

Aquafl S.p.A.  
Via Linfano 9, Arco (Trento)  
Subscribed and paid-in share capital €49,672,545.68  
VAT and Tax code and registration number in the Trento Register of Company 09652170961

**AQUAFIL S.p.A.**  
**GENERAL SHAREHOLDERS' MEETING**

January 30, 2018, at 10:30 single call

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

Illustrative Report of the Board of Directors drawn up pursuant to Article 125-ter of Legislative Decree No. 58/1998 and concerning the first item on the agenda of the ordinary session of the General Shareholders' Meeting called on January 30, 2018 regarding:

- “1. *Appointment of the Board of Statutory Auditors for the fiscal years 2018-2020:*  
1.1 *appointment of the members and of the Chairperson;*  
1.2 *definition of remuneration”*

This report has been drawn up pursuant to Article 125-ter, paragraph 1, of Legislative Decree No. 58 of February 24, 1998, as further amended and extended (**TUF**), and Article 84-ter of the Regulation adopted by Consob resolution No. 11971 of May 14, 1999, as further amended and extended (**Rules for Issuers**), and concerns the first item on the agenda of the ordinary session of the General Shareholders' Meeting of Aquafl S.p.A. (**Aquafl** or the **Company**) called on January 30, 2018, single call.

This Report will be made available to the public at the Company's registered offices, on the corporate website ([www.aquafl.com](http://www.aquafl.com)) and in the other ways specified in Consob regulations.

The Illustrative Report on other items on the agenda will be made available to the public according to the terms and methods required under applicable legislation.

**Appointment of the Board of Statutory Auditors for the fiscal years 2018-2020:**

**1.1 appointment of the members and the Chairperson of the Board of Statutory Auditors;**

**1.2 definition of remuneration.**

Shareholders,

In connection with changes in the Company's ownership layout and structure following the business combination between Space3 S.p.A and Aquafil S.p.A. finalized on December 4, 2017 — as a result of which Aquafil S.p.A. (the company to be merged) was merged into the Company, which before the merger was named Space3 S.p.A. and afterwards assumed the company name of Aquafil S.p.A —, all the members of the Company's Board of Statutory Auditors resigned on September 12, 2017, with effect as of the date of appointment of the new Board of Statutory Auditors.

Therefore, the General Shareholders Meeting is called upon to pass resolutions on the appointment of the new Board of Statutory Auditors and the Chairperson thereof, as well as on the determination of the remuneration of statutory auditors.

**Appointment, term and replacement of the statutory auditors**

In this regard, it should be recalled that, pursuant to Article 17 of the Bylaws, the Board of Statutory Auditors shall be made up of 3 statutory auditors and 2 alternate auditors, appointed by the General Shareholders' Meeting on the basis of lists submitted by shareholders, in accordance with the procedures set forth in the following articles, without prejudice to any and all different and additional requirements imposed under imperative statutory or regulatory provisions.

Under the Bylaws, lists of candidates for membership of the Board of Statutory Auditors may be submitted by shareholders who, at the time of submission of the list, hold — either on their own or together with other submitting shareholders — a percentage of the Company's share capital at least equal to the percentage established by Consob pursuant to applicable statutory and regulatory provisions (*i.e.*, as regards the Company, 2.5% of share capital). Satisfaction of the minimum equity ownership requirement for the submission of lists of candidates must be established on the basis of shares registered in favor of the submitting shareholder on the day on which the aforesaid lists are filed with the issuer; the related certificate may be produced even after such filing, but before expiry of the deadline for the publication of the lists in question (*i.e.*, within January 9, 2018).

No shareholder nor any grouping of shareholders falling under the same corporate group or who are parties to a shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58/1998 may submit, either alone or together with others, or otherwise through third-party intermediaries or trust companies, more than one list or vote in favor of more than one list, it being further understood that, under penalty of ineligibility, no candidate may appear on more than one list.

Each list must bear the names of one or more candidates for the position of statutory auditor, as well as of one or more candidates for the position of alternate auditor. The names of the candidates in each section ("statutory auditors" section and "alternate auditors" section) must be numbered and arranged in serial order, and no list may include a number of candidates in

excess of the number of appointments to be made to the Board of Statutory Auditors. Lists that include 3 or more candidates, taking both sections into account, must present a number of candidates for each section such that the final composition of the Board of Statutory Auditors, comprising both the statutory auditors and the alternate auditors, is compliant with the gender balance laws and regulations in force from time to time, it being understood that should the application of gender balance requirements not result in an integer number, the latter must be rounded up to the nearest whole number.

Under penalty of inadmissibility, each list must be accompanied by: (i) exhaustive information on the identity of the shareholders submitting the list, with an indication of their cumulative equity holdings in the Company; (ii) an attestation by the shareholders other than those who, jointly and/or severally, hold a controlling or relative majority interest in the Company, certifying the absence of any links between themselves and any of the latter, within the meaning of applicable regulatory provisions; (iii) exhaustive information on the personal and professional features of each candidate, together with a statement from each candidate attesting that he or she meets all statutory requirements and accepts his or her candidature, as well as a list of positions held at other corporations with responsibilities covering company management and/or auditing; (iv) any and all other or additional statements, information and/or documents as may be required under relevant statutory and regulatory provisions in force from time to time.

The lists must be lodged at the Company's registered office in accordance with the procedures imposed under applicable regulations, at least twenty-five days prior to the scheduled date of the General Shareholders' Meeting convened to pass resolutions on the appointment of members of the Board of Statutory Auditors. Therefore, in line with the notice of call, the lists of candidates must be filed by the shareholders at the Company's registered office or filed via email to the certified email address [pec.aquafil@aquafil.legalmail.it](mailto:pec.aquafil@aquafil.legalmail.it) no later than January 5, 2018.

The Company must render the lists public at least twenty-one days prior to the scheduled date of the aforesaid General Shareholders' Meeting (*i.e.*, within January 9, 2018), in accordance with the procedures imposed under applicable regulations.

If, upon expiry of the deadline for the submission of lists, only one list has been lodged, or otherwise the lists lodged have all been submitted by shareholders linked to one another within the meaning of applicable regulations, lists may be submitted through to the third day following the expiry of the aforesaid deadline (*i.e.*, within January 8, 2018). In all such cases, the aforementioned minimum equity ownership requirement for the submission of lists shall be reduced by half (*i.e.*, as regards the Company, 1.25% of share capital).

Pursuant to Article 17 of the Bylaws, the Board of Statutory Auditors is to be appointed in accordance with the following procedure: (i) two statutory auditors and one alternate auditor shall be drawn, in the serial order in which their candidatures were submitted, from the list that obtained the highest number of votes ("**Majority List**"); (ii) the third statutory auditor ("**Minority Statutory Auditor**"), who shall also serve as Chairperson of the Board of Statutory Auditors, and the second alternate auditor ("**Minority Alternate Auditor**") shall be drawn, in the serial order in which their candidatures were submitted, from the list that obtained the second highest number of votes and that is not directly nor indirectly linked to any of the shareholders that submitted or voted in favor of the Majority List. In the case where two or more lists receive the same number of votes, a second round of voting shall be held, and the

candidates who receive a simple majority of the votes, without recourse to the list voting mechanism, shall be deemed to have been elected.

Should the outcome of voting result fail to meet applicable gender balance (men and women) statutory and regulatory provisions in force from time to time (including with regard to the requirement of rounding up to the nearest whole number in the case where the proper implementation of gender balance regulations does not result in an integer number), the candidate for the office of statutory or alternate auditor and belonging to the more represented gender who was elected last in serial order from the Majority List shall be replaced by the first non-elected candidate for the office of statutory or alternate auditor appearing on the same list and belonging to the other gender.

Should only one list be submitted, the General Shareholders' Meeting shall vote on the said list, and should the latter obtain a majority of votes, all three statutory auditors and both alternate auditors shall be appointed in the persons of the candidates presented in the said list for the positions in question, without prejudice to the gender balance (men and women) statutory and regulatory provisions in force from time to time (including with regard to the requirement of rounding up to the nearest whole number in the case where the proper implementation of gender balance regulations does not result in an integer number).

The Board of Statutory Auditors is appointed for a term of three financial years and members are eligible for reappointment; the term of the said Board shall be deemed to expire on the date of the General Shareholders' Meeting convened for the approval of the financial statements pertaining to the third year of its term in office.

If no list is submitted, or otherwise, if it were to prove unfeasible to appoint the Board of Statutory Auditors pursuant to the procedures specified in this Article, the three statutory auditors and two alternate auditors shall be appointed by Shareholders' resolution passed with the ordinary majorities contemplated under law, without prejudice to applicable gender balance (men and women) statutory and regulatory provisions in force from time to time (including with regard to the requirement of rounding up to the nearest whole number in the case where the proper implementation of gender balance regulations does not result in an integer number).

Pursuant to Article 148, paragraph 2-*bis*, of TUF, and Article 17.8 of the Bylaws, the Chairperson of the Board of Statutory Auditors must be selected from amongst the auditors drawn from the minority list.

In light of the above, the shareholders are called upon to appoint the members and Chairperson of the Board of Statutory Auditors, in accordance with aforesaid provisions.

#### Determination of the remuneration of the sitting members of the Board of Statutory Auditors

Pursuant to Article 2402 of the Italian Civil Code, the remuneration of the sitting members of the Board of Statutory Auditors must be determined by ordinary Shareholders' Resolution at the time of the appointment of the said Board and shall remain valid for the entire term of such appointment.

At present, the Chairperson of the Board of Statutory Auditors has been assigned a yearly gross remuneration amounting to €16,840, with the other sitting auditors being assigned a yearly gross remuneration of €11,230.

The Board of Directors abstains from making specific proposal in this respect and invites the shareholders to determine the remuneration of the members of the Board of Statutory Auditors on the basis of the proposals that may be made by the shareholders also in the context of the Shareholders' Meeting.

\* \* \*

In light of all of the above, you are called upon to pass resolutions on each of the following points, on the basis of the proposals and lists to be submitted in accordance with statutory requirements, as well as the Company's Bylaws:

- 1) appointment of the members of the Board of Statutory Auditors;
- 2) appointment of the Chairperson of the Board of Statutory Auditors;
- 3) determination of the remuneration due to members of the Board of Statutory Auditors.

Arco (TN), December 19, 2017

For the Board of Directors  
The Chairman of the Board of Directors  
(Giulio Bonazzi)