

Remuneration Policy and Report

2023



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

Issuer: Aquafil S.p.A.
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Approved by the Board of Directors on March 14, 2024

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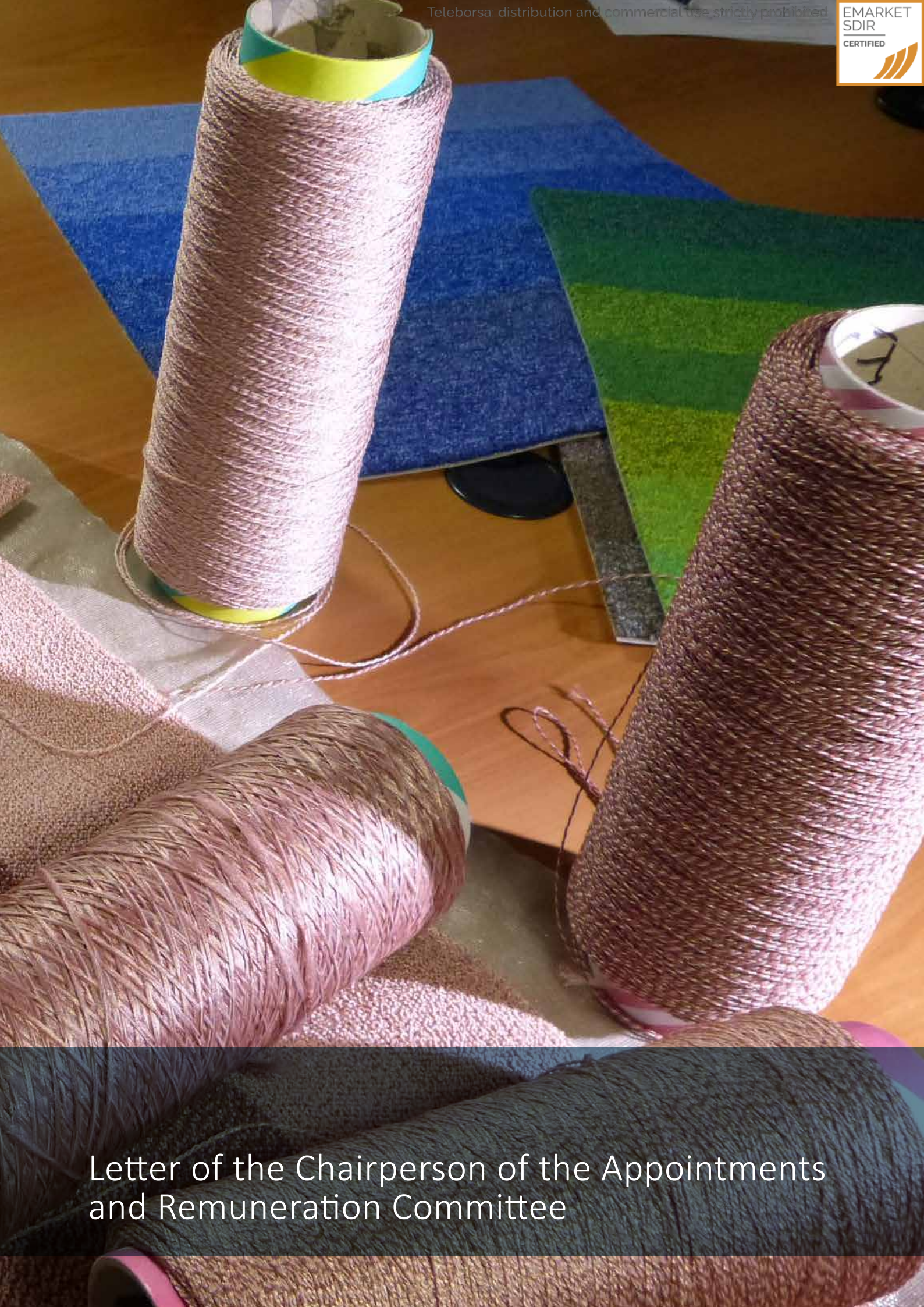
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Letter of the Chairperson of the Appointments and Remuneration Committee

Dear shareholders,

as Chairperson of the Appointments and Remuneration Committee and together with my colleagues Patrizia Riva and Ilaria Maria Dalla Riva, I am pleased to submit for your attention Aquafil's Remuneration Policy and Report.

2023 saw Aquafil continue on the path of continuous improvement that it began last year with respect to its Remuneration Policy. Our objective is to unceasingly enhance the management practices designed to attract, motivate and retain the human capital that is essential in guaranteeing the Group's sustainable success.

As such, the short- and long-term ESG-based incentive systems were maintained in 2024.

Just like in 2022, the current Policy — set out in Section I of this Report — aligns perfectly with market best practices. It also respects the Chairperson of the Corporate Governance Committee's recommendations on remuneration, set out in the letter published on January 25, 2023. The weighting of the variable component is clearly described for both long- and short-term plans, there is appropriate balance between the fixed and variable components, and variable compensation is explicitly linked to ESG targets.

Information on compensation paid in FY 2023 — set out in Section II of the Report — comprises all the relevant details and figures.

The Remuneration Policy and Report 2023 was approved by the Board of Directors on March 14, 2024 and is submitted to the Shareholders' Meeting in accordance with Article 123-ter of the CFA.

Together with my colleagues- to whom I express my heartfelt thanks for providing their expertise and professionalism to the Committee — I hope that the continued improvement in the content of our Policy and the quality of the disclosure in the Report will bear witness to the Committee's commitment, and hope, too, that it will meet with the broadest support at the Shareholders' Meeting.



Francesco Profumo

*Chairperson of the Appointments
and Remuneration Committee*



EXECUTIVE SUMMARY

Remuneration component	Purpose	Award conditions	Amounts / Values %
Fixed Remuneration	Takes account of the extent and strategic importance of the role, its distinctive characteristics and the strategic skills held	Salary level based on positioning in relation to market benchmark analysis	The fixed remuneration of the Chief Executive Officer (CEO) is Euro 1,250,000
Short-Term Variable Compensation (STI)	Designed to encourage management to work towards the achievement of annual targets that maximise the Aquafil Group's value, in line with shareholders' interests.	<p>KPI:</p> <ul style="list-style-type: none"> EBITDA (weighting 55%) NFP/EBITDA (weighting 20%) ESG (weighting 25%) <p>Threshold: compliance with financial covenants</p> <p>Cap: there is a cap on the payout equal to 125% of the target incentive</p> <p>Clawback clause</p>	<p>CEO:</p> <ul style="list-style-type: none"> Target: 22% of Fixed Remuneration <p>Executive Directors:</p> <ul style="list-style-type: none"> Target: 50% of Fixed Remuneration <p>SE:</p> <ul style="list-style-type: none"> Target: ranging between 40% and 50% of Fixed Remuneration
Long-Term Variable Compensation - 2023-2027 LTI Plan	Encourages alignment between shareholder interests and sustainability of value creation in the medium to long term	<p>Instrument: monetary</p> <p>Frequency of allocation: annual (rolling plan)</p> <p>Performance period: three years</p> <p>KPI:</p> <ul style="list-style-type: none"> TSR (weighting 30%) ESG (weighting 25%) EBITDA (weighting 25%) NFP/EBITDA (weighting 20%) <p>Deferment 50% of the bonus for a period of one year</p> <p>Cap: there is a cap on the payout equal to 125% of the target incentive</p> <p>Clawback clause</p>	<p>CEO:</p> <ul style="list-style-type: none"> Target: 22% of Fixed Remuneration <p>Executive Directors:</p> <ul style="list-style-type: none"> Target: 50% of Fixed Remuneration <p>SE:</p> <ul style="list-style-type: none"> If participating in the plan, target: 50% of Fixed Remuneration
Benefits	Combines compensation packages for improved alignment with market standards	Provision of goods and/or services in line with market practice and applicable regulations	Company car- insurance policies at least equal to those guaranteed to Company executives by the National Collective Bargaining Agreements for Industrial Executives
Timeframe for remuneration components			
Paymix			

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.

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' Regulation 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), in addition to 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.

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

Section I describes:

- A. the Remuneration Policy adopted by the Company in 2024 for (i) Members of the Company's 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.
- 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 reference to FY 2023:

- 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 14, 2024, 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 Aquafil's registered office (Via Linfano 9, Arco) and on the Company's website www.aquafil.com, in the Corporate Governance section, at least twenty-one days before the Shareholders' Meeting called to approve the annual financial statements at December 31, 2023.

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).



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 highlights that the remuneration policy in this Section I is proposed for the year 2024 only.

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 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 share-based remuneration plans 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. Specifically:

- (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 targets 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 targets.

The Appointments and Remuneration Committee consists of three Non-Executive Directors, all of whom independent, appointed by Board of Directors' motion of April 27, 2023, namely:

- Francesco Profumo (Chairperson);
- Patrizia Riva;
- Ilaria Dalla Riva.

Upon appointment and, most recently, on March 14, 2024, 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 Chairperson met the requirement of experience in remuneration policies.

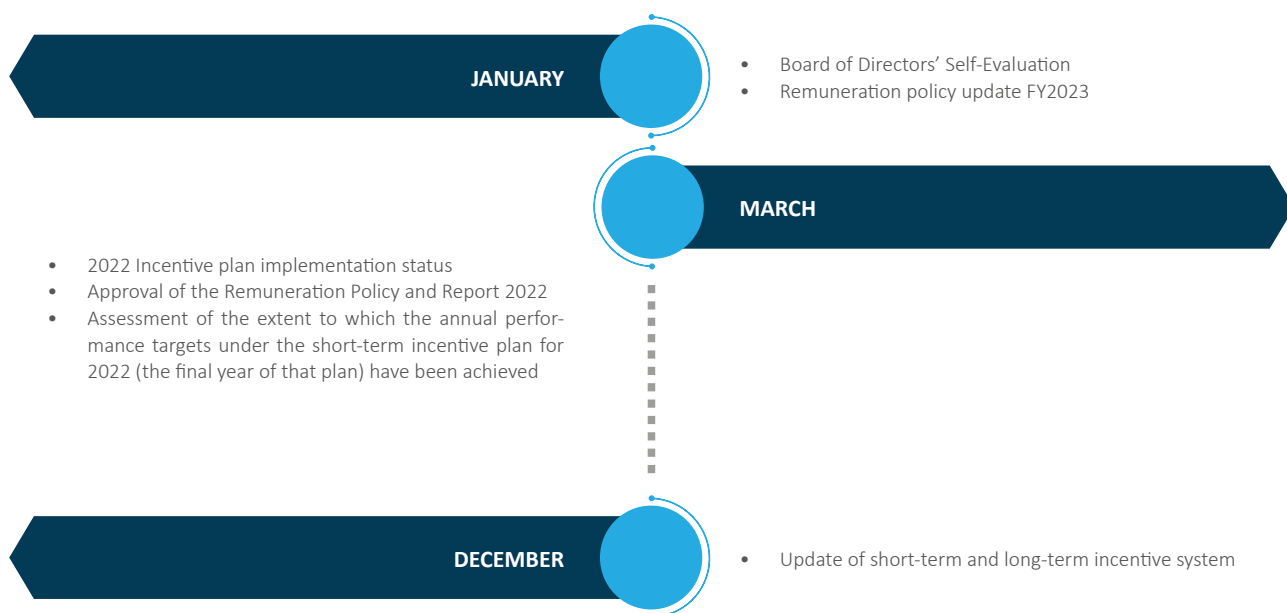
The composition, duties and operating procedures of the Appointments and Remuneration Committee are governed by the Corporate Governance Code and specific regulations, approved by the Board of Directors and most recently updated on March 14, 2024.

Meetings of the Appointments and Remuneration Committee are attended by the Chairperson of the Board of Statutory Auditors 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 2023, the Appointments and Remuneration Committee met six times, in addition to three meetings in the first quarter of 2024. The attendance of Committee members is reported in the Corporate Governance and Ownership Structure Report, available on the company website www.aquafil.com.

Appointments and Remuneration Committee meetings were always attended by the Chairperson of the Board of Statutory Auditors and all Statutory Auditors. 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.

APPOINTMENTS AND REMUNERATION COMMITTEE BUSINESS CYCLE 2023



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.

INDEPENDENT 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. In determining the Company's Remuneration Policy, the working conditions of its employees were considered;
- the contribution to the Company's strategy and sustainability: remuneration recognizes the achievement of performance targets, mainly in terms of economic-financial indicators and set and measurable targets. To reinforce the progress towards generating shared value, the Group has aligned its Remuneration Policy with its sustainability strategy, including the main objectives of the Sustainability Plan within the short-term (STI) and long-term (LTI) variable incentive system;
- the alignment of the interests of company and Group management with the pursuit of the objective to create value for Aquafil shareholders over the medium/long-term. In this regard, since 2023, a long-term incentive system linked in part to Total Shareholder Return performance over a three-year time period was introduced. Alignment with shareholder interests is further strengthened by an appropriate balance between the fixed and variable components.

In line with the above principles, the Company shall present this document for the approval of the Shareholders' Meeting of April 23, 2024.

2.2 Changes to the Remuneration Policy

Compared to the Remuneration Policy approved by the Shareholders' Meeting for fiscal year 2023, this Remuneration Policy introduces an entry threshold for short-term remuneration that is linked to compliance with existing financial covenants.

2.3 Description of the Remuneration Policy

The Remuneration Policy provides that the fixed and variable components are established on the basis of principles and processes according to the beneficiary category.

In this regard, on March 14, 2024, 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: Directors, Executive Directors, Board of Statutory Auditors, and Senior Executives.

DIRECTORS

All Directors receive a fixed remuneration which appropriately compensates the work and commitment they provide to the Company.

The Shareholders' Meeting held on April 27, 2023, 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 440,000 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, paragraph 3, 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 April 27, 2023 for the mandate 2023-2025, determined the following remuneration:

REMUNERATION OF DIRECTORS - 2023-2025 mandate

Member of the BoD	€ 40,000	Appointments and Remuneration Committee:	Control, Risks and Sustainability Committee:
		Chairperson	Chairperson
		Member	Member
		€ 15,000	€ 15,000
		€ 10,000	€ 10,000

For details regarding compensation paid please see Table 1

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.

On May 11, 2023, after consultation with the Appointments and Remuneration Committee and consultation with the Board of Statutory Auditors, the Board of Directors resolved to award the Chairperson of the Board of Directors, Ms. Chiara Mio the sum of Euro 100,000 (one hundred thousand) per fiscal year, in consideration of this particular office pursuant to Article 2389, paragraph 3 of the Civil Code.

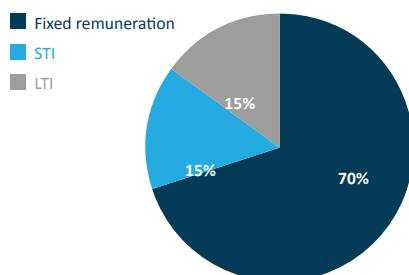
The remuneration of these Directors is not based on any financial results or specific objectives of the Company and is commensurate with the commitment required, also in relation to participation on internal Board committees, for which specific remuneration is allocated.

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.

CEO TARGET REMUNERATION PACKAGE

FIXED REMUNERATION	VARIABLE REMUNERATION	FRINGE BENEFITS
Fixed compensation	STI (<i>target bonus</i>)	Company car and insurance policy for medical expenses, death, permanent disability and injury at least equal to the policies guaranteed by National Collective Bargaining Agreements for company directors.
€ 1,250,000	LTI (<i>target bonus</i>)	
	€ 275,000	
	€ 275,000	
	Total variable (<i>target</i>)	
	€ 550,000	
	Total	€ 1,800,000



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. Considering the benchmark analyses and the prior opinion of the Appointments and Remuneration Committee, along with that of the Board of Statutory Auditors, the CEO's total fixed remuneration, including the fixed compensation received from the subsidiary company Tessilquattro S.p.A., was approved by the Board of Directors on May 11, 2023, at Euro 1,250,000 (one million two hundred and fifty thousand) per fiscal year.
- **a short-term variable component:** the purpose of this component is to encourage management to work towards the achievement of annual targets that maximise the Aquafil Group's value, in line with shareholders' interests. The target bonus is determined as a percentage of fixed remuneration and is set at 22%. The maximum bonus is 125% of the target bonus. The entry threshold includes compliance with financial covenants.

For the description of the short-term variable component reference should be made to Paragraph 2.4.

- **a long-term variable component:** The Chief Executive Officer was included among the beneficiaries of the Company's long-term monetary incentive plan (2023-2027 LTI Plan). This component is designed to incentivise management to work toward achieving medium- to long-term goals. The target bonus is determined as a percentage of fixed remuneration and is set at 22%. The maximum bonus is 125% of the target bonus.

For the description of the long-term variable component reference should be made to Paragraph 2.5.

Overall, the weighting for variable compensation has been increased in order to align the interests of the Chief Executive Officer with those of all shareholders, strengthening the link with the Pay for Performance principle.

- **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 National Collective Bargaining Agreements for Industrial Executives policy.

The remuneration structure for the other 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 targets 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.
- **a short-term variable component:** encourages management to work towards the achievement of annual targets that maximise the Aquafil Group's value, in line with shareholders' interests. The target bonus is determined as a percentage of fixed remuneration and is set at 50%. The maximum bonus is 125% of the target bonus. The entry threshold includes compliance with financial covenants.

For the description of the short-term variable component reference should be made to Paragraph 2.4.

- **a long-term variable component:** the other Executive Directors were included among the beneficiaries of the Company's long-term monetary incentive plan (2024-2027 LTI Plan). This component is designed to incentivise management to work toward achieving medium- to long-term goals. The target bonus is determined as a percentage of fixed remuneration and is set at 50%. The maximum bonus is 125% of the target bonus.

For the description of the long-term variable component reference should be made to Paragraph 2.5.

- **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, Executive Directors do not benefit from fringe benefits for that role, 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 National Collective Bargaining Agreements for Industrial Executives policy.

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.

As regards the definition of the remuneration due to the Board of Statutory Auditors, the Shareholders' Meeting of April 28, 2021, resolved to grant the Board- which will remain in office until the approval of the Annual Accounts for the year ending December 31, 2023- a total remuneration of Euro 140,000.00 (one hundred and forty thousand), of which Euro 60,000.00 (sixty thousand) for the Chairperson of the Board of Statutory Auditors and Euro 40,000.00 (forty thousand) for each of the two Statutory Auditors.

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 targets upon which the variable remuneration component is based;
- **a short-term variable component:** encourages management to work towards the achievement of annual targets that maximise the Aquafil Group's value, in line with shareholders' interests. The weighting of the short-term variable component ranges between 40% and 50% of fixed remuneration, depending on the strategic importance of the role. The maximum bonus is 125% of the target bonus. The entry threshold includes compliance with financial covenants. For the description of the short-term variable component reference should be made to Paragraph 2.4.
- **a long-term variable component:** for details regarding the 2023-2027 LTI Plan, please see Section 2.5. For those participating, the target bonus is determined as a percentage of fixed remuneration and is set at 50%. The maximum bonus is 125% of the target bonus.
- **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 purpose of the short-term variable component is to encourage management to work towards the achievement of annual targets that maximise the Aquafil Group's value, in line with shareholders' interests.

BENEFICIARIES

The Board of Directors has identified as beneficiaries of the short-term variable component the Chief Executive Officer, the other Executive Directors, the Senior Executives and other figures with strategic importance for the Group.

CALCULATION METHOD

The system provides for the assignment of performance targets that are structured as a percentage of the target incentive amount assigned:

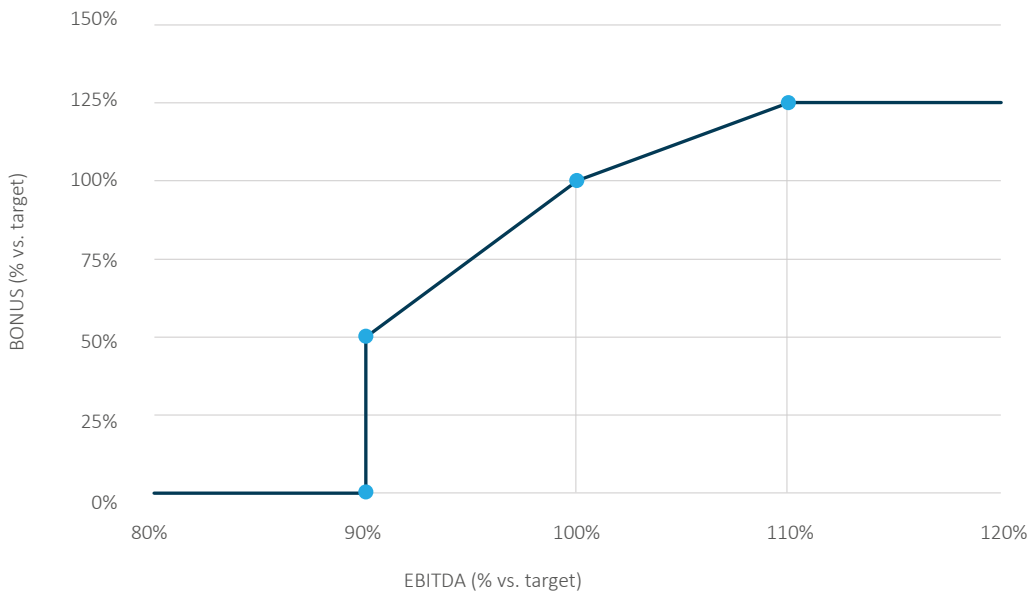
Objectives	Weighting
EBITDA	55%
NFP/EBITDA	20%
ESG target	25%
Total	100%

As for the parameter "ESG targets," reference is made to two sustainability targets (weighting 12.5% each), whose indicators are the same for all beneficiaries of the STI system and which ensure a direct link between the short-term incentive system and the Company's sustainability strategy. Sustainability goals refer to two strategic areas for the Group: proportion of Econyl®-branded product revenues to fibre revenues; and collection of post-consumer waste to create new recycled materials.

For EBITDA and ESG targets, a minimum, target and maximum achievement level are defined:

- below the minimum level, the portion of the bonus linked to the relevant parameters does not accrue;
- at the minimum level, 50% of the relative bonus accrues;
- at the target level, 100% of the relative bonus accrues;
- at the maximum level, 125% of the relative bonus accrues;
- intermediate levels use a linear interpolation mechanism;
- the entry threshold includes compliance with financial covenants.

The STI incentive strategy for the EBITDA performance target is set out below:



For the ratio of NFP to EBITDA, the threshold level is the same as the target level. For this parameter, Aquafil does not consider it permissible to reward a result below the targets set out in the Budget:

- below the 100% target level, the portion of the bonus linked to the relevant parameter does not accrue;
- at the target level (100%), 100% of the relative bonus accrues;
- at the maximum level (110%), 125% of the relative bonus accrues;
- intermediate levels use a linear interpolation mechanism;
- the entry threshold includes compliance with financial covenants.

The bonus will be paid in full following approval of the consolidated financial statements for the year to which the short-term variable component relates.

Maximum amount of the Individual Component

The short-term variable component may never exceed a cap equal to 125% of the target bonus.

Other provisions

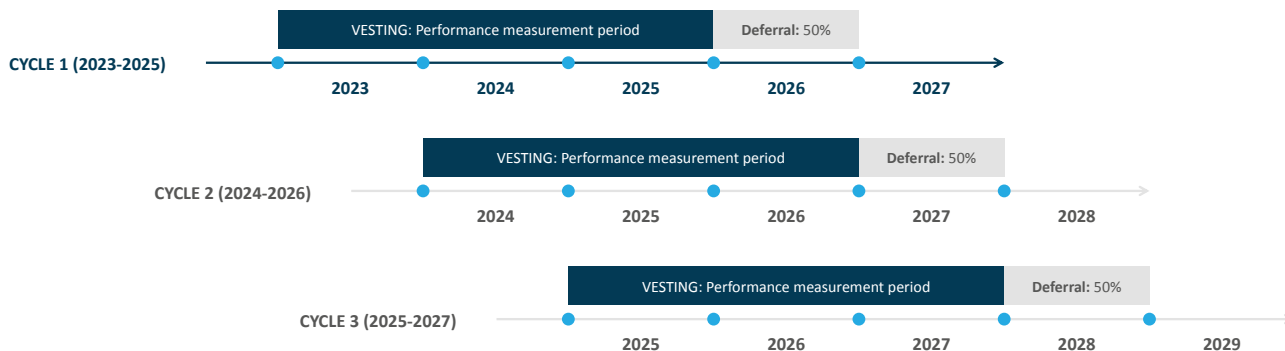
The annual incentive plan includes a clawback clause which permits the recovery in the 5 years subsequent to issue of amounts issued on the basis of manifestly erroneous or false data. There are also mechanisms in place to deal with good/bad leavers.

2.5 Long-term variable component

Considering the prior opinion of the Appointments and Remuneration Committee and that of the Board of Statutory Auditors, the Board of Directors has approved the introduction of a long-term incentive system (2023-2027 LTI Plan).

In terms of targets, Aquafil's LTI Plan seeks to create maximum alignment between the interests of the beneficiaries and the pursuit of the overriding objective of sustainable value creation for shareholders in the medium/long term.

The 2023-2027 LTI Plan is a rolling monetary plan based around three cycles, each lasting three years (first cycle 2023-2025, second cycle 2024-2026, third cycle 2025-2027). For beneficiaries, after the three-year vesting there is an additional one-year deferral period relating to 50% of the accrued bonus.



BENEFICIARIES

The Board of Directors has identified as beneficiaries of the long-term variable component the Chief Executive Officer, the other Executive Directors, and other figures with strategic importance for the Group.

CALCULATION METHOD

The system provides for the assignment of performance targets that are structured as a percentage of the target incentive amount assigned:

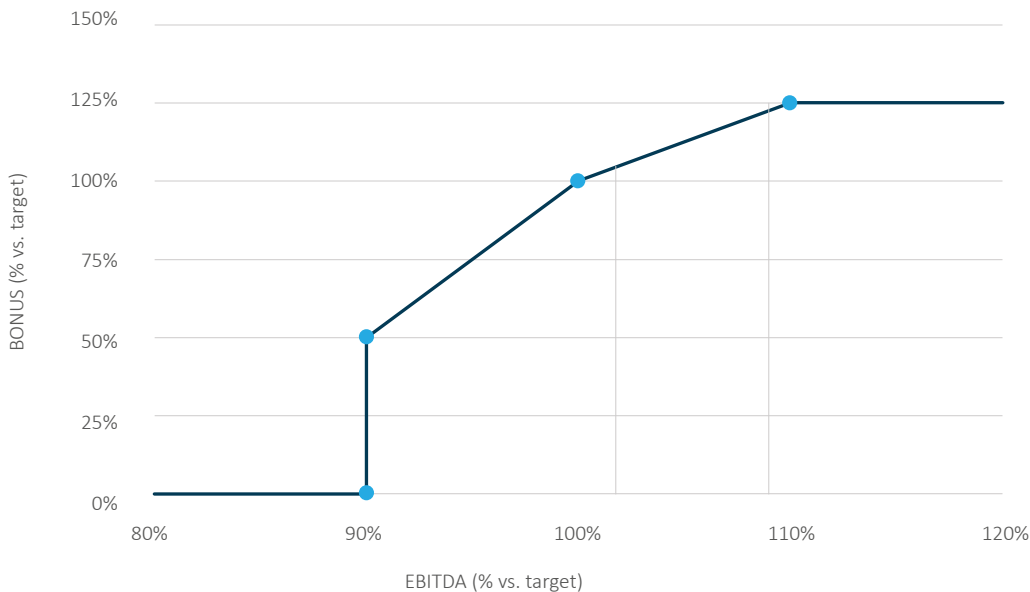
Targets	Weighting
Absolute TSR	30%
ESG Risk Rating	25%
Cumulative 3-year EBITDA	25%
NFP/EBITDA	20%
Total	100%

As regards the Total Shareholder Return (TSR) parameter, the bonus accrues on the basis of the performance of Aquafil's TSR at the end of the vesting period relative to a predefined scale of values between minimum, target, and maximum:

- below the minimum level, the portion of the bonus linked to the TSR does not accrue;
- at the minimum level, 50% of the relative bonus accrues;
- at the target level, 100% of the relative bonus accrues;
- at the maximum level, 125% of the relative bonus accrues;
- Intermediate levels use a linear interpolation mechanism.

The ESG Sustainability Risk Rating target contained in the LTI Plan refers to Aquafil's ranking on the risk rating scale in the ESG arena according to Sustainalytics. The target considers the degree of improvement achieved in the rating.

The LTI incentive strategy for the cumulative three-year EBITDA performance target is set out below:



For the target NFP to EBITDA ratio, as in the short-term system, the incentive strategy provides that the threshold level should be equal to the target level, as it does not consider it permissible to reward a result below the targets defined under the three-year plan:

- below the 100% target level, the portion of the bonus linked to the parameter does not accrue;
- at the target level (100%), 100% of the relative bonus accrues;
- at the maximum level (110%), 125% of the relative bonus accrues;
- intermediate levels use a linear interpolation mechanism.

Maximum amount of the Individual Component

The long-term variable component may never exceed a cap equal to 125% of the target bonus.

Other provisions

The long-term incentive plan includes a clawback clause which permits, for five years following the issue of the bonus, the recovery of amounts issued on the basis of manifestly erroneous or false data. This clause applies to bonuses paid to Executive Directors and Senior Executives included in the cycles of the incentive system beginning with bonuses earned during 2023. There are also mechanisms in place to deal with good/bad leavers.

2.6 Policy relating to treatments established in the event of termination of office or employment

The Company has not adopted a policy relating to treatments established in the event of termination of office or employment

2.7 Waiver procedure

As provided for in Article 123-ter, paragraph 3-bis of the CFA, and Article 84-quater of the Issuers' Regulation, in exceptional cases, the Board of Directors may deem it necessary to temporarily waive elements of this Policy in order to pursue long-term interests, to ensure the sustainability of the company as a whole, or to ensure its ability to stay in the market. These exceptional circumstances refer to certain situations that can be traced back to the following: attraction and retention of strategic figures and recognition for individual or collective results that are particularly significant and positive for the Company.

In the event that the prerequisites are met, the temporary waiver of the 2024 Policy must be approved by the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, having consulted the Board of Statutory Auditors, in compliance with current laws and regulations.

The elements that the Company may decide to waive under the above exceptional and temporary circumstances relate to the variable components of remuneration.



Section II

PART 1

1. IMPLEMENTATION OF THE 2023 REMUNERATION POLICY

The remuneration policy that the Company implemented in 2023 for Directors and Senior Executives in particular was consistent and in accordance with the 2023 Remuneration Policy approved by the Board of Directors on March 16, 2023 and in relation to which the Shareholders' Meeting held on April 27, 2023 passed a favourable resolution.

In implementing the Remuneration Policy 2023, the Appointments and Remuneration Committee took into account the vote and opinions expressed by shareholders at the Shareholders' Meeting on April 27, 2023 on Section II of the Remuneration Policy and Report, which received favourable votes representing 92.078% of the voting rights present at the Shareholders' Meeting.

1.1 Fixed remuneration

Table 1 provides details of remuneration paid in 2023 to individuals who held the positions of members of the governing and supervisory bodies and Senior Executives as a whole.

1.2 Short-term variable component

On March 14, 2024, upon the proposal of the Appointments and Remuneration Committee and after having consulted the Board of Statutory Auditors, the Board of Directors verified that the two ESG parameters corresponding to the vesting of the award totalling 26.1% (STI 2023) had been achieved. In light of FY2023's economic and financial results, which were significantly below the established targets and budget, reporting a significant decrease in profitability and a worsening of leverage, 15 of the 16 participants in the incentive scheme decided to forgo the bonus for FY2023.

The deferred portion related to the 2021 Incentive Plan was also issued during the year, as shown in Table 3B below. For the aforementioned incentive plan, the following is shown in Table 3B:

- i) amounts paid in 2023 pertaining to the "2021 Short-Term Incentive Plan", column "**Issuable/Issued**"; we note that for this deferred component, amounting to 15% of variable remuneration, 50% of the target was achieved, and therefore 7.5% of the component was paid out;
- ii) amounts to be paid in 2024 pertaining to the "2022 Short-Term Incentive Plan", column "**Issuable/Issued**";
- iii) amounts to be paid in 2025 pertaining to the "2022 Short-Term Incentive Plan", column "**Still Deferred**".

As regards the variable component, the methods of issue are consistent with those described above. Please refer to Tables 1 and 3B below for more details.

1.3 Indemnity on termination of office/employment and Non-Competition Agreements

Mr. Attilio Annoni resigned as Director on 26/04/2023 and, following the conclusion of his employment on 07/07/2023, he was paid compensation of Euro 695,000 as severance pay. For further information see table 1.

1.4 Application of ex post correction mechanisms

We note the absence during the year of the prerequisites for the application of *ex post* restitution mechanisms regarding the variable component (the clawback clause) under the 2023 incentive plan.

1.5 Waivers applied to the Remuneration Policy in 2023

We note that there were no instances of waivers from the 2023 Policy for Directors, Senior Executives or members of the Board of Statutory Auditors.

Table comparing changes in the past five fiscal years between the annual change in total remuneration of Board and Board of Statutory Auditors members, company performance, and average gross annual employee remuneration

The breakdown below gives information comparing the annual change, for the last three years: (i) in the Company's results, (ii) in the remuneration of each of the individuals for whom the information in this section of the Report is provided by name, and (iii) in the average remuneration of Aquafil's employees.

		2021 vs. 2020	2022 vs. 2021	2023 vs. 2022
Performance	EBITDA	23.5%	28.0%	(48.5%)
Giulio Bonazzi	Chairperson until 26/04/23 and Chief Executive Officer	27.4%	14.8%	(35.1%)
Chiara Mio	Chairperson since 27/04/23 and Risk/Sus. Com. Member			n.a.
Stefano Giovanni Loro	Executive Director	100.0%	14.5%	(35.7%)
Franco Rossi	Executive Director	76.5%	18.9%	(37.1%)
Francesco Profumo	Director and Chairperson App./Rem. Com. and Risk/Sus. Com. Member	0.0%	0.0%	0.0%
Ilaria Maria dalla Riva	Director since 18/06/20 and App./Rem. Com. member and (Risk/Sus. Com. member until 12/31/2022)	86.7%	0.0%	(16.7%)
Patrizia Riva	Director since 27/04/23 and App./Rem. Com. member and Risk/Sus. Com. member			n.a.
Silvana Bonazzi	Director	0.0%	0.0%	0.0%
Francesco Bonazzi	Director			n.a.
Stefano Poggi Longostrevi	Chairperson of the Board of Statutory Auditors	20.0%	0.0%	0.0%
Bettina Solimando	Statutory Auditor	14.3%	0.0%	0.0%
Beatrice Bompieri	Statutory Auditor	100.0%	0.0%	0.0%
Average employee remuneration		4.7%	(3.3%)	(28.0%)

The calculation of remuneration considers fixed remuneration and the short-term variable component paid out for the year.

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 2023 for any reason and in any form with regard to the Company, its subsidiaries and associates as at December 31, 2023;
- amounts and fees which comprise the remuneration of the Statutory Auditors;
- amounts and fees comprising 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.

TABLE 1. – REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND SENIOR EXECUTIVES

Name	Office	Period of office	Concl. of office
Giulio Bonazzi	Chief Executive Officer	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Chiara Mio	Chairperson of the Board of Directors	27.04.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Franco Rossi	Executive Director	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Francesco Profumo	Director Chairperson, Appointments and Remuneration Committee Member, Control, Risks and Sustainability Committee	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Ilaria Maria dalla Riva	Director Member, Control, Risks and Sustainability Committee Componente Comitato nomine e remunerazioni	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Patrizia Riva	Director Member, Control, Risks and Sustainability Committee Componente Comitato nomine e remunerazioni	27.04.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Silvana Bonazzi	Director	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Stefano Giovanni Loro	Executive Director	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Francesco Bonazzi	Executive Director	27.04.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Total remuneration of Directors in office at December 31, 2023			

Fixed remuneration	Committee remuneration	Variable remuneration		Non-monetary benefits	Other remuneration	Total remuneration	Benefits on conclusion of office
		Bonuses and other incentives	Profit sharing				
1,141,781 (1)						1,141,781	
143,000 (2)						143,000	
1,284,781						1,284,781	
95,507 (3)	8,562 (4)					104,069	
95,507	8,562					104,069	
40,000 (5)						40,000	
337,601 (6)				11,677		349,278	
377,601				11,677		389,278	
40,000 (5)	25,000 (7)					65,000	
40,000	25,000					65,000	
40,000 (5)	10,000 (8)					50,000	
40,000	10,000					50,000	
27,288 (9)	15,315 (10)					42,603	
27,288	15,315					42,603	
40,000 (5)						40,000	
40,000						40,000	
381,875 (11)				9,133		391,008	
50,000 (12)						50,000	
431,875				9,133		441,008	
27,288 (9)						27,288	
27,288						27,288	
2,364,339	58,877			20,810		2,444,026	

Name	Office	Period of office	Concl. of office
Directors leaving office in 2023			
Simona Heidempergher	Director Chairperson, Control, Risks and Sustainability Committee Lead Independent Director	01.01.2023-26.04.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Margherita Elena Maria Zambon	Director Member, Appointments and Remuneration Committee	01.01.2023-26.04.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Attilio Annoni	Executive Director	01.01.2023-07.07.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Total remuneration for Directors leaving office in 2023			
Total Directors' remuneration			
Stefano Poggi Longostrevi	Chairperson of the Board of Statutory Auditors	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Bettina Solimando	Statutory Auditor	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Beatrice Bompieri	Statutory Auditor	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			
Other Senior Executives	Statutory Auditor	01.01.2023-31.12.2023	2023 Accounts
Remuneration from Company preparing the accounts			
Remuneration from subsidiaries and associates			
Total			

- (1) Compensation for position as Chairperson of the Board of Directors until 26/04/2023 and Chief Executive Officer for the entire year.
- (2) Compensation for the position held at Tessilquattro.
- (3) Compensation for position as Chairperson of the Board of Directors from 27/04/2023.
- (4) Compensation for position as Chairperson of the Risk and Sustainability Committee from 27/04/2023 to 31/08/2023 Euro 1,740, attendance fee for participation in the Risks and Sustainability Committee from 27/04/2023 Euro 6,822.
- (5) Compensation for the position of Director.
- (6) Gross Annual Remuneration for the role of General Manager of AquafilUSA.
- (7) Compensation for the position of Chairperson of the Appointments and Remuneration Committee Euro 15,000 and attendance fees for participation in the Control, Risks and Sustainability Committee Euro 10,000.
- (8) Attendance fees for participation in the Appointments and Remuneration Committee Euro 10,000.
- (9) Compensation for the position of Director from 27/04/2023.
- (10) Attendance fees for participation in the Control, Risks and Sustainability Committee from 27/04/2023 to 31/08/2023 and Compensation for Chairing the Committee from 01/09/2023 totaling Euro 8,493 and attendance fees for participation in the Appointments and Remuneration Committee of Euro 6,822 from 27/04/2023
- (11) The amount includes compensation for the offices of: Director Euro 40,000 Gross Annual Remuneration for the role of General Manager at BCF EMEA and APAC Euro 341,875.
- (12) Compensation for the position held at Tessilquattro.
- (13) Compensation for the position of Director until 26/04/2023
- (14) Attendance fees for participation in the Control, Risks and Sustainability Committee Euro 4,767 until 26/04/2023 and compensation for the position of Lead Independent Director Euro 3,178 until 26/04/2023.
- (15) Attendance fees for participation in the Appointments and Remuneration Committee Euro 3,178 until 26/04/2023.
- (16) The amount includes compensation for the offices of: Director for Euro 28,603 until 26/04/2023, Gross Annual Remuneration for the role of COO Euro 278,573.
- (17) Compensation for role as Chairperson of the Board of Statutory Auditors.
- (18) Compensation as a member of the Board of Statutory Auditors.
- (19) Gross Annual Remuneration for the position held.
- (20) Gross Annual Remuneration for the position held at subsidiary companies
- (21) The amount shown is for 2023 and is also included for the portion of the bonus subject to deferral, as indicated in Annex 3 of the Issuers' Regulation (updated with amendments made by Resolution No. 21623 of December 10, 2020). This value is the sum of the amounts shown in Table 3B, columns 2A, 2B.

Fixed remuneration	Committee remuneration	Variable remuneration		Non-monetary benefits	Other remuneration	Total remuneration	Benefits on conclusion of office
		Bonuses and other incentives	Profit sharing				
12,712 (13)	7,945 (14)					20,658	
12,712	7,945					20,658	
12,712 (13)	3,178 (15)					15,890	
12,712	3,178					15,890	
307,176 (16)				5,206		312,382	695,000
307,176				5,206		312,382	695,000
332,601	11,123			5,206		348,930	695,000
2,696,940	70,000			26,016		2,792,956	695,000
60,000 (17)						60,000	
60,000						60,000	
40,000 (18)						40,000	
40,000						40,000	
40,000 (18)						40,000	
40,000						40,000	
1,290,892 (19)		27,300 (21)		61,704		1,379,896	
871,964 (20)				14,355			
2,162,856		27,300		76,059		2,266,215	

TABLE 3B: MONETARY INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND SENIOR EXECUTIVES

Subject		
Name	Office held	Plan
Giulio Bonazzi	Chief Executive Officer	2023 short-term incentive plan
		2022 short-term incentive plan
		2021 short-term incentive plan
Remuneration from subsidiaries and associates		
Total		
Franco Rossi	Executive Director	2023 short-term incentive plan
		2022 short-term incentive plan
		2021 short-term incentive plan
Remuneration from Company preparing the accounts		
Remuneration from subsidiaries and associates		
Total		
Stefano Loro	Executive Director	2023 short-term incentive plan
		2022 short-term incentive plan
		2021 short-term incentive plan
Remuneration from Company preparing the accounts		
Remuneration from subsidiaries and associates		
Total		
Attilio Annoni	Executive Director	2023 short-term incentive plan
		2022 short-term incentive plan
		2021 short-term incentive plan
Remuneration from Company preparing the accounts		
Remuneration from Company preparing the accounts		
Total		
Other Senior Executives		2023 short-term incentive plan
Remuneration from Company preparing the accounts		2022 short-term incentive plan
		2021 short-term incentive plan
Remuneration from subsidiaries and associates		2022 short-term incentive plan
		2021 short-term incentive plan
Total		
Overall total		

(1) Share is subject to the achievement of specific performance targets to which the plan is linked.

The sum of the amounts in columns 3A, 3B and 3C corresponds to the sum of columns 2B and 3C in the previous year.

Bonus for the year		Period of deferment	Prior year bonuses			Other Bonuses
Issuable/Issued (in Euro)	Deferred (in Euro)		No longer issuable	Issuable/Issued (in Euro)	Still Deferred (in Euro)	
		2 years	46,959	46,959	93,918	
		1 year		74,238		
			46,959	121,197	93,918	
		2 years	21,120	21,120	42,240	
		1 year		37,119		
			21,120	21,120	42,240	
		2 years	23,479	23,479	46,959	
		1 year		37,119		
			23,479	60,599	46,959	
		2 years	129,600			
		1 year				
			129,600			
19,110	8,190	2 years				
		2 years	63,459	63,459	126,918	
		1 year		59,391		
		2 years	37,296	37,296	74,591	
		1 year		59,391		
19,110			100,755	219,536	201,509	
19,110			321,913	422,452	384,626	

SCHEDULE 7-TER – INFORMATION ON HOLDINGS OF THE BOARD OF DIRECTORS AND STATUTORY AUDITORS, GENERAL MANAGERS AND SENIOR EXECUTIVES

Name	Office held	Investee company	Shares held at the end of the previous year	Shares acquired	Shares sold	Shares held at the end of the reporting year
Directors						
Giulio Bonazzi	Chief Executive Officer	Aquafil S.p.A.	29,803,036	67,689		29,870,725
Franco Rossi	Executive Director	Aquafil S.p.A.	179,012			179,012
Stefano Giovanni Loro	Executive Director	Aquafil S.p.A.	5,500			5,500
Senior Executives						
		Aquafil S.p.A.	62,005			62,005

Arco, March 14, 2024

Aquafil S.p.A.

For the Board of Directors

Full Professor Chiara Mio
The Chairperson



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