

Remuneration  
Report

2017

**AQUAFIL**   
synthetic fibres and polymers





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

## **Remuneration report**

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

March 2018

Issuer: Aquafil S.p.A.  
Website: [www.aquafil.com](http://www.aquafil.com)  
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## **INDICE**

Introduction	5
Section I	5
1.1. Bodies and interested parties and any involvement of independent experts	5
1.2. 2018 Remuneration policy for the board of directors and objectives	6
1.3. 2018 Remuneration policy for senior executives	7
1.4. Board of statutory auditors remuneration policy	7
Section II	7
1.1. Items comprising remuneration	7
1.1.1. Board of directors and senior executives	7
1.1.2. Board of statutory auditors	7
1.2. Remuneration paid	8
1.3. Stock option plans	9
1.4. Ordinary shares of the company held by members of the board of directors and statutory auditors, general managers and senior executives	9



## 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**).

Following the merger by incorporation of Aquafil S.p.A. into Space 3 S.p.A., the Board of Directors of the latter - which with effect from the effective merger date changed its name to Aquafil S.p.A. (**Aquafil, Company or Issuer**) – decided to prepare this report (as per the structure of Annex 3A table 7-bis and table 7-*ter* of the Issuers' Regulation) in order to set out:

- a) in **Section I**, the types of remuneration and relative criteria adopted by the Board of Director of the Issuer (the latter however subject to approval by the Shareholders' Meeting of the Issuer) from, respectively, December 4, 2017 and 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 Year 2017 (i) by members of the Board of Directors of Space 3 of Aquafil (pre-merger), 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, in the Issuer and in 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 Meeting of Aquafil, called for the approval of the statutory financial statements at December 31, 2017, is 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 Directors 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.

For reasons of governance structure simplification and efficiency, having evaluated the organisational requirements of Space 3 (pre-merger) and the mode of operation and the size of its Board of Directors, Space 3 (pre-merger) considered it appropriate not to appoint a Remuneration Committee. After the effective merger date (i.e. December 4, 2017), the Issuer 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, utilizing instead the remuneration policies of other comparable companies.

## 1.2. 2018 REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND OBJECTIVES

At the date of this report, the company expects to shortly adopt a policy for the remuneration of Directors.

Until the effective date of the business combination (i.e. December 4, 2017), the Shareholders' Meeting of Space3 allocated gross annual remuneration of Euro 12,000 to each independent director and the Board of Directors of Space3 (as the incorporating company in the Merger) on September 12, 2017, in view of the Merger, while with regards to the variable component of remuneration, approved:

- (a) the recognition in favour of the above indicated executive directors (and a number of company executives) the right to variable remuneration linked to the achievement of the 2017 EBITDA objectives - according to the mechanism approved by the Board of Directors for this meeting - which (where due) will be calculated by the Board on the availability of the 2017 financial results;
- (b) the guidelines concerning the executive director incentive mechanisms (including senior management) which - also in accordance with that declared by Borsa Italiana with regards to the Listing process and as per the applicable regulations - were duly implemented within the 3-month deadline from the Merger date.

On the business combination becoming effective, the Board of Directors of the Issuer 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 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 favorable opinion on the breakdown, taking account that such was based also on other remuneration (as an employee and emoluments paid by other Group companies) recognized to each of the executive members of the Board of Directors.

Subsequently, the Appointments and Remuneration Committee - with the support of the company functions and the outside consultants Spafid and Active Value Advisors - on March 2, 2018 proposed to the Board of Directors the draft of the 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 (Executive and Chairman of EMEA BCF operations), (vi) Giuseppe Crippa (Executive and Vice Chairman of BFC industrial operations), (vii) Sergio Calliari (Executive and Vice Chairman Finance), (viii) Karim Tonelli (Executive, Corporate Controller and Investor Relator), (ix) Denis Jahic (NTF AquafilSlo Industrial Relations Manager), (x) Sasa Muminovic (AquafilSlo Human Resources Manager), and (xi) Gregor Kranjc (Aquafil Slo Finance Manager).

On the basis of that above, and on the assumption that the Plan shall effectively be 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 recognized a remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code.

### Independent Directors

The 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 targets upon which the variable remuneration component is based, and therefore - among other issues - discourages the undertaking of conduct not consistent with the risk propension 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 incentivizes the individual Executive Directors to work towards achieving the annual and long-term objectives of the company, to maximize 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 financial targets 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, or the overlap of the EBITDA target set out in the budget.

In particular, should the EBITDA target determined by the annual budget approved by the Board of Directors (so called Target bonus) be reached, the variable component is determined as equal to the 60% of the fixed remuneration (for the Chairman and CEO and the Top Management) or equal to 40% of the fixed remuneration (for the other executives with strategic roles).

Such variable remuneration 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 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 grade of EBITDA achievement will be determined on the current frame of business, by neutralizing the effects of possible acquisitions and/or sale of business and/or branch of business and/or of other similar transactions, if materially relevant or for an amount up to the 5% of the 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 in which it was established; and (ii) for the remaining part, after 24 (twenty four) months. The amount to be paid later shall be indexed to the share return percentage of Aquafil share, in accordance with the provisions of the 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. 2018 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 Directors (in office or departing during the year, also due to the business combination) and of Senior Executives for FY 2017 comprises:

- i. remuneration for office;
- ii. remuneration for committees;
- iii. bonuses and other incentives;
- iv. employment remuneration;
- v. remuneration from subsidiaries.

The remunerations for those members of the Board of Directors in office before the Effective Date were determined and resolved, but not paid.

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

The remuneration of the Statutory Auditors in office at December 31, 2017 exclusively comprises remuneration for office.

## 1.2. REMUNERATION PAID

Name	Office	State	Emolu-ments for Office (1)	Emolu-ments for Com-mittees (2)	Bonuses & Other Incenti-ves (3)	Remunera-tion for employment (4)	Remune-ration from sub-sidiaries (5)	TOTAL
Giulio Bonazzi	Chairman BoD & Chief Executive Officer	In office	844.378	0	280.000	185.785	143.000	1.453.163
Adriano Vivaldi	Executive Director & CFO	In office	34.603	0	140.000	304.012	43.000	521.615
Fabrizio Calenti	Executive Director & Chairman NTF & ECONYL®	In office	34.603	0	140.000	311.192	20.000	505.795
Franco Rossi	Executive Director & Chairman BCF USA	In office	3.452	0	140.000	0	266.027	409.479
Simona Heidenpergher	Lead Independent Director Member Risk Control Committee & Appointments and Remuneration Committee	In office	3.068	1.918	0	0	0	4.986
Francesco Profumo	Independent Director Member Risk Control Committee & Appointments and Remuneration Committee	In office	3.068	1.918	0	0	0	4.986
Margherita Zambon	Independent Director Member Appointments and Remuneration Committee	In office	14.148	767	0	0	0	14.915
Carlo Pagliani	Director Member Risks Control Committee	In office	3.068	767	0	0	0	3.836
Silvana Bonazzi	Director	In office	3.068	0	0	0	0	3.068
Stefano Loro	Chairman BCF EMEA	In office	0	0	112.000	256.745	50.000	418.745
Giuseppe Cippa	Vice Chairman BFC industrial activities	In office	0	0	112.000	165.394	123.000	400.394
Sergio Calliari	Vice Chairperson Finance Dept. Executive Officer ex 262/2005	In office	0	0	56.000	160.289	18.000	234.289
Pierluca Mazza	Chair - Board of Stat. Auditors	In office	16.304	0	0	0	0	16.304
Marco Giuliani	Statutory Auditor	In office	10.888	0	0	0	0	10.888
Virginia Marini	Statutory Auditor	In office	10.840	0	0	0	0	10.840
Gabriele Villa	Independent Director	Departed October 3, 2017	9.041	0	0	0	0	9.041
Francesca Prandstraller	Independent Director	Departed December 4, 2017	11.079	0	0	0	0	11.079
Mauro Moretti	Director	Departed December 4, 2017	27.699	0	0	0	0	27.699
Michele Prencipe	Director	Departed December 4, 2017	27.699	0	0	0	0	27.699
Edi Kraus	Director	Departed December 4, 2017	149.573	0	0	0	0	149.573
Carlo Bonazzi	Director	Departed December 4, 2017	92.329	0	0	0	0	92.329
<b>TOTAL</b>			<b>1.260.877</b>	<b>5.370</b>	<b>980.000</b>	<b>1.383.417</b>	<b>663.027</b>	<b>4.292.691</b>

- (1) Remuneration for the office of director refers to amounts received by these individuals during the entire year 2017, with the exception of directors who ceased to hold office at the effective merger date and for whom remuneration paid up to this date is reported.
- (2) Remuneration paid to individual directors as members of the Risks Control Committee or the Appointments and Remuneration Committee are shown from December 4, 2017 until December 31, 2017.
- (3) The bonus amount to be recognised for the financial year 2017 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.
- (4) Employee remuneration is to be understood as disbursed by Aquafil S.p.A.
- (5) Remuneration by subsidiaries includes both employment income, directors' remuneration and any bonuses disbursed by Aquafil S.p.A. subsidiaries.

The Statutory Auditors, until 31 December 2017, received the following remunerations:

<i>dott. Giuliani</i>	<i>Euro 10,840.43</i>
<i>dott. Marini</i>	<i>Euro 10,887.52</i>
<i>dott. Mazza (Chairman)</i>	<i>Euro 16,303.63</i>

### 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

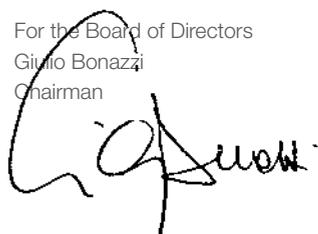
Except as indicated in the following paragraph, there are no ordinary shares held by directors and statutory auditors, nor by spouses who are not legally separated and by minor children, directly or through subsidiaries, trust companies or nominees, as per the Shareholder Register, communications received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

Shareholder	No. Of Shares	% Equity Capital	% Voting rights
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 23, 2018

Aquafil S.p.A.

For the Board of Directors  
Giulio Bonazzi  
Chairman









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