

Remuneration
Policy and Report

2020



Aquafil S.p.A.

Remuneration Policy and Report

in accordance with Article 123-*ter* of the CFA and 84-*quater* of the Consob Issuers' Regulation



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Introduction

Introduction

1.1 REGULATORY REFERENCES

This Report was prepared by Aquafil in accordance with Article 123-*ter* of the CFA, Article 84-*quater* of the Issuers' Regulation, in addition to, on the basis of self-regulation, the Corporate Governance Code, which Aquafil complies with.

Furthermore, Legislative Decree No. 49 of 2019 introduced and implemented into Italian law the principles and provisions included in the Shareholder Rights Directive II, approved in 2017. Certain amendments were introduced to Article 123-*ter* of the CFA through this decree, among which, the binding vote of the Shareholders' Meeting on the first section of the report relating to the remuneration policy, and the non-binding vote on the second section of the report concerning compensation paid.

Last but not least, in preparing this report, account was taken of the indications expressed on the subject of remuneration policy by Consob, most recently with Resolution No. 21623 of December 10, 2020, which amended the Issuers' Regulations in implementation of the CFA. In addition, the principles expressed in Article 5 of the Corporate Governance Code for Listed Companies 2020 edition ("**2020 Code**") (with the specifications indicated below), as well as the recommendations suggested by the Corporate Governance Committee, were adopted as general reference guidelines on remuneration policies.

1.2 PURPOSE AND CONTENT

The annual remuneration report provides information aimed at increasing the knowledge and awareness of shareholders, investors and the market in general, as well as Consob, on the remuneration policies adopted by the Company, and on the amounts and composition of the remuneration paid to the beneficiaries.

The Report comprises, according to Article 123-*ter* of the CFA, two sections.

Section I illustrates:

- A. the Remuneration Policy adopted by the Company for the year 2021, with reference to (i) Members of the Board of Directors, distinguishing between Executive and Non-Executive Directors; (ii) Members of the Board of Statutory Auditors; and (iii) Senior Executives of the Group, noting that in drafting the Remuneration Policy the Company was assisted by Deloitte Consulting S.r.l. and used as a benchmark the remuneration policies of 25 Italian and European companies that are on the whole comparable with Aquafil, including those belonging to the STAR segment of the MTA market of the Italian Stock Exchange;
- B. the procedures utilised for the preparation and adoption of the Remuneration Policy, in addition to the boards and parties responsible for the Policy's correct implementation.

Section II of the Report provides, with respect to FY 2020:

- i) adequate and detailed information on the remuneration of directors, with reference to fixed and variable monetary items, in addition to any other forms of remuneration, non-monetary benefits, and any other indemnity or form of compensation agreed in relation to early termination or natural termination without renewal of the office held;
- ii) detailed information on the remuneration of statutory auditors;
- iii) aggregate information on the remuneration of senior executives, with reference to fixed and variable monetary items, in addition to any other forms of remuneration, non-monetary benefits, and any other indemnity or form of compensation agreed in relation to early termination or natural termination without renewal of the office held;

1.3 PREPARATION AND STRUCTURE

The Remuneration Policy was prepared by the Company and approved by the Board of Directors on March 11, 2021, upon the recommendation of the Appointments and Remuneration Committee and after consultation with the Board of Statutory Auditors.

This Report is sent to Borsa Italiana and is made available to the public at the registered office of Aquafil (Via Linfano 9, Arco) and on the company's website www.aquafil.com, "Corporate Governance" section, at least twenty-one days before the Shareholders' Meeting called to approve the annual financial statements at December 31, 2020.

This Report is structured according to the guidelines set out in Article 84-*quater* of the Issuers' Regulation and in compliance with Annex 3, Schedule 7-*bis* and Schedule 7-*ter* referred to therein.

A relative table, as per Article 84-*quater*, paragraph 4 of the Issuers' Regulation, presents holdings in the company or its subsidiaries by these parties (and by parties related to them).





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Section I

The Remuneration Policy defines the principles and guidelines adopted by Aquafil for the remuneration of the members of the Board of Directors and Senior Executives.

The Company points out that the remuneration policy set out in this Section I is proposed for the 2021 financial year only, taking into account the particular nature of the historical moment and the desire to find an effective incentive path in the contingency, with the awareness of being able to evaluate, from the next financial year, a more articulated structuring of the remuneration policy.

1. GOVERNANCE - COMPLIANCE - MANAGEMENT PROCEDURES

The principal parties and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Appointments and Remuneration Committee and the Board of Statutory Auditors.

The Board of Directors and the Appointments and Remuneration Committee are also responsible for the correct implementation of the Remuneration policy and oversee its correct implementation.

A brief description of the duties, which in accordance with the applicable regulation and the company By-Laws are required of these Boards with regards to the remuneration of the Directors, is provided below.

Shareholders' Meeting

The Shareholders' Meeting:

- i) establishes the total remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- ii) resolves, with a binding vote, as regards Section I of the Report, in accordance with Article 123-ter, paragraph 3-ter of the CFA;
- iii) resolves, with a non-binding vote, as regards Section II of the Report, in accordance with Article 123-ter, paragraph 6 of the CFA;
- iv) establishes any remuneration plans based on shares or other financial instruments for Directors, employees or collaborators, including Senior Executives, where existing, in accordance with Article 114-bis of the CFA.

Board of Directors

The Board of Directors:

- i) establishes internally an Appointments and Remuneration Committee;
- ii) establishes the remuneration of the Executive Directors on the proposal of the Appointments and Remuneration Committee, with prior opinion from the Board of Statutory Auditors, in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting;
- iii) defines and reviews, on the proposal of the Appointments and Remuneration Committee, the Remuneration Policy;
- iv) approves the Report in accordance with Articles 123-ter of the CFA and 84-quater of the Issuers' Regulation;
- v) prepares any remuneration plans based on shares or other financial instruments for Directors, employees and collaborators, including Senior Executives, where existing, submitting such for the approval of the Shareholders' Meeting in accordance with Article 114-bis of the CFA and oversees their implementation.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is an advisory and proposing body that - in its capacity as remuneration committee - has the task of assisting the Board of Directors through investigative functions in the assessments and decisions concerning the remuneration policy of Directors and Senior Executives. In particular:

- i) 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; and
- ii) 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.

The Appointments and Remuneration Committee consists of three non-Executive Directors, all of whom independent, appointed by Board of Directors' motion of June 18, 2020, namely:

- Francesco Profumo (Chairman);
- Margherita Zambon;
- Ilaria Dalla Riva.

Upon appointment and, most recently, on February 17, 2021, the Board of Directors positively assessed that all members of the Committee met the requirements of adequate knowledge and expertise in financial matters and, in particular, that the Chairman met the requirement of experience in remuneration policies.

The composition, duties and operating procedures of the Appointments and Remuneration Committee are governed by the Corporate Governance Code and specific regulations, approved by the Board of Directors and most recently updated on March 11, 2021.

Meetings of the Appointments and Remuneration Committee are attended by the Chairperson of the Board of Statutory and/or the Statutory Auditors and, on invitation, by representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue.

Where considered necessary or beneficial for the execution of its duties, the Appointments and Remuneration Committee may utilise external remuneration policy consultants. In 2020, the Appointments and Remuneration Committee met 6 times and 3 times during 2021. The attendance of Committee members is reported in the Corporate Governance and Ownership Structure Report, available on the company website www.aquafil.com.

The Chairperson of the Board of Statutory Auditors and/or the Statutory Auditors, the Human Resources Executive Director, the Legal Department Director in addition to consultants supporting the company on specific projects reviewed by the Committee, attended the Appointments and Remuneration Committee meetings, on its invitation. Executive Directors and/or Senior Executives did not participate in Committee discussions that concerned decisions relating to their compensation or that placed them in situations of conflict of interest.

In 2020, the Committee business principally concerned:

- the assessment and the monitoring of the adequacy, overall consistency and concrete application of the remuneration policy for Senior Executives, with reference to 2020;
- the introduction of the Company's new Remuneration Policy, in the terms set forth in this Report, with the formulation of the proposal to the Board with respect to the Remuneration Policy for 2021;
- an assessment of the extent to which the annual performance targets under the long-term incentive plan for 2020 (the final year of that plan) have been achieved;
- the self-assessment process of the Board.

Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

Audit Firm

The independent audit firm of Aquafil verifies that the Directors have prepared the second section of the Report, as required by Article 123-ter, paragraph 8-bis of the CFA.

2. REMUNERATION POLICY

2.1 PURPOSES AND PRINCIPLES OF THE REMUNERATION POLICY

Aquafil's Remuneration Policy is based on the following key principles and is defined according to the following criteria:

- this policy seeks to attract, retain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, through a remuneration structure which recognises the value of the individual and their contribution to company growth;
- the link with the company's performance and strategy: remuneration recognizes the achievement of performance targets, mainly in terms of economic-financial indicators and set and measurable objectives, also integrating corrective measures linked to sustainability objectives (in the deferred part of the variable remuneration);
- the alignment of the interests of the Company's and the Group's management with the pursuit of the objective of creating value for Aquafil's shareholders in the medium-long term through an appropriate balance of the fixed and variable components based on additional objectives to EBITDA, but with the definition of maximum variable component limits that still reward results higher than expected.

In line with the above principles, the company shall propose to the Shareholders' Meeting of April 28, 2021 approval of this document.

2.2 PRINCIPAL DEVELOPMENTS IN THE REMUNERATION POLICIES COMPARED TO 2020

Coinciding with the last year of the Long Term Monetary Incentive Plan adopted at the time of listing, the Company deemed it appropriate to re-evaluate the experience gained and identify a new remuneration policy that could be in line with the company's business and meet the criteria set out in the regulations in force, also taking into account the recommendations from the engagement with shareholders.

In particular, the main changes from the previous remuneration policy concern:

- the introduction of a new - and more representative - system for defining the short-term variable component, which, while giving due importance to the company's performance in terms of pure result (EBITDA), the Net Financial Position (NFP/EBITDA ratio) when determining the amount of the bonus, together with sustainability elements as adjustments with deferred payment;
- the strengthening of the claw-back clause;
- the criteria for accounting for any corporate transactions for the purposes of calculating the short-term variable component;

2.3 OUTLINE OF THE REMUNERATION POLICY

The Remuneration Policy provides that the fixed and variable components (this latter short-term) are established on the basis of principles and processes according to the beneficiary category.

In this regards, on March 11, 2021, the Board of Directors of the company, on the proposal of the Appointments and Remuneration Committee, identified – in light of the positions and respective roles held within the Group – the Senior Executives.

The company in any case considered it appropriate to create a remuneration system based on the Executive/managerial responsibilities of the parties concerned and therefore independently set the criteria for determining the remuneration of: **(i)** Directors, specifically: **(a)** Non-Executive Directors; and **(b)** Executive Directors **(ii)** Board of Statutory Auditors; and **(iii)** Senior Executives.

The Company specifies that this policy does not cover the definition of non-competition agreements upon termination of the office and/or offices of Director and/or Senior Executive. The Company however reserves the right to negotiate possible agreements of this nature, if the specific interest of the Company is identified and subject to the implementation of the appropriate procedure, involving both the Appointments and Remuneration Committee and the Control, Risks and Sustainability Committee, acting as the Related Parties Committee, in order to obtain the relevant prior opinions.

(i) Directors

All directors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Directors to the company.

The Shareholders' Meeting held on June 18, 2020, with regard to the definition of the remuneration due to the Directors, resolved to set the Board of Directors' emolument at a total of Euro 430,000 per year, to be distributed among its members in compliance with the resolutions to be taken by the Board of Directors, subject to any further remuneration due to the Directors holding specific offices to be established by the Board of Directors pursuant to Article 2389, third paragraph, of the Civil Code.

In fulfilment of the foregoing and as a breakdown of the total emolument awarded by the Shareholders' Meeting, the Board of Directors meeting held on June 18, 2020, determined:

- to pay each of the nine Directors a fixed annual fee of Euro 40,000.00;
- to grant to the members of the internal committees (Appointments and Remuneration Committee, Control, Risks and Sustainability Committee), an annual fee for the Chairperson of Euro 15,000.00 each and to the other members of Euro 10,000 each.

In addition, the Board of Directors' meeting of June 18, 2020 also resolved to grant an annual fee of Euro 10,000.00 to the Lead Independent Director, appointed in view of the governance structure approved by the Board.

(i) (a) Non-Executive Directors

Non-Executive Directors (whether or not Independent Directors) are paid a fixed annual fee for the office outlined above, which is determined on an individual basis by the Board of Directors in view of the total amount determined by the Shareholders' Meeting, pursuant to Article 2389 of the Civil Code.

The remuneration of these Directors is not based on any financial results or specific objectives of the company and is commensurate with the commitment required, also in relation to participation on Board Committees, for which specific remuneration is allocated.

(i) (b) Executive Directors - Chief Executive Officer and other Executive Directors

The remuneration of Executive Directors is adequately balanced in order to ensure consistency between short-term development objectives, while taking into account the values of sustainability that drive operations, aimed at creating value for shareholders in the long term.

Specifically, the Chief Executive Officer's (CEO) remuneration structure is made up of:

- **a fixed component:** this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic skills assigned to the role. The amount is sufficient to remunerate the service also in the case of the partial reaching of the performance objectives upon which the variable remuneration component is based. More specifically, the fixed component is calculated according to the size of the business managed, the various areas of responsibility covered, Aquafil Group's complex corporate structure, including internationally, also taking account of market practice for similar positions at industrial sector companies (benchmark by Deloitte Consulting S.p.A.). Taking into account the findings of the Appointments and Remuneration Committee, as well as that of the Board of Statutory Auditors, on August 28, 2020 the Board of Directors resolved to award additional remuneration for executive duties of Euro 1,170,000;
- **a short-term variable component:** the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Aquafil Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning indicators, as described below, subject to the fact that this may not exceed 80% of the fixed component.
For the description of the short-term variable component reference should be made to Paragraph 2.3;
- **fringe benefits:** fringe benefits concern the supply of goods and/or services assigned in accordance with market practice and as per applicable legislation. In particular, Aquafil's Chief Executive Officer is the beneficiary of a company car and of insurance policies for the reimbursement of medical expenses, death, permanent disability and accident at least of the same level as those guaranteed to the Company's executives under the CCNL Industrial Executives policy.

The remuneration structure for Executive Directors consists of:

- **a fixed component:** this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic skills assigned to the role. The amount is sufficient to remunerate the service also in the case of the partial reaching of the performance objectives upon which the variable remuneration component is based. More specifically, the fixed component is calculated according to the size of the business managed, the various areas of responsibility covered, Aquafil Group's complex corporate structure, including internationally, also taking account of market practice for similar positions at industrial sector companies (benchmark by Deloitte Consulting S.p.A.). Taking into account that the Executive Directors of Aquafil are also senior executives, as well as the findings of the Appointments and Remuneration Committee, and that of the Board of Statutory Auditors, on August 28, 2020 the Board of Directors resolved to award additional remuneration for executive duties of Euro 50,000;
- **a short-term variable component:** the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Aquafil Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning indicators, as described below, [subject to the fact that this component may not exceed 80% of the fixed component].
For the description of the short-term variable component reference should be made to Paragraph 2.3;
- **fringe benefits:** fringe benefits concern the supply of goods and/or services assigned in accordance with market practice and as per applicable legislation. In particular, the Executive Directors do not benefit from fringe benefits as Executive Directors, but rather as senior executives of the Company, with the provision of a company car and insurance policies for the reimbursement of medical expenses, death, permanent invalidity and accident at least of the same level as those guaranteed to the Company's executives under the CCNL Industrial Executives policy.

(ii) Board of Statutory Auditors

All the members of the Board of Statutory Auditors receive a fixed fee which appropriately compensates the work and commitment provided by the Statutory Auditors to the Company, and commensurate with the commitment required, the importance of the role covered as well as the size and sector of the Company.

On January 30, 2018, the Shareholders' Meeting, with regard to the definition of the remuneration due to the Board of Statutory Auditors, resolved to grant to the Board of Statutory Auditors, which will remain in office until the approval of the financial statements for the year ended December 31, 2020, a total annual remuneration of Euro 120,000.00. Remuneration for the Chairperson of the Board of Statutory Auditors amounts to Euro 50,000.00 per annum; remuneration for each of the other two members of the Board of Statutory Auditors is Euro 35,000.00 per annum.

In view of the renewal of the Board of Statutory Auditors by the Shareholders' AGM on April 28, 2021 and in accordance with the recommendations of the Chair of the Corporate Governance Committee of December 22, 2020, the Appointments and Remuneration Committee and the Board of Directors have analysed a compensation benchmark of Boards of Statutory Auditors of companies comparable to Aquafil and have recommended that the compensation of the Board of Statutory Auditors be renewed by the Shareholders' Meeting on April 28, 2021 as follows: (i) raised to a total of Euro 140,000.00, of which for the Chairperson of the Board of Statutory Auditors Euro 60,000.00 and, for each of the two Statutory Auditors Euro 40,000.00, to bring them more in line with the benchmark analysis.

In addition, the Board of Statutory Auditors sent to the Company a document summarizing the relevant characteristics of the new Board of Statutory Auditors and the activities carried out during the term of office, which is useful for the assessment by the Shareholders and the Statutory Auditor candidates on the adequacy of the remuneration of the Board of Statutory Auditors.

(iii) Senior Executives

The remuneration of Senior Executives is structured so as to focus management on company results and the creation of value.

The remuneration of Senior Executives is composed of:

- **a fixed component:** this component takes into account the breadth and strategic relevance of the role played and the distinctive subjective characteristics and strategic skills of the beneficiary, in addition to market practice for comparable positions. The amount is sufficient to remunerate the service also in the case of the non-reaching of the performance objectives upon which the variable remuneration component is based;
- **a short-term variable component:** the purpose of this component is to encourage management to work towards the achievement of annual targets that maximize the Aquafil Group's value, in line with shareholders' interests. This component is conditional upon reaching a minimum performance threshold with respect to the annual targets set by the Board of Directors. The indicators used to define the annual business performance targets (and to calculate the actual amount of the short-term variable component) are the Group's financial and earning indicators, as described below, subject to the fact that this component may not exceed 80% of the fixed component; For the description of the short-term variable component reference should be made to Paragraph 2.3;
- **fringe benefits:** fringe benefits concern the supply of goods and/or services assigned in accordance with market practice and as per applicable legislation.

2.4 SHORT-TERM VARIABLE COMPONENT

The short-term variable component purpose is to encourage management to work towards the achievement of annual targets that maximize the Aquafil Group's value, in line with shareholders' interests.

Beneficiaries:

The Board of Directors has identified the beneficiaries of the short-term variable component by dividing them into the following 3 classes of merit and assigning each class a *multiplier* ("**Class Multiplier**"):

Class One (multiplier 2) = CEO;

Class Two (multiplier 1) = CFO, BCF Chairman, USA Chairman;

Class Three (multiplier 0.4) = Deputy CFO, NTF Deputy Chairman, Members of the Board of AquafilSLO, Regional USA CFO, Vice-Chairman of Finance of the Company, Investor Relator and Performance Management Director, BCF Europe Industrial Director, Polymers Area Global Director.

Calculation method

In consideration of the performance objectives set forth in the Annual Budget , the short-term variable component will be determined as follows.

Firstly, the minimum performance value is calculated which determines access to the recognition of the short-term variable component. This "**Minimum Target**" will essentially be determined as the amount of EBITDA that, if reached, would generate a Group Operating Result equal to zero, increased by a value equal to the short-term variable remuneration component that the Group would have to pay out if the budget targets are met (i.e. the pre-money EBITDA eligible for operating profit + the total pay-out of the plan if the budget targets are reached).

Then each of the short-term variable component amounts ("**Individual Component**") is determined by summing:

- i) the "**Basic Bonus**"(i.e. the access amount equal to Euro 40,000.00), multiplied by the Class Multiplier; and
- ii) the "**Result Bonus**", determined as the difference between the Minimum Target and the Group's final EBITDA, as reported in the Consolidated Financial Statements approved by the Board of Directors multiplied by the Class Multiplier to which the percentages shown in the table below are applied:

NFP/EBITDA RATIO	Multiplier (%)	Overall impact on the EBITDA Delta
Less than or equal to 2.5	1.25%	9.375%
Greater than 2.5 but less than or equal to 3	1.00%	7.500%
greater than 3 but less than or equal to 3.5	0.75%	5.625%
Greater than 3.5 but less than or equal to 3.75	0.50%	3.750%
Greater than 3.75	0.00%	-

Payment method for the short-term variable component

Each Individual Component will be paid:

- a) for 80% ("**Immediate Component**") after the approval of the Consolidated Financial Statements for the year to which the short-term variable component relates (i.e., for 2021, after the approval of the Consolidated Financial Statements as of December 31, 2021);
- b) for 20% ("**Deferred Component**") after the approval of the Consolidated Financial Statements of the next financial year to which the short-term variable component refers (i.e. for 2021, after the approval of the Consolidated Financial Statements as at December 31, 2022), while specifying that the Deferred Component is subject to adjustment having regard to: *(i)* the share price compared to a panel of listed companies based on the Total Shareholders Return (TSR); and *(ii)* the achievement of a set number of sustainability objectives.

Maximum amount of the Individual Component

The Individual Component may never exceed a cap equal to 80% of the fixed component of the remuneration received by the individual beneficiary.

Other provisions

The annual incentive plan includes a claw-back clause which permits the recovery in the 5 years subsequent to issue of amounts issued on the basis of manifestly erroneous or false data. This clause will apply to bonuses made to Executive Directors and Senior Executives included in the annual incentive system beginning in 2021. There are also mechanisms in place to deal with good/bad leavers, while subject to the right of the company to apply exceptions for sound reasons.

Upon the occurrence of extraordinary events that render the performance scenarios used to formulate the targets set in the plan essentially out of date, the Company's Board of Directors may, by proposal of the Appointments and Remuneration Committee, make the corrections to those targets required to ensure that the plan's substantial and economic contents remain unchanged.

For the purposes of the above, "extraordinary events" are defined as: *(i)* events of an extraordinary and/or non-recurring nature and/or not attributable to the core business of the Aquafil Group (including, without limitation, acquisitions or disposals of equity investments or business units) considered of particular importance and/or currently not provided for in company planning that entail a significant change in the scope of the Company or the Aquafil Group; *(ii)* significant changes in the macroeconomic and/or competitive scenario or other extraordinary factors with a significant impact beyond the actions within the management's control; and/or *(iii)* significant events, not only of an economic or financial nature, such as those arising from the Covid-19 health emergency.

Any changes to performance targets must safeguard the principles and guidelines according to which the plan has been formulated by not introducing undue advantages or penalties for either the beneficiaries of the plan or the Company.

Resignation of Executive Director Fabrizio Calenti

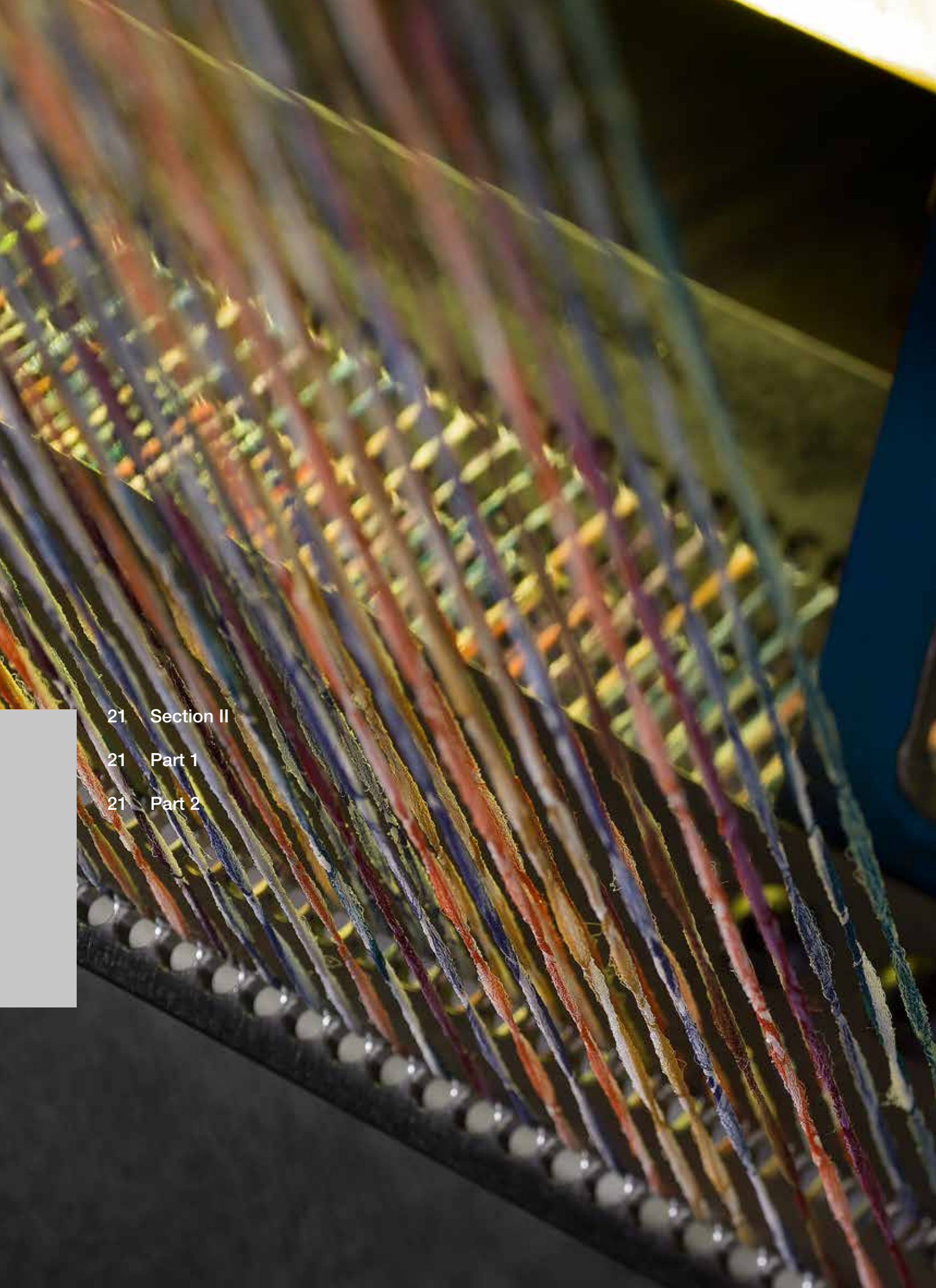
As announced to the Market in the press release dated February 17, 2021, the Executive Director Fabrizio Calenti has resigned – among others – from the Board of Directors of the Company, effective as of June 30, 2021.

Although the remuneration policy in force at the time did not stipulate this possibility, the Company – acknowledging the specific interest in safeguarding company equity and ensuring the best business continuity – negotiated an agreement with Fabrizio Calenti that covers a 4-year non-competition agreement from July 1, 2021, remunerated with an all-inclusive amount of Euro 500,000.00, to be disbursed in August 2021.

In this sense, the Appointments and Remuneration Committee previously expressed the opportunity to: *(i)* to identify forms of protection of the company equity (taking into account the great experience gained by Mr. Calenti in the sector in which the Group operates) through the stipulation of a non-competition agreement (to be determined in terms of duration, scope of activity and geographical scope); and *(ii)* defining a handover period that allows for the best business continuity.

Simultaneously, the Control, Risks and Sustainability Committee, acting as Related Parties Committee, previously expressed its favourable opinion on the Less Significant Transaction (as defined in the Regulation on Related Parties Transactions), having ascertained the Company's interest in the transaction; considering the benefit of the transaction and finally confirming the substantial correctness of the related conditions.





21 Section II

21 Part 1

21 Part 2

Section II

PART 1

The first part of Section II of this Report provides an adequate outline of each of the items comprising the remuneration matured for FY 2020 by:

- i) the members of the Board of Directors;
- ii) the members of the Board of Statutory Auditors;
- iii) the other Senior Executives.

With reference to the members of the Board of Directors, it is specified that the Company paid the fixed component of remuneration - as resolved by the Shareholders' Meeting upon appointment of the Board and as subsequently allocated by the Board - specifying that, in view of the results for the financial year ended December 31, 2020, the conditions for the recognition of the variable components did not accrue, as envisaged by the Long Term Monetary Incentive Plan adopted upon listing.

The remuneration policy in 2020, as verified by the Appointments and Remuneration Committee through the periodic assessment under the Corporate Governance Code, was implemented in line with the general standards approved by the Board of Directors and shared by the Appointments and Remuneration Committee.

PART 2

The table below reports:

- the detailed remuneration of directors, statutory auditors and senior executives, including those who ceased to hold office during the year, accrued in 2020 for any reason and in any form with regard to the Company, its subsidiaries and associates as at December 31, 2020;
- amounts and fees which comprise the remuneration of the statutory auditors;
- amounts and fees which comprise the remuneration of senior executives, with reference to fixed and variable monetary items, in addition to any other forms of remuneration, non-monetary benefits, and any other indemnity or form of compensation agreed in relation to early termination or natural termination without renewal of the office held;

Also included are details of the investments held as at December 31, 2020 by directors, statutory auditors and senior executives, including those who ceased to hold office during the year, as well as by their spouses who are not legally separated and minor children, directly or through subsidiaries, trust companies or nominees, as notified to the Company.

TABLE - REMUNERATION

Party	Description & period of office		
	Office held	Period of office	Mandate (mandate concludes with the shareholders' meeting called to approve the financial statements for the year ending on the date indicated)
Directors in office at December 31, 2020			
Giulio Bonazzi	Chairman and CEO	01.01.2020-31.12.2020	31.12.2022
Adriano Vivaldi	Executive Director	01.01.2020-31.12.2020	31.12.2022
Fabrizio Calenti	Executive Director	01.01.2020-31.12.2020	31.12.2022
Franco Rossi	Executive Director	01.01.2020-31.12.2020	31.12.2022
Simona Heidempergher	Director (*)	01.01.2020-31.12.2020	31.12.2022
Francesco Profumo	Director (*)	01.01.2020-31.12.2020	31.12.2022
Margherita Elena Maria Zambon	Director (*)	01.01.2020-31.12.2020	31.12.2022
Ilaria Maria Dalla Riva	Director (*)	18.06.2020-31.12.2020	31.12.2022
Silvana Bonazzi	Director	01.01.2020-31.12.2020	31.12.2022
Total remuneration of Directors in office at December 31, 2020			
Directors leaving office in 2020			
Carlo Pagliani	Director	01.01.2020-18.06.2020	-
Total remuneration for directors leaving office in 2020			
Total directors' remuneration			
Statutory Auditors in office at December 31, 2020			
Stefano Poggi Longostrevi		01.01.2020-31.12.2020	31.12.2020
Bettina Solimando		01.01.2020-31.12.2020	31.12.2020
Fabio Buttignon		01.01.2020-31.12.2020	31.12.2020
Total statutory auditors' remuneration			
Senior Executives			
Stefano Giovanni Loro			
Giuseppe Crippa			
Sergio Calliari			
Karim Tonelli			
Denis Jahic			
Gregor Kranjc			
Sasa Muminovic			
Total senior executives' remuneration			

(*) Has qualified as an Independent Director.

Fees						Committees Detail		
Total remuneration	Fixed remuneration	Remuneration committee	Variable remuneration	Remuneration from employment	Remuneration from subsidiaries & associates	CRSC	Rem. Co	Lead Independent Director
1,353,000.12	1,210,000.04	-	-	-	143,000.08	-	-	
421,715.24	90,000.00	-	-	288,715.20	43,000.04			
427,598.40	90,000.00	-	-	337,598.40	-			
294,668.00	42,500.00	-	-	-	252,168.00			
65,000.00	39,999.94	25,000.06	-	-	-	14,289.68	5,355.19	5,355.19
65,000.00	39,999.98	25,000.02	-	-	-	10,000.00	15,000.00	
50,000.00	39,999.98	10,000.02	-	-	-	-	10,000.00	
32,131.15	21,420.77	10,710.38	-	-	-	5,355.19	5,355.19	
40,000.02	40,000.02	-	-	-	-	-	-	
2,749,112.93	1,613,920.73	70,710.48	-	626,313.60	438,168.12	29,644.87	35,710.38	5,355.19
23,224.04	18,579.23	4,644.81	-	-	-			
23,224.04	18,579.23	4,644.81	-	-	-			
2,772,336.97	1,632,499.96	75,355.29	-	626,313.60	438,168.12			
50,000.00	50,000.00							
35,000.00	35,000.00							
35,000.00	35,000.00							
120,000.00								
306,803.56	-	-	-	256,803.60	49,999.96			
187,923.60	-	-	-	169,923.60	18,000.00			
173,950.80	-	-	-	155,950.80	18,000.00			
163,910.40	-	-	-	163,910.40	-			
167,939.42	-	-	-	-	167,939.42			
130,827.44	-	-	-	-	130,827.44			
134,135.74	-	-	-	-	134,135.74			
1,265,490.96	-	-	-	746,588.40	518,902.56			

TABLE - REMUNERATION FOR INCENTIVE PLANS

Party	Office held	Plan	Bonus for the year		Prior year bonuses
			Disbursed/ disbursable 2020	Deferred	LTI accrual 2018 to be disbursed in 2021
Giulio Bonazzi	Chairman and CEO	LTI (2017-2020)	-	-	146,345.00
Adriano Vivaldi	Executive Director	LTI (2017-2020)	-	-	45,310.00
Fabrizio Calenti	Executive Director	LTI (2017-2020)	-	-	45,049.00
Franco Rossi	Executive Director	LTI (2017-2020)	-	-	31,248.00
Total			-	-	267,952.00
Senior Executives					
Stefano Giovanni Loro		LTI (2017-2020)	-	-	32,290.00
Giuseppe Crippa		LTI (2017-2020)	-	-	22,394.00
Sergio Calliari		LTI (2017-2020)	-	-	12,239.00
Karim Tonelli		LTI (2017-2020)	-	-	11,718.00
Denis Jahic		LTI (2017-2020)	-	-	11,718.00
Gregor Kranjc		LTI (2017-2020)	-	-	8,854.00
Sasa Muminovic		LTI (2017-2020)	-	-	8,854.00
Total senior executives' remuneration			-	-	108,067.00

TABLE - INVESTMENTS HELD

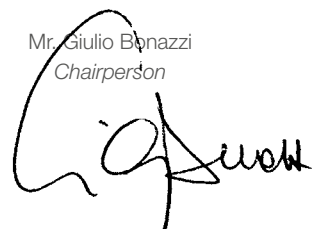
Party	Office/Role	Shareholding held (directly or indirectly)
Directors		
Giulio Bonazzi	Chairman and CEO	29,803,036 (through Aquafin Holding S.p.A.)
Adriano Vivaldi	Executive Director	248,296
Fabrizio Calenti	Executive Director	248,296
Franco Rossi	Executive Director	179,012
Simona Heidempergher	Director	-
Francesco Profumo	Director	-
Margherita Elena Maria Zambon	Director	-
Ilaria Maria Dalla Riva	Director	-
Silvana Bonazzi	Director	-
Statutory Auditors		
Stefano Poggi Longostrevi		-
Bettina Solimando		-
Fabio Buttignon		-
Senior Executives		
Stefano Giovanni Loro		-
Giuseppe Crippa		-
Sergio Calliari		62,005
Karim Tonelli		-
Denis Jahic		-
Gregor Kranjc		-
Sasa Muminovic		-

Arco (Trento), March 11, 2021

Aquafil S.p.A.

On behalf of the Board of Directors

 Mr. Giulio Bonazzi
 Chairperson





Aquafil S.p.A.

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