breakdown 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 Chairman 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 Chairman 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 (Chairman and CEO), (ii) Adriano Vivaldi (Executive Director and CFO), (iii) Fabrizio Calenti, (Executive Director and Chairman of NTF and ECONYL® operations), (iv) Franco Rossi (Executive Director and Chairman of BCF USA operations), (v) Stefano Loro (Senior Executive and Chairman of EMEA BCF operations), (vi) Giuseppe Crippa (Senior Executive and Vice Chairman of BFC industrial operations), (vii) Sergio Calliari (Senior Executive and Vice Chairman 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:

#### 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

##### *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.

##### *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) and incentivises the individual Executive Directors to work towards achieving the annual and long-term objectives of the company, to maximise the company's value, in line with the interests of the shareholders.

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.

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 outstanding stock option plans.

### 1.3. 2019 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.

## 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 Statutory Auditors (in office or departing during the year, also due to the business combination) and of Senior Executives for FY 2018 comprises:

- i. remuneration for office;
- ii. remuneration for committees;
- iii. bonuses and other incentives, also under the Plan;
- iv. employment remuneration;
- v. remuneration from subsidiaries.

#### **1.1.2. Board of Statutory Auditors**

The remuneration of the Statutory Auditors in office at December 31, 2018 exclusively comprises remuneration for office.

## 1.2. REMUNERATION PAID

Name	Office	State	Emoluments for Office <sup>(1)</sup>	Emoluments for Committees	Bonuses & Other Incentives	Remuneration for Employment <sup>(2)</sup>	Remuneration From subsidiaries <sup>(3)</sup>	TOTAL
Giulio Bonazzi	<i>Chairman BoD &amp; Chief Executive Officer</i>	<i>In office</i>	1,210,000	0	562,000	0	143,000	1,915,000
Adriano Vivaldi	<i>Executive Director &amp; CFO</i>	<i>In office</i>	90,000	0	174,000	288,696	43,000	595,696
Fabrizio Calenti	<i>Executive Director &amp; Chairman NTF &amp; ECONYL®</i>	<i>In office</i>	90,000	0	173,000	311,232	20,000	594,232
Franco Rossi	<i>Executive Director &amp; Chairman BCF USA</i>	<i>In office</i>	45,000	0	120,000	0	264,010	429,010
Simona Heidempergher	<i>Lead Independent Director &amp; Member Risk Control Committee &amp; Appointments and Remuneration Committee</i>	<i>In office</i>	40,000	25,000	0	0	0	65,000
Francesco Profumo	<i>Independent Director Member Risk Control Committee &amp; Appointments and Remuneration Committee</i>	<i>In office</i>	40,000	25,000	0	0	0	65,000
Margherita Elena Maria Zambon	<i>Independent Director Member Appointments and Remuneration Committee</i>	<i>In office</i>	40,000	10,000	0	0	0	50,000
Carlo Pagliani	<i>Director &amp; Member Risks Control Committee</i>	<i>In office</i>	40,000	10,000	0	0	0	50,000
Silvana Bonazzi	<i>Director</i>	<i>In office</i>	40,000	0	0	0	0	40,000
Stefano Giovanni Loro	<i>Chairman BCF EMEA</i>	<i>In office</i>	0	0	124,000	256,776	50,000	430,776
Giuseppe Crippa	<i>Vice Chairman BFC industrial activities</i>	<i>In office</i>	0	0	86,000	196,716	18,000	300,716
Sergio Calliari	<i>Vice Chairperson Finance Dept. Executive Officer ex 262/2005</i>	<i>In office</i>	0	0	47,000	155,928	18,000	220,928
Karim Tonelli	<i>Investor Relator &amp; Performance Management Director</i>	<i>In office</i>	0	0	45,000	169,164	0	214,164
Denis Jahic	<i>Chief Executive Officer AquafilSLO &amp; NTF Industrial Operations Manager</i>	<i>In office</i>	0	0	45,000	0	178,041	223,041
Gregor Kranjc	<i>Executive Director &amp; Chief Financial Officer AquafilSLO</i>	<i>In office</i>	0	0	34,000	0	137,616	171,616
Sasa Muminovic	<i>Executive Director &amp; Human Resources Manager AquafilSLO</i>	<i>In office</i>	0	0	34,000	0	133,197	167,197
<b>TOTAL</b>			<b>1,635,000</b>	<b>70,000</b>	<b>1,444,000</b>	<b>1,378,512</b>	<b>1,004,865</b>	<b>5,532,377</b>

<sup>(1)</sup> The bonus amount to be recognised for the financial year 2018 is indicated, also specifying that this amount is currently accrued but not paid. It is also highlighted that certain individuals and, in particular, Adriano Vivaldi, Fabrizio Calenti, Stefano Loro, Giuseppe Crippa and Sergio Calliari are guaranteed policies for the reimbursement of medical expenses, injury and death that are as a minimum in line with the provisions of the National Collective Labour Agreement for Industrial Executives; moreover, Fabrizio Calenti, Stefano Loro and Giuseppe Crippa are granted the use of apartments for residential purposes.

<sup>(2)</sup> Employee remuneration is to be understood as disbursed by Aquafil S.p.A.

<sup>(3)</sup> Remuneration by subsidiaries includes both employment income, directors' emoluments and any bonuses disbursed by Aquafil S.p.A. subsidiaries.

The Board of Statutory Auditors at December 31, 2018 had received the following remuneration:

<b>Statutory Auditor in office</b>	<b>Total 2018</b>
Poggi Longostrevi Stefano	50,000.00
Buttignon Fabio	35,000.00
Solimando Bettina	35,000.00
	<b>120,000.00</b>

<b>Statutory Auditor departed</b>	<b>Total 2018</b>
Luca Mazza	2,761.91
Marco Giuliani	1,871.55
Marini Virginia	1,893.62
	<b>6,527.08</b>

### 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.

<b>Shareholder</b>	<b>No. Of Shares</b>	<b>% Equity Capital</b>	<b>% Voting rights</b>
Giulio Bonazzi	29,701,236	58.559%	68.874%
Fabrizio Calenti	248,296	0.490%	0.369%
Sergio Calliari	62,005	0.122%	0.092%
Franco Rossi	186,012	0.367%	0.277%
Adriano Vivaldi	248,296	0.490%	0.369%
<b>Total</b>	<b>744,609</b>	<b>60.027%</b>	<b>69.981%</b>

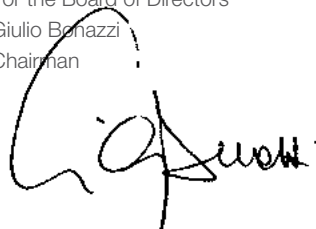
Arco, March 14, 2019

Aquafil S.p.A.

For the Board of Directors

Giulio Bonazzi

Chairman









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