

**AEFFE S.P.A.**

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**REPORT ON REMUNERATION POLICY AND COMPENSATION PAID**

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**pursuant to art. 123-ter of the Consolidated Finance Law and art. 84-quater  
of the Issuers' Regulations**

14th March 2024

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## INTRODUCTION

This Remuneration Report (the "**Report**") has been prepared pursuant to art. 123-*ter* of Legislative Decree 58 dated 24th February 1998, as amended, (the "**Consolidated Finance Law**" or "**TUF**") and in compliance with art. 84-*quater* of the regulations adopted by Consob Decision no. 11971 dated 14th May 1999, as amended (the "**Issuers' Regulations**") and Format 7-bis of Attachment 3A to the Issuers' Regulations in force at the reporting date.

This Report comprises two Sections.

Section I, entitled "Remuneration Policy", describes the policy of Aeffe S.p.A. ("**Aeffe**" or the "**Company**") for remunerating the members of its Board of Directors (the "**Directors**"), the members of the Board of Statutory Auditors (the "**Auditors**") and its executives with strategic responsibilities. In compliance with the regulation adopted by Consob Decision no. 17221 dated 12th March 2010 (the "**Regulation**"), this phrase means those persons who, directly or indirectly, have powers and responsibilities for planning, directing and controlling the activities of the Company (the "**Executives with Strategic Responsibilities**").

Section I also describes the procedures followed by the Company to adopt and implement the above Remuneration Policy, and the parties involved.

Specifically, the Remuneration Policy:

- (i) Indicates how it contributes to the Company strategy, to achieving the long-term interests and sustainability of the Company and it is determined in consideration of the compensation and working conditions of company employees;
- (ii) defines the various components of remuneration which may be paid and establishes the criteria for determining variable remuneration;
- (iii) specifies the elements that may be waived in exceptional circumstances, and the procedural conditions under which the waiver may be applied, save as prescribed for transactions with related parties.

In compliance with the provisions of article 123-*ter*(3-*bis*) and (3-*ter*), TUF, Section I will be subject to a binding vote of the Shareholders' meeting convened in a single instance for 23<sup>rd</sup> April 2024.

Section II, "Compensation paid in 2023", which, for the members of the Board of Directors and the Board of Statutory Auditors, general managers and in aggregate form for Executives with strategic responsibilities (as applicable):

- a. provides an adequate representation of each of the items that make up the remuneration, including amounts in the case of termination of office or dismissal, highlighting their coherence with the company policy on remuneration relating to the relevant trading period;
- b. illustrates in detail payments made during 2022 (the "**Period**"), under whatever title and in whatever form, by the Company and by subsidiaries and associates, indicating any components of the aforesaid payments which relate to activities carried out in previous periods prior to the reporting period and also describing the payments made in one or more subsequent periods for activities carried out during the Period, potentially indicating an estimate of value for the components that cannot be objectively quantified during the Period itself;
- c. reports – in accordance with the provisions of article 84-*quater*(IV) of the Issuers' Regulation – the details of interests held by the Company and in its subsidiary companies by members of the Board of Directors and the Board of Statutory Auditors and (where applicable) by Executives with strategic responsibilities and by the legal spouses and minor children, directly or by means of subsidiary companies, fiduciary companies or by intermediary, resulting from

- the shareholders' register, communications received and from other information acquired by the Directors, Auditors and Executives with strategic responsibilities;
- d. illustrates how the Company took account of the vote expressed the previous year on the second section of the compensation report.

In compliance with the provisions of article 123-*ter*(6) TUF, Section II is subject to a non-binding vote of the Shareholders' meeting convened in a single instance for 23<sup>rd</sup> April 2024, which will deliberate in favor or against.

The corporate governance model adopted by the Company comprises the so-called single system of administration and control, which incorporates:

- (i) a Shareholders' Meeting responsible, among other matters, for the appointment and dismissal of members of the Board of Directors, and the approval of the annual financial statements;
- (ii) a Board of Directors responsible for managing the Company;
- (iii) a control, risks and sustainability committee established by the Board of Directors and comprising non-executive directors who meet the honorability requirements established in the applicable regulations, the majority of whom also meet the independence requirements established in para. IV of art. 147-*ter* TUF, and who are responsible for monitoring the adequacy of the Company's organizational structure, the system of internal control and the system of accounting and administration, as well as its suitability for presenting properly the results of operations; and
- (iv) a compensation committee, also established by the Board of Directors and comprising non-executive directors who meet the honorability requirements established in the applicable regulations, the majority of whom also meet the independence requirements established in para. IV of art. 147-*ter*, TUF, and who provide advice and recommendations to the Board of Directors on the remuneration of the directors and senior managers of the Company.
- (v) the Board of Statutory Auditors, responsible for controlling compliance with the law and the articles of association, respect of the principles of correct administration and adequacy of the management, administrative and accounting structure adopted by the Company and its functioning.

In compliance with para. IV of art. 84-*quater* of the Issuers' Regulations, this Report presents tables showing the equity interests of the Directors, Auditors and Executives with Strategic Responsibilities in the Company and its subsidiaries.

This Report is made available to the public at the registered address of the Company, via the authorized transmission and storage mechanism SDIR-NIS/NIS-Storage and on the Company's Internet site at the address [www.aeffe.com](http://www.aeffe.com), in the Section "*Aeffe Governance/Compensation policy*".

The Shareholders' Meeting of the Company held on 27th April 2023 approved Section I of the Report on remuneration and compensation paid in 2022 with a binding vote. The percentage of votes in favor was 100% of those who voted.

## SECTION I

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### "REMUNERATION POLICY"

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## 1. INTRODUCTION

1.1 This document (the "**Remuneration Policy**") explains the policy of Aeffe S.p.A. ("**Aeffe**" or simply the "**Company**") for remunerating the members of its Board of Directors, the members of the Board of Statutory Auditors and its executives with strategic responsibilities. This phrase means those persons who, directly or indirectly, have responsibilities for planning, directing and controlling the activities of the Company, as defined in Attachment 1 to the Consob Regulation on related-party transactions adopted by Consob Decision no. 17221 dated 21 March 2010, as amended, and as identified from time to time by the board of directors of the Company (the "**Executives with Strategic Responsibilities**").

1.2 This Remuneration Policy

(i) was prepared in compliance with article 5 of the code of corporate governance approved by the Corporate Governance Committee of Borsa Italiana S.p.A. (the "**Corporate Governance Code**"), in accordance with article 123-ter of Legislative decree no. 58 of 24th February 1998, as amended (the "**TUF**"), as well as pursuant and consequent to art. 3.2 of the Procedure for Related-Party Transactions approved by the Board of Directors of the Company on 10th November 2010 (the "**Procedure for Related-Party Transactions**").

(ii) was approved on 25th March 2021 by the Board of Directors of the Company, acting on a proposal from the compensation committee;

(iii) may be revised and updated by the Board of Directors acting on proposals from the compensation committee, which is tasked with periodically assessing the adequacy, overall consistency and effective application of the policy.

## 2. PROCEDURES FOLLOWED FOR THE ADOPTION AND IMPLEMENTATION OF THE REMUNERATION POLICY

### 2.1 Procedure for the preparation and approval of the Remuneration Policy and the functional and organizational model

2.1.1 The Remuneration Policy is prepared by the compensation committee established by the Board of Directors. It comprises non-executive directors, the majority of whom meet the independent requirements established in para. IV of art. 147-ter TUF. The Remuneration Policy is then presented to the Board of Directors by the compensation committee and subjected to full discussion, prior to approval by the Board of Directors. Each year, the Shareholders' Meeting is requested to cast a binding vote on the policy.

2.1.2 The Remuneration Policy, approved on the above basis, was prepared by the Company without the involvement of independent experts.

2.1.3 The Company implements a governance model designed to ensure transparency and adequate supervision and control, as well as its uniform and consistent application within the group of companies reporting to Aeffe (the "**Aeffe Group**" or the "**Group**").

2.1.4 The Board of Directors of the Company is also responsible, among other matters, for:

(i) allocating among members of the Board of Directors the total remuneration fixed at the Shareholders' Meeting pursuant to art. 2389, para. 1, c.c., if this was not done directly at such meeting;

(ii) determining the remuneration of those directors with specific responsibilities, pursuant to art. 2389, para. 3, c.c., acting on a proposal from the compensation committee after hearing the opinion of the Board of Statutory Auditors;

(iii) determining the remuneration of the Executives with Strategic Responsibilities;

- (iv) examining the incentive plans to be presented to the Shareholders' Meeting for approval;
  - (v) identifying the Executives with Strategic Responsibilities who will participate in the incentive plans, and determining the extent of the incentives applicable to each;
  - (vi) establishing an internal compensation committee and determining its responsibilities, in accordance with the recommendation of the Code of corporate governance;
  - (vii) approving the Remuneration Policy and presenting it to the Shareholders' Meeting.
- 2.1.5 Pursuant to art. 123-*ter*(3-*bis*) and (3-*ter*), TUF, upon approval of the financial statements, the Shareholders' Meeting was called to vote in favor or against the Remuneration Policy as also described in this Section.
- 2.1.6 Those responsible for the correct implementation of the Remuneration Policy are the compensation committee, in fulfilling the tasks described below, and the Board of Directors.
- 2.1.7 The compensation committee - established by the Board of Directors - periodically assesses the adequacy, overall consistency and effective application of the policy for remunerating directors and executives with strategic responsibilities, making reference in this regard to information provided by the executive directors. The committee makes related proposals to the Board of Directors and, in general, monitors the procedures, policies and remuneration objectives of the Company.
- In accordance with the provisions of law and regulation, and article 5 of the Corporate governance code, the compensation committee also:
- a. supports the Board of Directors in drafting the remuneration policy;
  - b. presents proposals or expresses opinions to the Board of Directors on the compensation of executive directors and other directors who hold particular roles, as well as on setting the performance targets related to the variable component of their remuneration;
  - c. monitors the substantive application of the remuneration policy and specifically verifies the effective achievement of performance objectives;
  - d. periodically assesses the adequacy and overall suitability of the remuneration policy of directors and senior management.
- 2.1.8 The compensation committee comprises non-executive directors, the majority of whom meet the independence requirements established in para. IV of art. 147-*ter* TUF and in the Code for corporate governance; at least one of the members of the compensation committee has adequate knowledge and experience of financial matters or remuneration policies, as determined by the Board of Directors at the time of appointment. At the date of this Remuneration Policy, the compensation committee comprises the following non-executive directors: Daniela Saitta (independent director and Chair), Roberto Lugano (non-executive director) and Marco Francesco Mazzù (independent director). The Board of Directors has assessed the adequacy of knowledge and experience on financial matters or compensation policies of all three members of the committee.
- 2.1.9 Decisions of the compensation committee are adopted by a favorable vote of the absolute majority of its members. Committee meetings may be attended by the chairman of the Board of Statutory Auditors and/or by one or more other serving auditors. The Chair of the compensation committee may invite non-members to committee meetings, regarding all or individual matters on the agenda.
- 2.1.10 Individual directors do not attend those meetings of the compensation committee in which it makes proposals to the Board of Directors regarding their personal remuneration.
- 2.1.11 The compensation committee is assured access to the corporate information and functions deemed necessary or appropriate for the performance of its duties. It may make use of external consultants that

do not simultaneously provide services of such significance as to compromise in practice the independence of their judgments with regard to the human resources function, the directors or the Executives with Strategic Responsibilities.

## **2.2 Criteria for defining the Remuneration Policy**

To achieve continuity with previous periods and in accordance with the recommendations made on the matter in art. 5 of the Corporate Governance Code, the remuneration practices and the best practices adopted in the relevant market are continually analyzed and monitored using specific remuneration benchmarks with the aim of maintaining continual awareness of the reference scenario and to be able to assess and potentially seize effective initiatives promptly. The remuneration benchmark is established based on a method of assessing management positions, which allows each role to be weighted, enabling both internal, global and external comparison, to ensure competitive alignment with the relevant market.

In line with the measures indicated above, the Remuneration Policy of the Company has been defined with careful attention to new market approaches but without particular reference to the specific remuneration policies adopted by other companies.

## **2.3 Remuneration policy and risk management policy**

The Company ensures that the variable element of the remuneration of its Directors and Executives with Strategic Responsibilities is determined with reference to sustainable performance objectives that are consistent with the risk profile established by the Board of Directors.

## **2.4 Elements relating to compensation and working conditions of employees in establishing the Remuneration Policy**

The Remuneration Policy is primarily established with the objective of attracting, motivating and achieving the loyalty of people with the necessary professional qualities for contributing to defining the growth strategy of the Company and reinforcing the long-term interests and sustainability of Aeffe and the Group. It is based on the principles of equity, equal opportunity, meritocracy and market competitiveness.

The definition of the compensation the workforce takes into consideration specific criteria, such as comparison with the external market or the internal equity of the Company, the characteristics of the role and the responsibilities assigned, and the personal skills of each person, always within a view of maximum objectivity, in order to avoid any form of discrimination.

The compensation of 4.1% of the workforce of Aeffe S.p.A. and 5.1% of the workforce of the Aeffe Group comprises a fixed component, set according to the criteria mentioned above, and the variable component, intended to reward the achievement of specific financial and quality objectives (90% EBITDA, 10% Sustainability), strictly aligned with the Company's strategic projects.

The Company also implements measures for ensuring:

- i. a safe, functional, livable and comfortable working environment: architectural criteria functional to the activities involved are applied, according to the fundamental requirements of health and safety and also to interpersonal exchanges, in order to allow and develop creativity, organization, order and design capabilities conducive to the improvement of corporate results;
- ii. collaboration: adoption, at corporate offices, of spaces and smart technologies, intended to achieve continuity globally and seamlessly engender value for the Company and individuals;
- iii. orientation of individual and professional development: via an environment that facilitates the evolution and expansion of knowledge and skills; the global dimension, which facilitates continual, complex and innovative challenges to be tackled, opening major opportunities for growth.



Except as indicated below, the Remuneration Policy described in this Report does not differ substantially from that implemented in the previous period. In consideration of national and international best practices, the Company has maintained unchanged the guiding principles and leading elements of the Remuneration Policy, while introducing certain innovations intended to consolidate the Company's socially responsible approach. Specifically, certain changes have been introduced to the variable compensation system by contemplating payout scenarios associated with essentially non-financial objectives and the pursuit of ESG values.

## 2.5 Duration

The duration of this Remuneration Policy is aligned with that of the mandate of the Board of Directors.

## 3. PURPOSE AND PRINCIPLES OF THE REMUNERATION POLICY

3.1 The Remuneration Policy is designed to attract, retain and motivate experienced professional resources, with the skills and professionalism required for the optimal management and pursuit of the objectives of the Company and the Aeffe Group. The Policy seeks to achieve sustainable growth in the value of the Company and the Aeffe Group, via the definition and implementation of mechanisms that link this outcome with individual performance. In addition, the Remuneration Policy contributes to achievement of the Company's strategy, long-term interests and sustainability. The shareholders make an important contribution in that sense, being called to express their binding vote on the Remuneration Policy, which describes each of the items that make up the remuneration of Directors, Auditors and Executives with strategic responsibilities and therefore has content that is different to and broader than the resolutions on compensation envisaged in articles 2364, 2389 and 2402, Italian civil code.

3.2 In order to achieve the above objectives, the Remuneration Policy is founded on the fundamental principles of sustainability and alignment of the interests of executives with strategic responsibilities with those of the shareholders.

- **Sustainability**

The policy on the variable component of remuneration contributes to the Company strategy and pursuit of its long-term interests (including the Company's sustainability), in order to guarantee fair and stable employment relationships based on respect and promotion of talent.

It is defined to ensure an overall compensation structure that recognizes the professional value of the persons involved and facilitates an adequate balance of fixed and variable components, with the intention of creating sustainable value in the medium and long term and guaranteeing a direct link between compensation and specific performance objectives, while creating a working environment inclusive of all forms of diversity that favors the expression of individual potential, and attracts, retains and motivates personnel.

In implementing the aforesaid principles, the payment of a variable component of compensation (short and/or medium-long term) does not depend solely on strictly economic- financial performance objectives, but also on strategic drivers and goals in terms of environmental and social sustainability within the corporate culture. The decision to combine the variable component objectives with ESG (i.e. Environmental, Social and Governance) performance objectives confirms the Company's commitment to unite operational, economic and financial robustness with social and environmental responsibility, further developing the internal culture of sustainability and linking it to concrete and measurable objectives. The Board of Directors will assign detailed Aeffe performance and sustainability objectives to personnel, with support from the HR function.

- **Alignment of the interests of management with those of the shareholders**

Alignment of the interests of management with those of the shareholders is a key objective and the ultimate goal when defining the variable, incentivizing part of the remuneration of management with strategic responsibilities. In line with international best practice and the resolutions adopted at European level and elsewhere, the Company takes care to implement mechanisms capable of incentivizing the creation of authentic and stable value for the Company and the Aeffe Group. This translates into a concrete benefit for the shareholders, not least via the balanced and careful identification of desirable performance objectives.

- **Balance between fixed and variable components of compensation**

The fixed and variable components of compensation are adequately balanced according to the Aeffe strategic objectives and risk management policy, also in consideration of the segment of operations and the characteristics of the business activity effectively carried out, in line with the aim of promoting the creation of medium- and long-term value and sustainable growth for all shareholders.

The following represents the percentage weightings of the fixed component, the short-term variable component and the medium- and long-term variable component within the compensation packages of the Directors and the Executives with strategic responsibilities.

	<i>Short-term variable component</i>	<i>Long-term variable component</i>
<i>Chairman</i>	Receipt of 9% of each euro of normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 600,000.00 euro.	<i>maximum objective achieved: €450,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 5%)</i>
		<i>intermediate objective achieved: €270,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 3%)</i>
		<i>minimum objective achieved: €200,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 2%)</i>
<i>Deputy Chairman</i>	<i>Short-term variable component</i>	<i>Long-term variable component</i>
	Receipt of 9% of each euro of normalized (considering the costs and revenues relating to core operations, even if not	<i>maximum objective achieved: €450,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 5%)</i>

	recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 600,000.00 euro.	<p><i>intermediate objective achieved: €270,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 3%)</i></p> <p><i>minimum objective achieved: €200,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 2%)</i></p>
<i>Chief Executive Officer</i>	<i>Short-term variable component (incidence on annual compensation)</i>	<i>Long-term variable component</i>
	Receipt of 4% of each euro of normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 250,000.00 euro.	<i>maximum objective achieved: €450,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 19%)</i>
		<i>intermediate objective achieved: €270,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 11%)</i>
		<i>minimum objective achieved: €200,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 8%)</i>
<i>Executive Director and member of the executive committee</i>	<i>Short-term variable component (incidence on annual compensation)</i>	<i>Long-term variable component</i>
	Receipt of 1% of each euro of normalized (considering the costs and revenues relating to core operations, even if not	<i>maximum objective achieved: €150,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 37%)</i>

	recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 70,000.00 euro.	<p><i>intermediate objective achieved: €100,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 25%)</i></p> <p><i>minimum objective achieved: €75,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 19%)</i></p>
General Manager Pollini	<i>Short-term variable component (incidence on annual compensation)</i>	<i>Long-term variable component</i>
	10.8%	<i>maximum objective achieved: €250,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 34%)</i>
		<i>intermediate objective achieved: €150,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 20%)</i>
		<i>minimum objective achieved: €100,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 13%)</i>
Group CFO	<i>Short-term variable component</i>	<i>Long-term variable component</i>
	22.8%	<i>maximum objective achieved: €150,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 37%)</i>
		<i>intermediate objective achieved: €100,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 25%)</i>
		<i>minimum objective achieved: €75,000 (the hypothetical percentage of the compensation projected over the two-year period of the LTI plan is 19%)</i>

<i>HR and Organization Manager Aeffe Group</i>	<i>Short-term variable component</i>	<i>Long-term variable component</i>
	17.2%	<i>maximum objective achieved: €250,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 35%)</i>
		<i>intermediate objective achieved: €150,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 21%)</i>
		<i>minimum objective achieved: €100,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 14%)</i>
<i>Operations Director - Aeffe S.p.A.</i>	<i>Short-term variable component (incidence on annual compensation)</i>	<i>Long-term variable component</i>
	53.4%	<i>maximum objective achieved: €250,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 46%)</i>
		<i>intermediate objective achieved: €150,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 27%)</i>
		<i>minimum objective achieved: €100,000 (the hypothetical percentage of the compensation projected over the three-year period of the LTI plan is 18%)</i>

- Observation of market practices and trends enables the Company to attract and retain experienced and suitably motivated professionals, via the definition of competitive levels of remuneration and the guarantee of internal equity and transparency.

#### **4. COMPONENTS OF REMUNERATION**

##### **4.1 Fixed component**

- 4.1.1 The weighting of fixed remuneration to total income is set to ensure the adequacy of such payments, even in the partial or complete absence of a variable element. This approach avoids promoting excessively risk-oriented behavior, intended to achieve maximum recognition, and the taking of short-term views, which could adversely affect the sustainable creation of long-term value.
- 4.1.2 The fixed component of remuneration principally correlates with: (i) professional specialization; (ii) the organizational role performed; (iii) the responsibilities accepted, and (iv) market practice for comparable positions and levels of professionalism.

## **4.2 Short-term variable component – a.k.a. Management by Objectives**

- 4.2.1 Variable remuneration is directly correlated with the achievement of performance and other short-term objectives that can be correlated with the results of the individual concerned, with those of the Company and the Aeffe Group or, indeed, with both criteria.
- 4.2.2 When determining the variable portion of remuneration, the Company safeguards its sustainability and reasonableness by envisaging limits (not necessary expressed as caps in absolute terms), and by identifying a balanced combination that avoids distortions with respect to sustainable performance and the risk profiles identified.
- 4.2.3 The variable component of compensation is distributed according to a short-term variable remuneration system, known as Management by Objectives (MBO); accordingly, executives with strategic responsibilities are motivated via the recognition of variable remuneration tied to their achievement of specific, economic-financial performance objectives. These pre-determined and measurable objectives are identified, with assistance from the managers of the Company's various business areas, by the HR function with reference to consolidated economic indicators (linked to the growth in EBITDA with respect to the prior year).
- 4.2.4 The Board of Directors and the HR function verify and ensure that the objectives are actually met. This work is performed with assistance from other internal functions, including administration, finance and control, following approval of the annual financial statements.
- 4.2.5 The Company may establish maximum limits for the variable components and may assess the need to adopt deferred payment mechanisms for all or part of such components.
- 4.2.6 There are no ex-post correction mechanisms for the variable component.

## **4.3 Long-term incentives**

- 4.3.1 To establish incentive mechanisms designed to create value and comply with the relevant requirements envisaged by Borsa Italiana, the Board of Directors may adopt one or more long-term incentive plans for Executive Directors and Executives with Strategic Responsibilities (as well as for collaborators who, in view of their roles - despite not falling within the definition of "strategic executives" in the strictest sense - the Company, acting on a proposal from the compensation committee, has decided to include in the incentive plan) identified by the Board, acting on proposals from the compensation committee and having regard for their roles within the Company and the Group, in order to create value for the Company and the shareholders over a medium/long-term time horizon. These plans will pursue the following aims: (a) maintain an overall competitive remuneration structure to attract and retain the loyalty of experienced persons within the Company and the Aeffe Group; (b) guide the efforts of directors and managers towards the achievement of long-term ratios and goals of strategic interest; (c) align the interests of directors and managers with those of the shareholders.
- 4.3.2 The long-term incentive – structured as a variable compensation system for objectives to be achieved in the medium- and long-term (medium - long-term MBO) – made the payment of a monetary bonus conditional on the achievement of certain performance objectives that can be measurable and are linked in a significant part to a medium - long-term time horizon, in line with the Company's strategic objectives and intended to promote its sustainable success, also including non-financial parameters linked to the achievement of the above-mentioned ESG values. Payment of the bonus depends on continuation of the relationship between the Company or the Group and the beneficiaries. Regarding the respective roles played within the Group and the breadth of the respective operating mandates and after consulting the compensation committee and the Board of Statutory Auditors, the Board of Directors identified the beneficiaries of the Plan and established the size of the bonus for each of them, taking account of their individual position within the Company, their individual total fixed remuneration and, where applicable,

their individual status as a significant shareholder.

4.3.3 On consultation with the compensation committee, the Board of Directors may prepare compensation plans based on financial instruments for authorization at the Shareholders' Meeting, as required by art. 114-*bis* TUF. Such plans may envisage:

- (i) The granting of options for a later purchase of shares in the Company (option grants); settlement of these plans will involve taking physical delivery of the shares (stock options) or even cash based on the differential or the variation of the share prices representative of the company share capital (stock appreciation rights and phantom stock); or
- (ii) direct allocation of shares in the Company (stock grants).

The beneficiaries of these plans may be employees or directors of the Company, or other companies within the Aeffe Group, to be identified based on the objectives, principles and criteria indicated in the previous points of the Remuneration Policy.

Exercising the options (or payment of the differential amount) assigned in the option grant plans is subject to the passing of a suitable period of time (vesting period) to be determined in consideration of the objectives defined based on the parameters that express the creation of value for Aeffe and the Group.

The plans may also envisage that part of the shares purchased by the beneficiaries cannot be sold by them for an established period of time (to be determined having regard for the likely duration of the working relationship). Similarly, if the plans envisage cash payments rather than the physical allocation of shares, it is possible to require a portion of such payments be invested in Company shares that must be retained for a certain period (or other mechanisms of share retention).

The assignment of option rights or shares, as well as the recognition of cash differentials, will be correlated in all cases with the following elements: (i) ability of the individual beneficiary to contribute to the growth of the Company; (ii) the professional skills and effective capability of the beneficiary to contribute to the creation of value in the role performed within the organizational structure; (iii) the overall level of remuneration received; and (iv) the need for retention.

There are no ex-post correction mechanisms for the variable component.

#### **4.4 Policy followed with regard to non-monetary benefits**

In order to provide overall remuneration that is, as far as possible, competitive and aligned with the best practices adopted in each local market, the remuneration package of the Directors and the Executives with Strategic Responsibilities may include non-cash benefits.

#### **4.5 Treatment on termination of mandate or employment relationship**

The Company may agree special treatment associated with the payment of an indemnity (within set limits) that applies on termination of the mandate or the employment of its Directors or Executives with strategic responsibilities. This may be deemed appropriate in order to attract suitable professional resources, or applied as part of the investment agreements signed in the ordinary course of business. The provision of such indemnities is however subject to the prior assessment and approval of the Board of Directors, on consultation with the compensation committee.

No special treatment is currently envisaged in relation to the payment of termination indemnities to executive and non-executive Directors or Executives with Strategic Responsibilities.

#### **4.6 Incentive plans based on shares, options or other financial instruments**

As at the date of this Report and without affecting what is set out in section 4.3.3 above, no incentive plans based on shares, options or other financial instruments are anticipated in favor of the Executive directors, non-executive Directors or Executives with strategic responsibilities.

#### **4.7 Clawback/malus mechanisms**

In light of the specific characteristics of the compensation packages envisaged, in particular, in favor of Directors and Executives with strategic responsibilities, the Board of Directors has decided not to enter into contractual agreements that allow the Company to request the total or partial repayment of variable components of compensation paid, or to withhold amounts deferred, with reference to data that is subsequently found to be manifestly incorrect for other reasons (e.g. clawback/malus clauses).

#### **4.8 Clauses for retaining financial instruments**

As at the date of this Report, the Company has not signed agreements that envisage clauses for retaining financial instruments after their acquisition.

#### **4.9 Insurance cover, assurance and pension schemes supplementing the required cover**

The Company has not arranged insurance cover (in particular, forms of supplementary health insurance) for Directors and the Executives with Strategic Responsibilities.

#### **4.10 Elements of the Remuneration Policy that may be waived in the presence of exceptional circumstances and procedural conditions to which the waiver may apply.**

The Company is not in favor of waiving elements of its Remuneration Policy, not even in the presence of exceptional circumstances.

Consequently, no elements of the Remuneration Policy can be waived, not even temporarily, and no procedures for the application of waivers have been established.

### **5. REMUNERATION OF DIRECTORS**

#### **5.1 Remuneration of directors with specific responsibilities**

5.1.1 Pursuant to para. 3 of art. 2389 c.c. and art. 21 of the articles of association, the remuneration due to directors with specific responsibilities is determined by the Board of Directors, acting on a proposal from the compensation committee and having consulted with the Board of Statutory Auditors. The control, risks and sustainability committee may also be involved in the circumstances envisaged in the Procedure for Related-Party Transactions.

5.1.2 The remuneration of directors with specific responsibilities is structured to reflect the objectives, criteria and principles described in the previous sections of this Remuneration Policy. Considering the special role of these directors and the strategic nature of the work actually performed in order to create value, their fixed remuneration is supplemented by a variable component (in particular, this may be based on a system of short- or medium/long-term objectives, known as the MBO system and/or approved long-term incentive plans, as indicated earlier in this Remuneration Policy). When applying the above criteria, the Board of Directors adopts the principle of substance over form, in order to ensure the most efficient achievement of the objective to align the interests of management with those of the shareholders. Where directors with specific responsibilities and/or a strategic role also hold a significant equity interest in the Company, the Board of Directors may consider the motivation and loyalty requirements to be appropriately satisfied even without applying one or more of the loyalty and incentive tools deemed applicable to other managers.



- 5.1.3 The compensation policy for directors with particular roles provides the balance between the fixed and variable compensation components that is appropriate and coherent with the strategic objectives and risk management policy, in consideration of the business characteristics and the segment, without affecting the variable component representing a significant part of the overall compensation.

## **5.2 Remuneration of non-executive directors**

- 5.2.1 The remuneration of non-executive directors is usually determined on a collective basis at the Shareholders' Meeting that appoints the Board of Directors. Subsequently, in the context of the total remuneration decided at the Shareholders' Meeting pursuant to para. 1 of art. 2389 c.c., the Board of Directors, acting on a proposal from the compensation committee, determines how to allocate such total amount to each non-executive director, so that it is suitable for the competence, professionalism and commitment required by the roles attributed under the board of directors, also as regards their committee memberships.

- 5.2.2 The remuneration of non-executive directors is not usually linked to the economic results of Aeffe.

## **5.3 Compensation policy followed with reference: (i) to independent directors, (ii) to participation in committees and (iii) the fulfillment of particular roles**

In accordance with the recommendations of the Code of corporate governance and as previously indicated in section 5.2 above, the compensation of non-executive directors is not associated with the economic results achieved by the company. The Compensation policy provides for the allocation of an additional fixed amount to non-executive directors and to independent directors who form part of committees formed under the Board, to adequately remunerate the additional activity and commitment provided for the company's benefit. For further information regarding the compensation of directors mandated with particular roles, please refer to section 5.1 above.

## **6. COMPENSATION OF MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

The compensation of the members of the Board of Statutory Auditors is determined at the Shareholders' Meeting based on the skills, professionalism and commitment required by the importance of the role, as well as on the scale and sector of the business, and its situation.

On 12th April 2018, the Shareholders' Meeting fixed the compensation of each member of the Board of Statutory Auditors at the minimum level of the tariffs envisaged by Min. Decree 140/2012, as rounded down to the nearest 5,000 euro. The total annual emoluments are therefore Euro 105,000 (one hundred five thousand) and are allocated among the Statutory Auditors in the annual amount of Euro 30,000 (thirty thousand) for each Serving Auditor and Euro 45,000 (forty-five thousand) for the Chair of the Board of Statutory Auditors; in addition, all members of the Board of Statutory Auditors are entitled to reimbursement for the actual expenses incurred in the performance of their mandate.

Table 1

	<b>OBJECTIVE</b>	<b>BONUS (€)</b>
<b>CHAIRMAN</b>	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 190,000,000 and 199,999,999	200,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	270,000 € 450,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	
<b>DEPUTY CHAIRMAN</b>	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 190,000,000 and 199,999,999	200,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	270,000 € 450,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	
<b>CHIEF EXECUTIVE OFFICER</b>	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 190,000,000 and 199,999,999	200,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	270,000 € 450,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	

Table 2

	OBJECTIVE	BONUS (€)
<b>STRATEGIC EXECUTIVES</b>	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 190,000,000 and 199,999,999	100,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	150,000 €
	Achievement of cumulative consolidated EBITDA objectives for the years 2021-2024 between 200,000,000 and 209,999,999	250,000 €

Table 3

	OBJECTIVE	BONUS (€)
<b>SUSTAINABILITY</b>	Achievement of progress, in at least three years out of four, towards the sustainability objectives indicated in the non-financial statement and certified by the auditing company.	10% of the total bonus indicated in tables 1 and 2 above.  If the variable LTI is not paid in relation to economic performance, reference will be made to the minimum values indicated in tables 1 and 2.

Based on the objectives specified in the new strategic plan and after having consulted the compensation committee, the executive committee will present the new MBO LTI plan for the years 2025-2026-2027 to the Board of Directors by the end of November 2024.

## SECTION II

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### COMPENSATION PAID IN 2023

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### **First Part**

The First Part of Section II of this Remuneration Report describes each element of the remuneration of the Directors, the Board of Statutory Auditors and the Executives with Strategic Responsibilities of Aeffe, including the treatment envisaged on termination of their mandates or employment relationships. Such remuneration is consistent with the Remuneration Policy adopted by the Company for 2020 and contributes to the corporate strategy, long-term interests and sustainability of the Company, as it allows the attraction, retention and motivation of experienced professional personnel, who have the ability and professionalism required for the optimal management and pursuit of the objectives of the Company and the Aeffe Group.

The governance system and operational models adopted and implemented by the Company have always essentially complied with the recommendations of the Corporate Governance Code, including those on remuneration.

Given that Aeffe is defined as a "smaller company" pursuant to art. 3.1.f) of the Regulations, the information provided about the remuneration of Executives with Strategic Responsibilities is provided in tables on an aggregated basis, specifying the number of persons concerned. This approach is allowed for smaller companies pursuant to Format 7-bis of Attachment 3A to the Issuers' Regulations.

The items comprising remuneration are indicated in detail the Table 1, in Format 7-bis of Attachment 3A of the Issuers' Regulations, indicated as an appendix to the Second Part of this Section II.

## **A.1 BOARD OF DIRECTORS**

### **A.1.1 Directors with specific responsibilities**

#### **Chairman with executive powers**

Massimo Ferretti, Chairman of Aeffe S.p.A. with executive powers, has received gross annual emoluments for this appointment of 1,000,000 euro from Aeffe S.p.A., plus total remuneration as a director of subsidiary companies of 57,000 euro.

Annual incentive remuneration, linked to the achievement of objectives, is also envisaged in addition to the basic remuneration already received as an Executive Director of the Company. In particular, the receipt of 9% of each euro of normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 600,000.00 euro.

In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 450,000 euro), intermediate (incentive of 270,000 euro) or minimum (incentive of 200,000 euro).

Massimo Ferretti is entitled to the following benefit: CAR

#### **Deputy Chairman with executive powers**

Alberta Ferretti, Deputy Chairman of Aeffe S.p.A. with executive powers, has received gross annual emoluments for this appointment of 60,000 euro from Aeffe S.p.A.

Annual incentive remuneration, linked to the achievement of objectives, is also envisaged in addition to the basic remuneration already received as an Executive Director of the Company. In particular, the receipt of 9% of each euro of normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 600,000.00 euro.

In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 450,000 euro), intermediate (incentive of 270,000 euro) or minimum (incentive of 200,000 euro).

Aeffe has also signed a styling consultancy contract with Alberta Ferretti; in this regard, in addition to her emoluments as a director of Aeffe S.p.A., Aeffe pays Alberta Ferretti a total annual amount of 1,000,000.00 euro.

Alberta Ferretti is entitled to the following benefit: CAR

#### **Chief Executive Officer**

Simone Badioli, Chief Executive Officer of Aeffe S.p.A., has received gross annual emoluments for this appointment of 360,000 euro from Aeffe S.p.A., plus total remuneration as a director of subsidiary companies of 57,000 euro.

Annual incentive remuneration, linked to the achievement of objectives, is also envisaged in addition to the basic remuneration already received as an Executive Director of the Company. In particular, the receipt of 4% of each euro of normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) in excess of 38 million euro reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 250,000.00 euro.

In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 450,000 euro), intermediate (incentive of 270,000 euro) or minimum (incentive of 200,000 euro).

Simone Badioli is entitled to the following benefit: CAR

**Executive Director, Member of the Executive Committee and operations director**

Having consulted the compensation committee, the Board of Directors has decided to recognize to Giancarlo Galeone, Executive Director of Aeffe S.p.A., gross annual emoluments for this appointment of 110,000 euro with effect from 27th January 2022, plus total gross annual remuneration as a director of subsidiary companies of 15,000 euro.

Annual incentive remuneration, linked to the achievement of objectives, is also envisaged in addition to the basic remuneration already received as an Executive Director of the Company. In particular, the receipt of 1% of the increase over the prior year in the normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 50,000 euro. Payment of this bonus is conditional on the achievement of a break-even position after taxation, with a minimum adjusted Ebitda of 30 million euro. The Ebitda calculation takes account of all costs relating to this bonus and all costs relating to the MBO bonuses of other employees and Directors. The bonus is paid during the first month following approval of the Consolidated Financial Statements of the Aeffe Group. In the event of his termination as Director during the second semester, prior to year end, a proportional bonus would be paid based on the months of actual service. This payment would also be made in the first month following approval of the Consolidated Financial Statements.

In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 150,000 euro), intermediate (incentive of 100,000 euro) or minimum (incentive of 75,000 euro).

Giancarlo Galeone is not entitled to any benefits.

**Director, Operations Manager in Aeffe S.p.A.**

Having consulted the compensation committee, the Board of Directors has decided to recognize to Francesco Ferretti, Operations Manager in Aeffe S.p.A., gross annual emoluments for this appointment of 30,000 euro with effect from 8th June 2023, plus total gross annual remuneration as a director of subsidiary companies of 24,000 euro.

In addition, for the role of Operations Manager in Aeffe S.p.A., Francesco Ferretti receives as an executive gross annual remuneration of 150,000 euro, which is paid monthly by Aeffe S.p.A.

In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 250,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 100,000 euro).

Annual incentive remuneration, linked to the achievement of objectives, is also envisaged in addition to the basic remuneration already received as a Director of the Company. In particular, the receipt of 2% of the increase over the prior year in the normalized (considering the costs and revenues relating to core operations, even if not recorded in the approved financial statements, and excluding any extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements) Ebitda (absolute value) reported in the **Consolidated Financial Statements of Aeffe Group**, up to a maximum gross bonus of 40,000.00 euro. Payment of this MBO bonus is conditional on the achievement of a break-even position after taxation.

The Ebitda calculation takes account of all costs relating to this MBO bonus and all costs relating to the MBO bonuses of other employees and Directors.

Francesco Ferretti is entitled to the following benefit: CAR

#### **A.1.2 Non-executive Directors of Aeffe S.p.A.**

The non-executive Directors of Aeffe S.p.A. receive the following gross annual emoluments for their appointments:

- Daniela Saitta: Euro 30,000;
- Roberto Lugano: Euro 30,000;
- Bettina Campedelli: Euro 30,000;
- Francesca Pace: Euro 30,000.
- Marco Francesco Mazzù: Euro 30,000.

#### **A.2 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

See the contents of section A. 1.1 above with regard to the Directors with Specific Responsibilities.

The Company established an Executive Committee on 17th December 2021, which comprises Massimo Ferretti, Simone Badioli and Giancarlo Galeone and Francesco Ferretti (from 28th July 2023).

##### Other Executives with Strategic Responsibilities

Matteo Scarpellini – Group CFO

Marco Piazzi – General Manager of Pollini S.p.A.

Goffredo Palmerini – General Manager of the Moschino brand

Fausto Bacchini - HR Group Director

Francesco Ferretti – Operations Manager of Aeffe S.p.A.

Pursuant to art. 3.1.f) of the Issuers' Regulations and as allowed by Format 7-bis of Attachment 3A of the Issuers' Regulations, the information about the remuneration of the above Executives with Strategic Responsibilities is provided in tables on an aggregated basis, specifying the number of persons concerned.



In implementation of the established long-term incentive plan, which specifies the interval between 1st January 2021 and 31st December 2024 as the period available for the achievement of the objectives, the Company envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - payment to the Executives with Strategic Responsibilities of a fixed incentive (to be paid in a lump sum at the end of the Plan period) that depends on the extent to which the objectives have been met: maximum (incentive of 250,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 100,000 euro). Recognizing that the Group CFO was appointed in July 2022 and acting on a proposal from the Compensation Committee, the Board decided not to modify the Plan objectives, but rather to adjust the amount of the incentive in proportion to his seniority within the Group. The total amount of the incentive (to be paid in a lump sum at the end of the Plan period), depending on achievement of the maximum, intermediate and minimum objectives indicated in the Plan, was therefore determined to be Euro 150,000, Euro 100,000 and Euro 75,000 respectively.

### **A.3 BOARD OF STATUTORY AUDITORS**

The total annual emoluments of the Board of Statutory Auditors were fixed at the Shareholders' Meeting at Euro 105,000 (one hundred five thousand) and allocated among the Statutory Auditors in the annual amount of Euro 30,000 (thirty thousand) for each Serving Auditor and Euro 45,000 (forty-five thousand) for the Chairman of the Board of Statutory Auditors, plus, for all members of the Board of Statutory Auditors, reimbursement of the actual expenses incurred in the performance of their mandate.

Therefore, the members of the Board of Statutory Auditors of Aeffe S.p.A. receive the following gross annual emoluments for their appointments:

- Stefano Morri - Chairman of the Board of Statutory Auditors: Euro 45,000;
- Carla Trotti – Serving Auditor: Euro 30,000;
- Fernando Ciotti – Serving Auditor: Euro 30,000.

### **Non-cash benefits**

The Serving Auditors are not entitled to any benefits.

### **B. INDEMNITIES AND/OR OTHER BENEFITS UPON TERMINATION OF OFFICE OR FOR DISMISSAL DURING 2023**

Except as indicated in point A 1.1, no indemnities and/or other benefits were paid upon termination of office or for dismissal during 2023.

### **C. EXCEPTIONS TO THE REMUNERATION POLICY**

The Company did not make any exceptions to the Remuneration Policy during 2023.

### **D. MECHANISMS FOR CORRECTING THE VARIABLE COMPONENT**

No ex-post correction mechanisms for the variable component (malus or clawback) were applied during 2023.

### **E. TRENDS IN THE REMUNERATION AND COMPENSATION PAID BY THE COMPANY THE LAST FIVE PERIODS**

There were no significant changes in the remuneration and compensation paid by the Company during the past five years.

**F. INFORMATION ABOUT HOW THE COMPANY TOOK ACCOUNT OF THE VOTE EXPRESSED AT THE SHAREHOLDERS' MEETING ON SECTION II OF THE REMUNERATION REPORT FOR 2022**

The Shareholders' Meeting held on 27th April 2023 voted in favor of Section II of the Remuneration Report for 2022 and no indications from the shareholders were recorded for consideration in relation to this Report.

## **Second Part**

The Second Part details in the following tables the compensation paid in 2023, in whatever form and for whatever reason, to the Directors and the Executives with Strategic Responsibilities by Aeffe and its subsidiaries and associates.

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Massimo Ferretti	Chairman	01/01/2023-31/12/2023	2024*	1,065,600	n.a.	n.a.	n.a.	6,104	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				1,065,600						1,065,600		
<i>(II) Remuneration from subsidiaries and associates</i>				269,700						269,700		
<i>(III) Total</i>				1,335,300				6,104		1,341,404		

\*year in which his mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Alberta Ferretti	Deputy Chairman	01/01/2023-31/12/2023	2024*	157,500	n.a.	n.a.	n.a.	7,599	1,000,000 <sup>1</sup>		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				157,500						157,500		
<i>(II) Remuneration from subsidiaries and associates</i>				100,830						100,830		
<i>(III) Total</i>				258,330				7,599		258,330		

\*year in which her mandate expires at the Shareholders' Meeting held to approve the financial statements

<sup>1</sup> This remuneration relates to the styling consultancy contract arranged with the Company

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Simone Badioli	Chief Executive Officer	01/01/2023-31/12/2023	2024*	332,000	n.a.		n.a.	5,198	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				332,000						332,000		
<i>(II) Remuneration from subsidiaries and associates</i>				157,500						157,500		
<i>(III) Total</i>				489,500				5,198		489,500		

\*year in which his mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Giancarlo Galeone	Executive Director	01/01/2023-31/12/2023	2024*	115,000	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				115,000						115,000		
<i>(II) Remuneration from subsidiaries and associates</i>				26,625						26,625		
<i>(III) Total</i>				141,625						141,625		

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for	Non-equity variable remuneration	Non-cash benefits	Other remuneration	Total	Fair value of equity	Termination or leaving

					committ ee work	Bonus and other incentives	Profit participati on				remun- eration	indemnity
Francesco Ferretti	Executive Director	01/01/202 3- 31/12/202 3	2024*	150,000	n.a.	n.a.	n.a.	3,590	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				16,800						16,800		
<i>(II) Remuneration from subsidiaries and associates</i>				35,625						35,625		
<i>(III) Total</i>				52,425						52,625		

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandat e	Fixed remun- eration	Remun- eration for committ ee work	Non-equity variable remuneration		Non- cash benefit s	Other remun- eration	Total	Fair value of equity remun- eration	Termin- ation or leaving indemnity
						Bonus and other incentives	Profit participati on					
Francesco Ferretti	Operati ons Manager in Aeffe S.p.A.	01/01/202 3- 31/12/202 3	2024*	0	n.a.	n.a.	n.a.	0	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				16,800						16,800		



<i>(II) Remuneration from subsidiaries and associates</i>				35,625						35,625		
<i>(III) Total</i>				52,425						52,625		
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Roberto Lugano	Non-Executive Director	01/01/2023 - 31/12/2023	2024*	30,000	3,000	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				30,000	3,000					33,000		
<i>(II) Remuneration from subsidiaries and associates</i>												
<i>(III) Total</i>				30,000	3,000					33,000		

\*year in which his mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Daniela Saitta	Independent Director	01/01/2023-31/12/2023	2024*	30,000	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				30,000						30,000		
<i>(II) Remuneration from subsidiaries and associates</i>												
<i>(III) Total</i>				30,000						30,000		

\*year in which her mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Francesca Pace	Independent Director	01/01/2023-31/12/2023	2024*	30,000		n.a.	n.a.	n.a.	n.a.	30,000	n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				30,000								
<i>(II) Remuneration from subsidiaries and associates</i>												
<i>(III) Total</i>				30,000						30,000		

\*year in which her mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Bettina Campedelli	Non-Executive Director	01/01/2023-31/12/2023	2024*	30,000	n.a.	n.a.	n.a.	n.a.	n.a.	30,000	n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				30,000								
<i>(II) Remuneration from subsidiaries and associates</i>												
<i>(III) Total</i>				30,000						30,000		

\*year in which her mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
Marco Francesco Mazzù	Non-Executive Director	01/01/2023-31/12/2023	2024*	30,000	n.a.	n.a.	n.a.	n.a.	n.a.	30,000	n.a.	n.a.
<i>(I) Remuneration from the company preparing the financial statements</i>				30,000								
<i>(II) Remuneration from subsidiaries and associates</i>												
<i>(III) Total</i>				30,000						30,000		

\*year in which his mandate expires at the Shareholders' Meeting held to approve the financial statements

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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Name and Surname	Position	Period in office	Expiry of mandate	Fixed remuneration	Remuneration for committee work	Non-equity variable remuneration		Non-cash benefits	Other remuneration	Total	Fair value of equity remuneration	Termination or leaving indemnity
						Bonus and other incentives	Profit participation					
7 Executives with Strategic Responsibilities	Group CFO, General Manager of the Moschino brand, HR Director	01/01/2023-31/12/2023	n.a.	886,000	20,000	0		18,200				20,000
<i>(I) Remuneration from the company preparing the financial statements</i>				686,000		0		15,200	0	701,200		20,000
<i>(II) Remuneration from subsidiaries and associates</i>				200,000	20,000	0		3,000	244,000	467,000		318,000
<i>(III) Total</i>				886,000	20,000	0		18,200	244,000	1,168,200		320,000

**Stock options granted to the Directors, the General Manager and the Executives with Strategic Responsibilities (not applicable)**

A	B	(1)	Options held at the start of the year			Options granted during the year						Options exercised during the year			Options that expired during the year	Options held at the end of the year	Options relating to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
Name and Surname	Position	Plan	Number of options	Exercise price	Exercise period (from - to)	Number of options	Exercise price	Available exercise period (from -to)	Fair value at grant date	Grant date	Market price of underlying shares at grant date	Number of options	Exercise price	Market price of underlying shares at exercise date	Number of options	Number of options	Fair value
																(15) = (2) + (5) + (11) + (14)	(16)

### **3. Incentive plans for Directors and the Executives with Strategic Responsibilities**

#### **3A: Incentive plans based on financial instruments, other than stock options, for Directors and the Executives with Strategic Responsibilities**

At present, there are no incentive plans based on financial instruments other than stock options (e.g. restricted stock, performance shares, phantom stock etc.) and/or stock options (envisaged for members of the Board of Directors and Executives with Strategic Responsibilities).

#### **3.B Cash-based incentive plans for Directors, the General Manager and the Executives with Strategic Responsibilities**

With reference to the incentive plans described in part A of this Report and the results for 2023, the Executive Directors will not earn any bonuses should the financial statements as of 31st December 2023 be approved at the Shareholders' Meeting.



### Equity interests

The following tables, prepared in compliance with Attachment 3B, Format 7-ter of the Issuers' Regulations, show the equity interests during 2022 of the Directors and Executives with Strategic Responsibilities in the Company and its subsidiaries.

**TABLE A: Directors and General Manager**

Name and Surname	Position	Company held	Shares held at the end of the prior year	No. shares purchased	No. shares sold	Shares held at the end of the current year
Massimo Ferretti	Chairman with executive powers and member of the Executive Committee	Aeffe S.p.A.	63,000	-	-	63,000
Alberta Ferretti	Deputy Chairman with executive powers	Aeffe S.p.A.	40,000	-	-	40,000
Simone Badioli	Chief Executive Officer and member of the Executive Committee	Aeffe S.p.A.	282,942	-	-	282,942
Giancarlo Galeone	Executive Director and member of the Executive Committee	=	-	-	-	-
Roberto Lugano	Non-executive Director - Member of the control, risks and sustainability committee and the compensation committee	=	-	-	-	-
Daniela Saitta	Independent Director - Member of the control, risks and sustainability committee and Chair of the compensation committee - Lead Independent Director	=	=	=	=	=
Bettina Campedelli	Independent Director - Chair of the control, risks and sustainability committee	=	=	=	=	=
Francesca Pace	Independent Director - Member of the compensation committee	=	=	=	=	=
Marco Francesco Mazzù	Independent Director	=	=	=	=	=



Francesco Ferretti	Executive Director and member of the Executive Committee	=	=	=	=	=
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**TABLE B: Executives with Strategic Responsibilities**

<b>Name and Surname</b>	<b>Position</b>	<b>Company held</b>	<b>Shares held at the end of the prior year</b>	<b>No. shares purchased</b>	<b>No. shares sold</b>	<b>Shares held at the end of the current year</b>
Matteo Scarpellini	-	=	-	-	-	-
Marco Piazzi	General Manager Pollini spa	=	-	-	-	-
Fausto Bacchini	HR Group Director	Aeffe S.p.A.	13,900	-	-	13,900
Goffredo Palmerini	General Manager of the Moschino brand	Aeffe S.p.A.	2,400	-	-	2,400