

AEFFE S.P.A.

REPORT ON COMPENSATION POLICY AND PAYMENTS MADE

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

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COURTESY TRANSLATION.

IN CASE OF DISCREPANCY WITH THE ITALIAN VERSION, THE LATTER WILL PREVAIL.

INTRODUCTION

This Compensation Report (the “**Report**”) has been prepared pursuant to art. 123-ter of Legislative Decree 58 dated 24 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 14 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 "Compensation 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 12 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 Compensation Policy, and the parties involved.

Specifically, the Compensation 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) Specify the elements it may not apply to in exceptional circumstances, and the procedural conditions under which the derogation 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 28 April 2021.

Section II, “Fees paid during the 2020 period”, 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 the 2020 period (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 28 April 2021, 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 management, administrative and accounts 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, the Section "*Aeffe Governance/Compensation policy*".

The Shareholders' Meeting of the Company on 22 April 2020 approved Section I of the compensation report and report on payments made in 2019 with a binding vote. The percentage of votes in favor was 88.864% of those who voted.

SECTION I

"COMPENSATION POLICY"

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1. INTRODUCTION

1.1 This document (the “**Compensation 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 The Compensation 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 24 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 10 November 2010 (the “**Procedure for Related-Party Transactions**”).

(ii) was approved on 25th March 2021 by the board of directors of the company, on the proposal of 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 COMPENSATION POLICY

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

2.1.1 The Compensation 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 Compensation 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 Compensation 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 one;
- (vi) establishing an internal compensation committee and determining its responsibilities, in accordance with the recommendation of the Code of corporate governance;
- (vii) approving the Compensation 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 Compensation party as also described in this Section.

2.1.6 Those responsible for the correct implementation of the Compensation 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 compensation 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 compensation policy and specifically verifies the effective achievement of performance objectives;
- d. Periodically assesses the adequacy and overall suitability of the compensation 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 the Compensation Policy, the compensation committee comprises the following non-executive directors: Daniela Saitta (independent director and acting Chair), Roberto (non executive director) and Michela Zeme (independent director). The Board of Directors assessed the adequacy of knowledge and experience on financial matters or compensation policies of the 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 Chairman 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 Compensation Policy**

To achieve continuity with previous periods and in accordance with the recommendations made on the matter in art. 5 of the code of self-regulation, 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 compensation policy of the company has been defined with careful attention to new market approaches but without particular reference to the compensation policies adopted by other specific companies.

2.3 Compensation 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 Compensation policy

The compensation 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 company 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 attributed, and the separate competence of each person, always within a view of maximum objectivity, in order to avoid any form of discrimination.

The compensation of the 4.1% of the company workforce of Aeffe S.p.A. and of 5.1% of the company workforce of 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, 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, to the aim of allow and develop creativity, organization, order, planning ability finalized to the improvement of the company results;
- ii. Collaboration: adoption, at the company offices, of spaces and smart technologies, intended to achieve continuity globally and seamlessly engender value in the company and individuals;
- iii. Orientation of individual and professional development: via an environment that facilitates the development and the improvement of knowledge and skills; the global dimension, which facilitates continual, complex and innovative challenges to be tackled, opening major opportunities for growth.

Save as indicated below, the Compensation policy described in this report does not differ substantially from the one implemented in the previous period. In consideration of national and international best practices, the company has maintained the guiding principles and leading elements of the compensation policy unchanged while introducing certain innovations intended to consolidate the company's socially

responsible approach. Specifically, certain changes have been introduced to the variable compensation system, via the provision of scenarios associated with objectives that are not strictly financial associated with the pursuit of ESG values.

2.5 Duration

The term of this Compensation policy is in line with the office of the Board of Directors and therefore will be effective until the approval of the financial statements for the period to 31 December 2022, remaining in force until the approval of a new policy for the subsequent period.

3. PURPOSE AND PRINCIPLES OF THE COMPENSATION POLICY

- 3.1 The Compensation 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 compensation policy contributes to the company strategy, the achievement of the Company's long-term interests and sustainability. The shareholders make an important contribution in that sense, being called to express their binding vote on the Compensation policy, which describes each of the items that make up the remuneration of Directors, Auditors and Executives with strategic responsibilities and therefore has different content and broader respect of the resolutions taken on compensation envisaged in articles 2364, 2389 and 2402, Italian civil code.
- 3.2 To achieve the above aims, the Compensation 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 the achievement 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 can recognize the professional value of the persons involved and facilitate an adequate balance of fixed and variable components with the intention of creating sustainable value in the medium and long term and to guarantee a direct connection between compensation and specific performance objectives, creating a working environment inclusive of all forms of diversity that can favor the expression of the individual's potential, and attract, retain and motivate.

In implementing the aforesaid principles, the payment of a variable component of compensation (short and/or medium- and long-term) is not an exclusive condition of specifically financial performance objectives but also strategic drivers and goals in terms of environmental and social sustainability within the company culture. The decision to integrate the objectives of the variable

component with ESG (Environmental, Social and Governance) performance objectives only confirms the company's commitment to unite operational, economic and financial robustness with social and environmental responsibility and to further develop an internal culture of sustainability, linking it with substantive and measurable objectives. The allocation of Aeffe performance and sustainability commitments, linked to the variable compensation component, will be set out in detail by the Board of Directors with the support of human resources.

- **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 aim of 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 current percentage weighting of the fixed component, the short-term variable component and the medium- and long-term variable component on the compensation package of Directors and Executives with strategic responsibilities.

| | | |
|-----------------------|---------------------------------------|---|
| <i>President</i> | <i>Variable, short-term component</i> | <i>Variable, middle- long- term component</i> |
| | 0 | <i>in case of achievement of maximum target 12,8%</i> |
| | | <i>in case of achievement of intermediate target 9,6%</i> |
| | | <i>in case of achievement of minimum target 4,8%</i> |
| <i>Vice President</i> | <i>Variable, short-term component</i> | <i>Variable, middle- long- term component</i> |
| | 0 | <i>in case of achievement of maximum target 12,8%</i> |
| | | <i>in case of achievement of intermediate target 9,6%</i> |
| | | <i>in case of achievement of minimum target 4,8%</i> |

| | | |
|-----------------------------------|--|--|
| C.E.O. | <i>Variable, short-term component (effect on annual compensation)</i> | <i>Variable, middle- long- term component</i> |
| | 36,2% | <i>in case of achievement of maximum target 45,9%</i> |
| | | <i>in case of achievement of intermediate target 34,4%</i> |
| | | <i>in case of achievement of minimum target 17,2%</i> |
| Managing Director Aeffe and Group | <i>Variable, short-term component (effect on annual compensation)</i> | <i>Variable, middle- long- term component</i> |
| | 32,3% | <i>in case of achievement of maximum target 31,9%</i> |
| | | <i>in case of achievement of intermediate target 23,9%</i> |
| | | <i>in case of achievement of minimum target 11,9%</i> |
| Managing Director Moschino | <i>Variable, short-term component (effect on annual compensation)</i> | <i>Variable, middle- long- term component</i> |
| | 0 | <i>in case of achievement of maximum target 41,7%</i> |
| | | <i>in case of achievement of intermediate target 31,3%</i> |
| | | <i>in case of achievement of minimum target 15,4%</i> |
| Managing Director Pollini | <i>Variable, short-term component (effect on annual compensation)</i> | <i>Variable, middle- long- term component</i> |
| | 6,7% | <i>in case of achievement of maximum target 23,9%</i> |
| | | <i>in case of achievement of intermediate target 17,7%</i> |
| | | <i>in case of achievement of minimum target 9,6%</i> |
| Managing Director Velmar | <i>Variable, short-term component (effect on annual compensation)</i> | <i>Variable, middle- long- term component</i> |
| | 12% | <i>in case of achievement of maximum target 34%</i> |
| | | <i>in case of achievement of intermediate target 25,2%</i> |
| | | <i>in case of achievement of minimum target 13,6%</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 Variable, short-term component - known as *Management by Objectives*

4.2.1 Variable remuneration is directly correlated with the achievement of financial objectives, as well as with the short-term performance and results of the individual concerned or with those of the Company and the Aeffe Group, or indeed with a combination of these 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 balance 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, or Management by Objectives (MBO); accordingly, executives with strategic responsibilities are motivated via the recognition of variable remuneration tied to their achievement of specific performance objectives (financial). These predetermined and measurable objectives are identified with the support of the managers of the various areas of business in the company, human resources using the consolidated economical parameters (i.e. Ebitda).

4.2.4 The Board of Directors and the human resources function verify and ensure that the objectives are actually met. This work is performed with assistance from other internal functions, including administration, 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 correction mechanisms for the variable component after the event.

4.3 Long-term incentives

4.3.1 To establish incentive mechanisms intended for the creation of value, also with the aim of respecting the relevant requirements prescribed by Borsa Italiana, one or more long-term incentive plans may be

adopted by the Board of Directors for Executive Directors and Executives with Strategic Responsibilities, as identified by the board acting on proposals from the Compensation Committee, 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 be intended for achievement of the following aims: (a) maintaining an overall competitive remuneration structure to attract and retain the loyalty of experienced persons within the Company and the Aeffe Group; (b) guiding the efforts of the directors and managers towards the achievement of long-term ratios and goals of strategic interest; (c) aligning 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 Compensation 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 (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 correction mechanisms for the variable component after the event.

4.4 Policy followed with regard to non-monetary benefits

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 could include certain 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 other 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.

Currently, there are no special treatments associated with the payment of an indemnity in favor of Executive Director 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 favor of directors and executives with strategic responsibilities in particular, the board of directors has evaluated not entering into contractual agreements that allow the company to request the whole or part repayment of variable components of compensation paid or to withhold offset amounts, determined based on data that is subsequently found to be manifestly incorrect or other circumstances (e.g. clawback/malus clauses).

4.8 Clauses for maintaining financial instruments

As at the date of this Report, the company has not signed agreements that envisage clauses for maintaining financial instruments after the purchase.

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

The company has not taken out insurance cover (forms of supplementary health care insurance in particular) to benefit directors and executives with strategic responsibilities.

4.10 Elements of the compensation policy that may be delegated in the presence of exceptional circumstances and procedural conditions to which the derogation may apply.

The Company is not in favor of procedures for going back on its compensation policy, not even in the presence of exceptional circumstances.

Consequently, no elements of the compensation policy can be delegated, not even temporarily, neither have procedural conditions been regulated for applying such derogations.

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 risk control 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 Compensation 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 an MBO system and/or possible approved long-term incentive plans, as indicated earlier in this Compensation 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 composition of members of the Board of statutory auditors is determined by the shareholders' meeting based on the competence, professionalism and commitment required by the relevance of the role held and the scale of the business segment and its situation.

On 12 April 2018, the meeting established the remuneration of each member of the Board of Statutory Auditors with the minimum tariffs envisaged by Min. Decree 140/2012, as rounded down to the nearest Euro 5,000. The total annual emoluments are therefore fixed at Euro 105,000 (one hundred five thousand) per annum 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.

SECTION II

PAYMENTS MADE DURING 2020

First part

The first part of Section II of this Compensation Report describes each element of the remuneration of the Directors, the General Manager and the Executives with Strategic Responsibilities at Aeffe, including the treatment envisaged on termination of their mandates or employment relationship. Please note that such compensation conforms to the compensation policy adopted by the company with reference to the 2020 period and contributes to the company strategy, the achievement of its long-term interests and sustainability as it allows professional qualified individuals to be attracted, retained and incentivized; people who have the professional capacity required for optimum management of the company and the Group.

The governance system and operational models adopted by the company have always essentially formed the recommendations provided in the code of corporate governance, including the recommendations relating to 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 that make up 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.

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, receives gross annual emoluments for this appointment of 1,260,000 euro from Aeffe S.p.A., plus total remuneration as a director of subsidiary companies of 300,000 euro.

In implementation of the long-term incentive Plan, which establishes the interval between 1st January 2017 and 31st December 2020 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 200,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 75,000 euro).

From the outcomes following approval of the consolidated financial statements of the Aeffe Group at 31/12/2020, the aggregate Ebitda objectives (the values of which are not indicated here for confidentiality reasons, as these are strategically sensitive), set out in the Plan were not achieved therefore it did not accrue in favor of Mr. Ferretti the right to the payment of any incentive.

No benefits are envisaged for Mr. Massimo Ferretti.

Deputy Chairman with executive powers

Alberta Ferretti, Deputy Chairman of Aeffe S.p.A. with executive powers, receives gross annual emoluments for this appointment of 450,000 euro from Aeffe S.p.A., plus total remuneration as a director of subsidiary companies of 110,000 euro.

In implementation of the long-term incentive Plan, which establishes the interval between 1st January 2017 and 31st December 2020 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 200,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 75,000 euro).

From the outcomes following approval of the consolidated financial statements of the Aeffe Group at 31/12/2020, the aggregate Ebitda objectives (the values of which are not indicated here for confidentiality reasons, as these are strategically sensitive), set out in the Plan were not achieved therefore it did not accrue in favor of Mrs. Ferretti the right to the payment of any incentive

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.

No benefits are envisaged for Ms. Alberta Ferretti.

Chief Executive Officer

Simone Badioli, Chief Executive Officer of Aeffe S.p.A., receives gross annual emoluments for this appointment of 250,000 euro from Aeffe S.p.A., plus total remuneration as a director of subsidiary companies of 185,000 euro.

The Chief Executive Officer Simone Badioli has been prescribed an incentivized annual compensation linked to objectives achieved, in addition to the remuneration already received as the Chief Executive Officer of the Company. In particular, Simone Badioli receives 4% of the increase over the year in the absolute value of the normalized Ebitda (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) reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 250,000 euro. The Ebitda calculation takes account of all costs relating to the above MBO bonus and all costs relating to the MBO bonuses of other employees and directors. In addition, in order to be eligible for the bonus, the Group's post-tax results (consolidated net profit/loss for the year) must be greater than or equal to zero. The bonus 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.

With reference to the above incentivized annual compensation, in year 2020, Mr. Badioli did not mature bonus.

In implementation of the long-term incentive Plan, which establishes the interval between 1st January 2017 and 31st December 2020 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 200,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 75,000 euro).

From the outcomes following approval of the consolidated financial statements of the Aeffe Group at 31/12/2020, the aggregate Ebitda objectives (the values of which are not indicated here for confidentiality reasons, as these are strategically sensitive), set out in the Plan were not achieved therefore it did not accrue in favor of Mr. Badioli the right to the payment of any incentive.

No benefits are envisaged for Mr. Simone Badioli.

General Manager

Marcello Tassinari, General Manager of Aeffe S.p.A., receives annual remuneration of Euro 462,000 and gross annual emoluments for his directorship position of 30,000 euro. He also receives total remuneration as a director of subsidiary companies of 87,000 euro.

Marcello Tassinari also receives annual incentive remuneration, linked to the achievement of objectives, in addition to his basic remuneration as the General Manager of the Company. In particular, Marcello Tassinari receives 4% of the increase over the year in the absolute value of the normalized Ebitda (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) reported in the Consolidated Financial Statements of the Aeffe Group, up to a maximum gross bonus of 250,000.00 euro. The Ebitda calculation takes account of all costs relating to the above MBO bonus and all costs relating to the MBO bonuses of other employees and directors. In addition, in order to be eligible for the bonus, the Group's post-tax results (consolidated net profit/loss for the year) must be greater than or equal to zero. The bonus 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.

With reference to the above incentivized annual compensation, in year 2020, Mr. Tassinari did not mature bonus.

In implementation of the long-term incentive Plan, which establishes the interval between 1st January 2017 and 31st December 2020 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 200,000 euro), intermediate (incentive of 150,000 euro) or minimum (incentive of 75,000 euro).

From the outcomes following approval of the consolidated financial statements of the Aeffe Group at 31/12/2020, the aggregate Ebitda objectives (the values of which are not indicated here for confidentiality reasons, as these are strategically sensitive), set out in the Plan were not achieved therefore it did not accrue in favor of Mr. Tassinari the right to the payment of any incentive.

No benefits are envisaged for Mr. Marcello Tassinari.

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 gross per annum;
- Roberto Lugano: Euro 30,000 gross per annum; plus Euro 3,000 as a member of the Supervisory Body;
- Bettina Campedelli: Euro 30,000 gross per annum;
- Michela Zeme: Euro 30,000 gross per annum;
- Francesco Mazzù Euro 30,000 gross per annum.

A.2 EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Marcello Tassinari – General Manager of Aeffe S.p.A.

See the information provided in paragraph A.1.1. above.

Other Executives with Strategic Responsibilities

Stefano Secchi – General Manager of Moschino S.p.A.

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

Luca Gori – General Manager of Velmar 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.

Please note that, in implementation of the long-term incentive Plan, which establishes the interval between 1st January 2017 and 31st December 2020 as the period available for the achievement of the objectives, the Company also envisages - subject to the achievement of the objectives and to the other conditions specified in the Plan - the payment of a fixed incentive (in a lump sum at the end of the Plan period) to the above Executives with Strategic Responsibilities that depends on the extent to which the objectives have been met: maximum, intermediate or minimum.

From the outcomes following approval of the consolidated financial statements of the Aeffe Group at 31/12/2020, the aggregate Ebitda objectives (the values of which are not indicated here for confidentiality reasons, as these are strategically sensitive), set out in the Plan were not achieved therefore it did not accrue in favor of Executives with Strategic Responsibilities the right to the payment of any incentive.

A.3 BOARD OF STATUTORY AUDITORS

The total annual emoluments due to the Board of statutory auditors was established by 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:

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

Non-cash benefits

No benefits are envisaged for serving auditors.

B. INDEMNITIES AND/OR OTHER BENEFITS UPON TERMINATION OF OFFICE OR FOR DISMISSAL DURING THE 2020 PERIOD

During 2020, no indemnity and/or other benefits were paid upon termination of office or for dismissal.

C. DEROGATIONS OF THE COMPENSATION POLICY

During the 2020 period, the company did not apply derogations to the compensation policy.

D. MECHANISMS OF CORRECTING THE VARIABLE COMPONENT

During the 2020 period, no corrections of the variable component (malus or clawback) were applied after the fact.

E. VARIATION OF TRENDS RELATING TO REMUNERATION AND PAYMENTS MADE BY THE COMPANY THE LAST FIVE PERIODS

In the last five years, there have been no significant changes concerning the remuneration paid by the company.

F. INFORMATION RELATING TO METHODS BY WHICH THE COMPANY CONSIDERED THE VOTE EXPRESSED BY THE SHAREHOLDERS' MEETING ON SECTION II OF THE COMPENSATION REPORT OF THE 2020 PERIOD

The shareholders' meeting held on 22 April 2020 voted in favor on Section II of the Compensation Report for the 2020 period and no indications were recorded from the shareholders to be considered for the purposes of this report.

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Second part

The second part presents in detail the 2020 remuneration paid, in whatever form and for whatever reason, to the Directors, the General Manager 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 | 01/01/2020-31/12/2020 | 2022* | 1,260,000 | 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> | | | | 1,260,000 | | | | | | 1,260,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | 300,000 | | | | | | 300,000 | | |
| <i>(III) Total</i> | | | | 1,560,000 | | | | | | 1,560,000 | | |

*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 | | | | | |
| Alberta Ferretti | Vice-Chairman | 01/01/2020-31/12/2020 | 2022* | 450,000 | n.a. | n.a. | n.a. | n.a. | 1,000,000 ¹ | | n.a. | n.a. |
| <i>(I) Remuneration from the company preparing the financial statements</i> | | | | 1,450,000 | | | | | | 1,450,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | 110,000 | | | | | | 110,000 | | |
| <i>(III) Total</i> | | | | 1,560,000 | | | | | | 1,560,000 | | |

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

¹ 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 | 01/01/2020-31/12/2020 | 2022* | 250,000 | n.a. | | n.a. | n.a. | n.a. | | n.a. | n.a. |
| <i>(I) Remuneration from the company preparing the financial statements</i> | | | | 250,000 | | | | | | 250,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | 185,000 | | | | | | 185,000 | | |
| <i>(III) Total</i> | | | | 435,000 | | | | | | 435,000 | | |

*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 | | | | | |
| Marcello Tassinari | Executive Director | 01/01/2020 31/12/2020 | 2020* | 30,000 | 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 | | n.a. | | | | 30,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | 87,000 | | | | | | 87,000 | | |
| <i>(III) Total</i> | | | | 117,000 | | | | | | 117,000 | | |

*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 | | | | | |
| Marcello Tassinari | Managing Director | 01/01/2020-31/12/2020 | | 510,000 | n.a. | | n.a. | n.a. | n.a. | | n.a. | n.a. |
| <i>(I) Remuneration from the company preparing the financial statements</i> | | | | 510,000 | | | | | | 510,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | | | | | | | | | |
| <i>(III) Total</i> | | | | 510,000 | | | | | | 510,000 | | |

| (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 | | | | | |
| Alessandro Bonfiglioli** | Non-Executive Director | 01/01/2020-22/04/2020 | 2020* | | n.a. | 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> | | | | | 10,000 | | | | | 10,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | | | | | | | | | |
| <i>(III) Total</i> | | | | | 10,000 | | | | | 10,000 | | |

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

****Mr. Bonfiglioli has been a director until 22th April 2020.**

| (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 | 01/01/2020 31/12/2020 | 2022* | 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 | 01/01/2020 31/12/2020 | 2022* | 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 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 | | | | | |
| Michela Zeme | Independent Director | 22/04/2020 31/12/2020 | 2022* | 21,000 | n.a. | 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> | | | | 21,000 | | | | | | 21,000 | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | | | | | | | | | |
| <i>(III) Total</i> | | | | 21,000 | | | | | | 21,000 | | |

*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 | | | | | |
| Bettina Campedelli | Independent Director | 01/01/2020 31/12/2020 | 2022* | 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> | | | | | | | | | | | | |
| <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) |
|---|----------------------|-----------------------|-------------------|--------------------|---------------------------------|----------------------------------|----------------------|-------------------|--------------------|--------|-----------------------------------|----------------------------------|
| 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 | Independent Director | 22/04/2020-31/12/2020 | 2022* | 21,000 | n.a. | n.a. | n.a. | n.a. | n.a. | 21,000 | n.a. | n.a. |
| <i>(I) Remuneration from the company preparing the financial statements</i> | | | | | | | | | | | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | | | | | | | | | |
| <i>(III) Total</i> | | | | 21,000 | | | | | | 21,000 | | |

*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 | | | | | |
| 3 Executives with strategic responsibilities | Managing Director | 01/01/2020-31/12/2020 | n.a. | 489,000 | n.a. | 90,000 | n.a. | | 17,000 | 596,000 | n.a. | n.a. |
| <i>(I) Remuneration from the company preparing the financial statements</i> | | | | 489,000 | | 90,000 | | | | | | |
| <i>(II) Remuneration from subsidiaries and associates</i> | | | | | | | | | 17,000 | | | |
| <i>(III) Total</i> | | | | 489,000 | | 90,000 | | | 17,000 | 596,000 | | |

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 |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

3. Incentive plans for Directors, the General Manager and the Executives with Strategic Responsibilities

3A: Incentive plans based on financial instruments, other than stock options, for Directors, the General Manager 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 on 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 regard to the incentive plans described in Part A of this Report, Directors Simone Badioli and Marcello Tassinari did not collect any bonus in 2020.

Equity interests

The following tables, prepared in compliance with Attachment 3B, Format 7-ter of the Issuers' Regulations, show the equity interests of the Directors and Executives with Strategic Responsibilities in the Company and its subsidiaries in year 2020.

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 | 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 - | Aeffe S.p.A. | 393,942 | 32,000 | - | 425,942 |
| Marcello Tassinari | Executive Director and General Manager | = | - | - | - | - |
| Roberto Lugano | Non executive director - member of the risk control and sustainability committee and member of the compensation committee | = | - | - | - | - |
| Daniela Saitta | Independent director - Member of the risk control and sustainability committee and Chairman of the compensation committee –Lead Independent Director | = | = | = | = | = |
| Bettina Campedelli | Independent director - Chairman of the risk control and sustainability committee | = | = | = | = | = |
| Michela Zeme | Independent director- member of the compensation committee | = | = | = | = | = |
| Marco Francesco Mazzù | Independent director | = | = | = | = | = |

TABLE B: Executives with Strategic Responsibilities

| 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 |
|-------------------------|------------------------------|---------------------|---|-----------------------------|------------------------|---|
| Marcello Tassinari | General Manager | = | - | - | - | - |
| Marco Piazzì | General Manager Pollini spa | = | - | - | - | - |
| Stefano Secchi | General Manager Moschino spa | = | - | - | - | - |
| Luca Gori | General Manager Velmar spa | = | - | - | - | - |