

AEFFE S.P.A.

REPORT ON REMUNERATION POLICY AND PAID COMPENSATION

**pursuant to Article 123-ter of the Consolidated Finance Act and in accordance with Article
84-quater of the Issuers' Regulations**

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INTRODUCTION

This Remuneration Report (the "**Report**") has been prepared pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "**Consolidated Finance Act**" or "**CFA**"), and in accordance with the provisions of Article 84-quater of the regulation adopted by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "**Issuers' Regulation**"), and with the Scheme 7-bis of Annex 3A to the Issuers' Regulation in force at the date of this Report.

This Report consists of two Sections.

In Section I, entitled "Remuneration Policy," the remuneration policy of Aeffe S.p.A. ("**Aeffe**" or the "**Company**") is presented with regard to the members of the Board of Directors (the "**Directors**"), the members of the Board of Statutory Auditors (the "**Statutory Auditors**"), and the executives with strategic responsibilities of Aeffe S.p.A., which, for the purposes of this Report, are to be understood—pursuant to the regulation adopted by Consob Resolution no. 17221 of 12 March 2010 (the "**Regulation**")—as the individuals who are directly or indirectly responsible for the planning, management, and control of the Company's activities (the "**Executives with Strategic Responsibilities**").

Section I also provides a concise description of the procedures used by the Company for the adoption and implementation of the Remuneration Policy, as well as the parties involved in such procedures.

In particular, the Remuneration Policy:

- (i) indicates how it contributes to the corporate strategy, the pursuit of the Company's long-term interests, and its sustainability, and is determined taking into account the remuneration and working conditions of the Company's employees;
- (ii) defines the different components of remuneration that may be awarded and establishes the criteria for granting variable remuneration;
- (iii) specifies the elements to which exceptions may apply in the presence of exceptional circumstances, as well as the procedural conditions under which, without prejudice to the provisions regarding transactions with related parties, such exceptions may be applied.

In compliance with the provisions of Article 123-ter, paragraphs 3-bis and 3-ter, of the CFA, Section I was submitted to the binding vote of the Shareholders' Meeting convened in a single call on 23 April 2025, and any amendments thereto will be submitted to the binding vote of the Shareholders' Meeting convened in a single call on 20 November 2025.

Section II, "Compensation Paid in the 2024 Financial Year," which, by name, for the members of the Board of Directors and the Board of Statutory Auditors, and for the general managers, and in aggregate form for the Executives with Strategic Responsibilities (where applicable):

- a. provides an adequate representation of each component of remuneration, including the provisions in the event of termination from office or termination of the employment relationship, highlighting its consistency with the Company's remuneration policy for the relevant financial year;
- b. provides a detailed illustration of the compensation paid during the 2024 financial year (the "**Financial Year**"), in any form and for any reason, by the Company and by its subsidiaries and affiliates, indicating any components of such compensation that relate to activities carried out in financial years prior to the reference year, and also highlighting compensation to be paid in one or more subsequent financial years for activities performed during the Financial Year, optionally providing an estimated value for components that cannot be objectively quantified in the same Financial Year;
- c. reports—in accordance with the provisions of Article 84-quater, paragraph IV, of the Issuers' Regulation—the data relating to the shareholdings held in the Company and its subsidiaries by the members of the Board of Directors and the Board of Statutory Auditors and (where applicable) by the Executives with Strategic Responsibilities, as well as by their spouses not legally separated and minor children, directly or through subsidiaries, trust companies, or intermediaries, based on the shareholders' register, received communications, and other information obtained from the Directors, Statutory Auditors, and Executives with Strategic Responsibilities;
- d. explains how the Company has taken into consideration the outcome of the vote on Section II of the Remuneration Report from the previous year.

In compliance with the provisions of Article 123-ter, paragraph 6, of the CFA, this Section II was submitted to the non-binding vote of the Shareholders' Meeting convened in a single call on 23 April 2025.

The corporate governance model adopted by the Company is the so-called traditional administration and control system, which is structured as follows:

- (i) in the Shareholders' Meeting, which is responsible, among other things, for the appointment and removal of the members of the Board of Directors and for the approval of the annual financial statements;
- (ii) in the Board of Directors, which is responsible for the management of the Company;
- (iii) in the Risk and Sustainability Control Committee, established within the Board of Directors and composed of non-executive directors who meet the integrity requirements established by applicable law, the majority of whom also meet the independence requirements set forth in paragraph IV of Article 147-ter of the CFA, which is responsible for supervising the adequacy of the Company's organizational structure, the internal control system, and the administrative and accounting system, as well as their suitability to accurately represent management facts;
- (iv) in the Remuneration Committee, also established within the Board of Directors and composed of non-executive directors who meet the integrity requirements established by applicable law, the majority of whom also meet the independence requirements set

forth in paragraph IV of Article 147-ter of the CFA, which has advisory and proposal-making functions to the Board of Directors on the remuneration of directors and senior management of the Company;

- (v) in the Board of Statutory Auditors, which is responsible for overseeing compliance with the law and the bylaws, adherence to the principles of proper administration, and the adequacy of the organizational, administrative, and accounting structure adopted by the Company and its functioning.

This Report provides, in dedicated tables and in accordance with the provisions of paragraph IV of Article 84-quater of the Issuers' Regulation, the data relating to the shareholdings held by the Directors, Statutory Auditors, and Executives with Strategic Responsibilities in the Company and its subsidiaries.

This Report is made available to the public at the Company's registered office, through the authorized transmission and storage mechanism SDIR-NIS/NIS-Storage, and on the Company's website at the following address: www.aeffe.com, under the section "Governance/Remuneration Report Aeffe".

The Shareholders' Meeting of the Company held on 23 April 2025 approved, with a binding vote, Section I of the Remuneration Report and Compensation Paid in 2024. The percentage of votes in favor was 99.42% of those cast.

SECTION I

"REMUNERATION POLICY"

TABLE OF CONTENTS

SECTION I – REMUNERATION POLICY	V
1. Introduction	8
2. Procedures for the adoption and implementation of the Remuneration Policy	8
2.1 Procedure for the Preparation and Approval of the Remuneration Policy and Functional and Organizational Model	8
2.2 Criteria for Defining the Remuneration Policy	10
2.3 Remuneration Policy and Risk Management Policy	11
2.4 Components relating to employee pay and working conditions in the determination of the Remuneration Policy	11
2.5 Duration	11
3. Objectives and Principles of the Remuneration Policy	12
4. Components of Remuneration	18
4.1 Fixed Component	18
4.2 Short-term Variable Component – so-called Management by Objectives (MBO)	18
4.3 Long-term Incentives	19
4.4 Policy Regarding Non-Monetary Benefits	20
4.5 Provisions in the Event of Termination of Office or Employment	20
4.6 Incentive Plans Based on Shares, Options, or Other Financial Instruments	21
4.7 Clawback / Malus Mechanisms	21
4.8 Provisions for Retention of Financial Instruments in Portfolio	21
4.9 Insurance, Social Security, or Pension Coverages Other Than Mandatory Ones	21
4.10 Elements of the Remuneration Policy That May Be Waived in Exceptional Circumstances and the Procedural Conditions Under Which Such Waivers May Be Applied	21
5. Remuneration of Directors	22
5.1 Remuneration of Directors Holding Specific Offices	22
5.2 Remuneration of Non-Executive Directors	22

5.3	Remuneration Policy Applied with Reference to: (i) Independent Directors, (ii) Committee Membership Activities, and (iii) the Performance of Specific Duties	23
6.	Remuneration of the Members of the Board of Statutory Auditors	23
	SECTION II – REMUNERATION PAID	26
7.	Board of Directors	
7.1.1	Directors Holding Specific Offices	
7.1.2	Non-Executive Directors of Aeffe S.p.A.	
7.2	Executives with Strategic Responsibilities	
7.3	Board of Statutory Auditors	
8.	Benefici non monetari	
9.	Severance Payments and/or Other Benefits in Case of Termination from Office or Employment during the 2024 Financial Year	
10.	Exceptions to the Remuneration Policy	
11.	Variable Component Adjustment Mechanisms	
12.	Trends in Remuneration and Compensation Paid by the Company over the Last Five Financial Years	
13.	Information on How the Company Took into Account the Shareholders’ Vote on Section II of the 2024 Remuneration Report	
14.	Second Part	
15.	Incentive plans for Directors and Executives with Strategic Responsibilities	
15.1	Incentive plans based on financial instruments, other than stock options, for Directors and Executives with Strategic Responsibilities	
15.2	Monetary incentive plans for the members of the Board of Directors, the General Manager, and the Executives with Strategic Responsibilities	
16.	Shareholdings	

1. INTRODUCTION

1.1 This document (hereinafter, the “**Remuneration Policy**”) sets out the policy of Aeffe S.p.A. (“**Aeffe**” or simply the “**Company**”) regarding the remuneration of the members of the Board of Directors, the members of the Board of Statutory Auditors, and the executives with strategic responsibilities, meaning those individuals who are directly or indirectly responsible for the planning, management, and control of the Company’s activities, as defined in Annex 1 to the Consob Regulation on Related-Party Transactions, adopted by Consob Resolution No. 17221 of 21 March 2010, as amended, and as subsequently identified from time to time by the Company’s Board of Directors (the “**Executives with Strategic Responsibilities**”).

1.2 This Remuneration Policy

was prepared in compliance with Article 5 of the Corporate Governance Code 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 subsequently amended and supplemented (the “**TUF**”), and pursuant to and for the purposes of Article 3.2 of the Procedure for Related Party Transactions approved by the Company’s Board of Directors on 10 November 2010 (the “**Procedure for Related Party Transactions**”);

(ii) It was approved on 16 October 2025 by the Company’s Board of Directors, upon the proposal of the Remuneration Committee;

(iii) It may be subject to review and update by the Board of Directors, upon the proposal of the Remuneration Committee, which is tasked with periodically assessing its adequacy, overall consistency, and practical application.

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

2.1 Procedure for the Preparation and Approval of the Remuneration Policy and Functional and Organizational Model

2.1.1 The Remuneration Policy is prepared by the Remuneration Committee, established within the Board of Directors and composed of non-executive directors, the majority of whom meet the independence requirements set forth in paragraph IV of Article 147-ter of the TUF. It is then presented by the Remuneration Committee to the Board of Directors and discussed within a deliberative process, before being approved by the Board and submitted annually to the binding vote of the Shareholders’ Meeting.

2.1.2 The Remuneration Policy approved as described above was prepared by the Company without the involvement of independent experts.

2.1.3 The Company implements a governance model aimed at ensuring transparency, proper oversight and control, as well as uniform application and consistency across the group of companies under Aeffe (the “**Aeffe Group**” or the “**Group**”)

2.1.4 The Company's Board of Directors is responsible, among other things, for:

- (i) if not directly handled by the shareholders' meeting, the allocation among the members of the Board of Directors of the total remuneration determined by the meeting pursuant to Article 2389, paragraph 1, of the Italian Civil Code;
- (ii) the determination of the remuneration due to directors holding particular offices, pursuant to Article 2389, paragraph 3, of the Italian Civil Code, based on the proposal of the remuneration committee and after consulting the board of statutory auditors;
- (iii) the determination of the remuneration for the Key Management Personnel;
- (iv) the review of incentive plans to be submitted for shareholders' approval;
- (v) the identification of the Key Managers eligible for the incentive plans, as well as the determination of the amount of incentives due to each of them;
- (vi) the establishment, within itself, of the Remuneration Committee and the definition of its responsibilities, in accordance with the recommendations of the Corporate Governance Code;
- (vii) the approval of the Remuneration Policy and its submission to the shareholders' meeting.

2.1.5 Pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, the Shareholders' Meeting is called to vote in favor or against the Remuneration Policy at the interval corresponding to its duration (indicated in the following paragraph 2.5) and, in any case, at least every three years or on the occasion of any amendments to the policy itself.

2.1.6 The parties responsible for the correct implementation of the Remuneration Policy are the Remuneration Committee, in the exercise of the tasks described below, and the Board of Directors.

2.1.7 The Remuneration Committee—established within the Board of Directors—periodically assesses the adequacy, overall consistency, and practical implementation of the Remuneration Policy for the Directors and Executives with Strategic Responsibilities, relying on information provided by the CEO(s); it makes proposals to the Board of Directors on the matter and oversees the Company's remuneration procedures, policies, and objectives in general.

The Remuneration Committee also, in accordance with legal and regulatory provisions as well as Article 5 of the Corporate Governance Code:

- a. assists the Board of Directors in the development of the remuneration policy;
- b. submits proposals or provides opinions to the Board of Directors on the remuneration of executive directors and other directors holding special offices, as well as on the setting of performance targets linked to the variable component of their remuneration;

- c. monitors the actual implementation of the remuneration policy and verifies, in particular, the effective achievement of performance targets;
- d. periodically assesses the adequacy and overall consistency of the remuneration policy for directors and top management.

2.1.8 The Remuneration Committee is composed of non-executive directors, the majority of whom meet the independence requirements set forth in paragraph IV of Article 147-ter of the TUF and the Corporate Governance Code; at least one member of the Remuneration Committee must possess adequate knowledge and experience in financial matters or remuneration policies, verified by the Board of Directors at the time of appointment. As of the date of this Remuneration Policy, the Remuneration Committee is composed of the following non-executive directors: Daniela Saitta (independent director serving as Chair), Bettina Campedelli (independent director), and Marco Francesco Mazzù (independent director). The Board of Directors has assessed that all three Committee members possess adequate knowledge and experience in financial matters or remuneration policies.

2.1.9 Decisions of the Remuneration Committee are adopted by the favorable vote of the absolute majority of its members. The Chair of the Board of Statutory Auditors or other auditor(s) may attend the Committee meetings. The Chair of the Remuneration Committee may also invite non-members to attend meetings with respect to one or more items on the agenda.

2.1.10 No director takes part in the meetings of the Remuneration Committee in which proposals to the Board of Directors regarding their own remuneration are discussed..

2.1.11 The Remuneration Committee is granted access to information and company functions as necessary or appropriate for the performance of its duties. It may make use of external consultants who do not simultaneously provide services of such significance as to materially compromise the independence of judgment of the human resources function, the directors, or the Executives with Strategic Responsibilities.

2.2 Criteria for Defining the Remuneration Policy

In continuity with previous years and in accordance with the recommendations set forth in Article 5 of the Corporate Governance Code, the remuneration practices and best practices adopted in the reference market are continuously analyzed and monitored using specific remuneration benchmarks, with the aim of maintaining constant awareness of the reference framework and being able to promptly evaluate and, if necessary, identify effective ideas and solutions. The remuneration benchmark is conducted based on a methodology for evaluating organizational positions, which allows each role to be weighted, enabling consistent comparisons both internally, including at a global level, and externally, ensuring competitive alignment with the reference market.

In line with the above, the Company's Remuneration Policy has been defined with a critical focus on the range of market solutions, but without making specific reference to remuneration policies adopted by other particular companies.

2.3 Remuneration Policy and Risk Management Policy

The Company ensures that the determination of the variable component of remuneration for its Directors and Executives with Strategic Responsibilities is carried out through the setting of performance targets that are sustainable and consistent with the risk profile defined by the Board of Directors.

2.4 Components relating to employee pay and working conditions in the determination of the Remuneration Policy

The Remuneration Policy is primarily aimed at attracting, motivating, and retaining individuals with the professional qualities necessary to contribute to the definition of the Company's growth strategy and to the strengthening of the long-term interests and sustainability of Aeffe and the Group. It is based on the principles of fairness, equal opportunities, meritocracy, and market competitiveness.

The determination of employee remuneration takes into account specific criteria, including comparison with the external market and internal equity within the company, the characteristics of the role and assigned responsibilities, as well as the distinctive skills of individuals, always with maximum objectivity, in order to avoid any form of discrimination.

The remuneration of 4.1% of Aeffe S.p.A.'s workforce and 5.1% of the Group Aeffe workforce consists of a variable component, aimed at rewarding the achievement of specific economic-financial and qualitative objectives (90% EBITDA, 10% sustainability), closely linked to the Company's strategic projects.

The Company also aims to implement measures intended to ensure:

- i. a safe, functional, livable, and comfortable work environment: at company premises, architectural criteria functional to the activities carried out are applied, in compliance with fundamental health and safety requirements, as well as fostering interpersonal exchange, in order to enable and develop creativity, organization, order, and planning aimed at improving business results;
- ii. collaboration: adoption, at company premises, of spaces and smart technologies aimed at enabling global connectivity and seamless value contribution for both the company and individuals;
- iii. focus on individual and professional development: through an environment that facilitates growth and the enhancement of knowledge and skills; with a global dimension that allows tackling continuous, complex, and innovative challenges, opening up significant growth opportunities.

Except as indicated below, the Remuneration Policy described in this Report does not differ substantially from what was implemented in the fiscal year ended December 31, 2024. While taking into account national and international best practices, the Company has maintained the guiding principles and core elements of the Remuneration Policy unchanged, introducing certain innovations aimed at an evolutionary path of consolidating the Company's socially responsible approach. In particular, some modifications have been introduced to the variable remuneration system, including provisions for payments linked to objectives that are not strictly financial in nature and to the pursuit of ESG values.

2.5 Duration

The duration of this Remuneration Policy is aligned with the term of office of the Board of Directors.

3. OBJECTIVES AND PRINCIPLES OF THE REMUNERATION POLICY

3.1 The Remuneration Policy is designed to attract, retain, and motivate qualified professionals with the skills and expertise required for the effective management and achievement of the objectives of the Company and the Aeffe Group, through the definition and implementation of mechanisms linking individual performance to the enhancement of the value of the Company and the Aeffe Group. Furthermore, the Remuneration Policy contributes to the corporate strategy, the pursuit of long-term interests, and the sustainability of the Company. Shareholders provide an important contribution in this regard, as they are called upon to cast a binding vote on the Remuneration Policy, which details each component of the remuneration of Directors, Statutory Auditors, and Executives with Strategic Responsibilities and therefore has a broader and different scope compared to resolutions on compensation under Articles 2364, 2389, and 2402 of the Italian Civil Code.

3.2 To achieve the objectives indicated above, the Remuneration Policy is defined based on the fundamental principles of sustainability and the alignment of the interests of management with strategic responsibilities with those of the shareholders.

- **Sustainability**

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

It is structured to ensure a total remuneration framework that recognizes the professional value of the individuals involved and allows an appropriate balance between fixed and variable components, with the aim of creating sustainable value over the medium and long term. The policy also guarantees a direct link between remuneration and specific performance objectives, fosters an inclusive work environment that values all forms of diversity, encourages the expression of individual potential, and helps attract, retain, and motivate talent.

3.3 In line with these principles, the disbursement of the variable component of remuneration (short- and/or medium- to long-term) is not solely tied to purely economic-financial performance objectives but also to strategic drivers and goals related to environmental and social sustainability within the company. The decision to integrate ESG (Environmental, Social, and Governance) performance objectives into variable remuneration underscores the company's commitment to combine operational, economic, and financial solidity with social and environmental responsibility. It also aims to further develop an internal culture of sustainability, linking it to concrete and measurable objectives. The specific definition of Aeffe's sustainability-related performance targets tied to variable remuneration will be carried out in detail by the Board of Directors with the support of the Human Resources function.

- **Alignment of management and shareholders' interests**

The alignment of management and shareholders' interests represents the primary and ultimate objective in defining the variable and incentive-based portion of the remuneration for management

with strategic responsibilities. In line with the guidance of best international practices and resolutions adopted at the European level, the Company ensures the implementation of mechanisms capable of fostering the creation of genuine and stable value for the Company and the Aeffe Group, thereby translating into a tangible benefit for shareholders, including through the careful and balanced identification of performance objectives.

- **Balance between the fixed and variable components of remuneration**

The fixed and variable components of remuneration are appropriately balanced in accordance with Aeffe's strategic objectives and risk management policy, taking into account the sector in which the company operates and the specific characteristics of its business activities, in line with the goal of promoting medium- to long-term value creation for all shareholders and sustainable growth.

Below is the current breakdown, in percentage terms, of the fixed component, the short-term variable component, and the medium- to long-term variable component of the remuneration package for Directors and Executives with Strategic Responsibilities.

<i>President</i>	<i>Short-term variable component</i>	<i>Medium-Long-Term Variable Component</i>
	For each Euro of normalized Ebitda (absolute value) (normalization meaning the inclusion of costs and revenues related to core operations even if not recorded in the approved financial statements; furthermore, extraordinary or non-recurring costs and revenues, even if recorded in the approved financial	<i>in case of achievement of the maximum target €350,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 19%)</i>
		<i>in case of achievement of the intermediate target €220,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 12%)</i>
		<i>in case of achievement of the minimum target €150,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 7%)</i>

	statements, must be excluded from the calculation) of the Aeffe Group's Consolidated Financial Statements exceeding 38 million, 9% will be granted, with a maximum payable amount of Euro 600,000 gross.	
Vice President	<i>Short-term variable component</i>	<i>Medium-Long-Term Variable Component</i>
	For every Euro of normalized EBITDA (absolute value) of the Aeffe Group's Consolidated Financial Statements exceeding 38 million (normalization meaning the inclusion of costs and revenues related to core operations even if not recorded in the approved financial statements; furthermore, extraordinary or non-recurring costs and revenues, even if recorded in the approved financial statements, must be excluded from the calculation), 9% will be recognized, with a maximum payable amount of €600,000 gross.	<i>In the event of achieving the maximum target, €350,000 (on the projected compensation over the three-year LTI reference period, the hypothetical percentage is 19%).</i>
		<i>In the event of achieving the intermediate target, €220,000 (on the projected compensation over the three-year LTI reference period, the hypothetical percentage is 12%).</i>
		<i>In the event of achieving the minimum target, €150,000 (on the projected compensation over the three-year LTI reference period, the hypothetical percentage is 7%).</i>
Chief Executive Officer (CEO)	<i>Short-term variable component (impact on annual remuneration)</i>	<i>Medium-Long-Term Variable Component</i>
	For every Euro of normalized EBITDA (for	<i>In case the maximum target is achieved: €350,000 (on the projected compensation over the three-year reference</i>

	normalization, this means considering costs and revenues related to core operations even if not recorded in the approved financial statements; in addition, extraordinary or non-recurring costs and revenues recorded in the approved financial statements must be excluded from the calculation) of the Aeffe Group Consolidated Financial Statements exceeding €38 million, 4% will be recognized, with a maximum gross payout of €250,000.	<i>period for the LTI, the hypothetical percentage is 33%).</i>
		<i>In case the intermediate target is achieved: €220,000 (on the projected compensation over the three-year reference period for the LTI, the hypothetical percentage is 21%).</i>
		<i>In case the minimum target is achieved: €150,000 (on the projected compensation over the three-year reference period for the LTI, the hypothetical percentage is 14%).</i>
<i>Executive Director (with delegated powers)</i>	<i>Short-term variable component</i>	<i>Medium-Long-Term Variable Component</i>
	The Performance Bonus will be payable by the Company only in the event of a Relevant Event, namely a Relevant Change of Control or a Relevant Extraordinary Transaction. If payable, the Performance Bonus will amount to 1% (one percent) of the applicable Parameter, that is, (a) during the period in which Aeffe's shares are listed on the Euronext Market, alternatively depending on the circumstances.	
		<i>The Extraordinary Bonus will amount to 2% (two percent) of the applicable Parameter, that is, (a) during the period in which Aeffe's shares are listed on the Euronext Market, alternatively depending on the circumstances:</i> <i>- In the case of a Relevant Extraordinary Transaction, the average market capitalization of the Company over the 30 (thirty) trading days following the announcement to the market of a Relevant Extraordinary Transaction, if communicated to the market, or, in the absence of such communication, from the occurrence of the Relevant Extraordinary Transaction as determined in good faith by the parties;</i> <i>- In the event of a Relevant Change of Control, the price of the public offer (voluntary or mandatory) that gives rise to the Relevant Change of Control or is promoted as a result of it, it being understood that such</i>

		price will be measured with respect to the entire share capital of Aeffe (i.e., as if the acquisition concerned the entire share capital); or (b) At a time following the cessation of trading of Aeffe shares on the Euronext Market, alternatively and depending on the circumstances: - In the event of a Relevant Extraordinary Transaction, the Fair Market Value of the Company shall be determined as of the date immediately following the occurrence of the Relevant Event; - In the event of a Relevant Change of Control, the value shall be the one determined within the scope of the related transaction, it being understood that such price will be based on the entire share capital of Aeffe (i.e., as if the acquisition involved the entire share capital). In case of disagreement between the parties regarding such valuation, the Expert shall determine it. As detailed in the private agreement signed by the parties on 01/08/2025.
General Manager of Pollini SpA and Director of Aeffe SpA	Short-term variable component (as a percentage of annual compensation)	Medium-Long-Term Variable Component
	10,8%	In the event of achieving the maximum target: €200,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 18%)
		In the event of achieving the intermediate target: €100,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 9%)
		In the event of achieving the minimum target: €50,000 (on the projected compensation over the three-year reference period for LTI, the hypothetical percentage is 4%)
Group CFO	Short-term variable component	Medium-Long-Term Variable Component

J	30% MBO "Annual Ordinary." Maximum payable amount €150,000 for the year 2025 (65%).	<i>In case of achieving the maximum target €200,000 (on the projected compensation over the four-year reference period for LTI, the hypothetical percentage is 20%).</i>
	MBO applicable from 2026: 28% "Annual Ordinary."	<i>In case of achieving the intermediate target €100,000 (on the projected compensation over the four-year reference period for LTI, the hypothetical percentage is 10%).</i>
		<i>In case of achieving the minimum target €50,000 (on the projected compensation over the four-year reference period for LTI, the hypothetical percentage is 5%).</i>
Head of HR and Organization, Aeffe Group	Short-term variable component	Medium-Long-Term Variable Component
	32%	<i>In case of achieving the maximum target: €200,000 (based on the projected compensation over the three-year reference period for the LTI, the hypothetical percentage is 32%)</i>
		<i>In case of achieving the intermediate target: €100,000 (based on the projected compensation over the three-year reference period for the LTI, the hypothetical percentage is 16%)</i>
		<i>In case of achieving the minimum target: €50,000 (based on the projected compensation over the three-year reference period for the LTI, the hypothetical percentage is 8%)</i>
Chief Operating Officer of Aeffe S.p.A. and Executive Director of the Aeffe Group	Short-term variable component (as a percentage of annual compensation)	Medium-Long-Term Variable Component
	19%	<i>In case of achieving the maximum target: €200,000 (on the compensation projected over the three-year reference period for LTI, the hypothetical percentage is 24%).</i>
		<i>In case of achieving the intermediate target: €100,000 (on the compensation projected over the three-year reference period for LTI, the hypothetical percentage is 12%).</i>

		<i>In case of achieving the minimum target: €50,000 (on the compensation projected over the three-year reference period for LTI, the hypothetical percentage is 6%).</i>
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- Observing market practices and trends then allows the Company to attract and retain qualified and properly motivated professionals, through the definition of competitive remuneration levels and the assurance of internal equity and transparency.

4. COMPONENTS OF REMUNERATION

4.1 Fixed Component

4.1.1 The proportion of total remuneration represented by the fixed component is determined to ensure adequate compensation for the work performed even in the event of partial or non-payment of the variable component, and to avoid incentivizing behaviors excessively focused on risk for the sake of maximizing rewards in the short term, which could potentially undermine sustainability and the creation of medium- to long-term value.

4.1.2 The level of fixed remuneration is primarily related to: (i) professional specialization; (ii) the organizational role held; (iii) responsibilities; and (iv) market practice for comparable positions and professional profiles.

4.2 Short-term Variable Component – so-called Management by Objectives (MBO)

4.2.1 Variable remuneration is directly linked to the achievement of economic and financial objectives, short-term performance, which may be related to individual results, results of the Company and the Aeffe Group, or a combination of both criteria, and/or to the occurrence of significant events concerning the Company and/or its shares.

4.2.2 In defining the variable portion of remuneration, the Company ensures the sustainability and reasonableness of compensation and identifies a balanced combination suitable to avoid imbalances with respect to sustainable performance and risk profiles.

4.2.3 The variable component of remuneration is structured as a short-term, goal-based variable pay system, known as Management by Objectives (MBO), designed to incentivize management with strategic responsibilities through the award of variable compensation contingent upon the achievement of specific economic and financial performance objectives. These predetermined and measurable objectives are defined with the support of the heads of the company's various business areas and the Human Resources function, using economic indicators, including consolidated ones.

4.2.4 The verification and assessment of the actual achievement of objectives is entrusted to the Board of Directors and the Human Resources function, which carries it out with the support of other internal functions, including Administration, Finance, and Control, following the approval of the financial statements or at the moment when the objective can otherwise be ascertained, as applicable.

4.2.5 The Company may establish maximum limits for the variable components and may consider the opportunity to adopt deferred payment mechanisms for all or part of the variable component.

4.2.6 No ex-post adjustment mechanisms are provided for the variable component.

4.3 Long-term Incentives

4.3.1 In order to establish incentive mechanisms aimed at value creation, and with the further objective of complying with the requirements set forth by Borsa Italiana in this regard, one or more long-term incentive plans may be adopted by the Board of Directors, addressed to the Company's executive directors and to Strategic Responsibility Managers (as well as to employees who, considering the role held, although not strictly falling under the definition of "strategic managers," the Company, upon proposal of the Remuneration Committee, has deemed appropriate to include in the incentive plan), to be determined by the Board of Directors itself, upon proposal of the Remuneration Committee, taking into account the roles held within the Company and the Group, with the aim of creating value for the Company and its shareholders over a medium- to long-term horizon. These plans will be aimed at achieving the following purposes: (a) maintaining an overall competitive level of the remuneration structure so as to attract and retain qualified personnel within the Company and the Aeffe Group; (b) directing the commitment of directors and managers towards long-term and strategically relevant indicators; (c) aligning the interests of directors and managers with those of the shareholders.

4.3.2 The long-term incentive – structured as a variable remuneration system based on objectives to be achieved over the medium- to long-term (medium- to long-term MBO) – may provide for the payment of a monetary incentive to the beneficiaries, subject to the achievement of predetermined, measurable performance objectives, significantly linked to a medium- to long-term horizon, consistent with the strategic objectives of the Company and aimed at promoting its sustainable success, also including non-financial parameters related to the achievement of the aforementioned ESG values. The payment of the monetary incentive to the beneficiaries will also be subject to the continuation of the relationship between the Company or the Group and the beneficiaries. The Company's Board of Directors, taking into account the roles held within the Group and the scope of management powers, after consulting the Remuneration Committee and the Board of Statutory Auditors, will determine the beneficiaries of such incentive plans, setting for each of them the amount of the incentive, with regard to the position held, the amount of the respective total fixed remuneration, and the possible status as a significant shareholder.

4.3.3 With reference to compensation plans based on financial instruments, they may be prepared by the Board of Directors, after consulting the Remuneration Committee and subsequently authorized by the Shareholders' Meeting, in accordance with the provisions of Article 114-bis of the TUF, and may consist of:

- (i) in the granting of option rights for the subsequent purchase of the Company's shares (so-called option grant); the regulation of these plans may occur through the physical delivery of shares (so-called stock options) or also in cash based on a differential or the change in the quotations of the shares representing the Company's capital (so-called stock appreciation rights and phantom stock);
or

(ii) in the direct allocation of the Company's shares (so-called stock grant).

The beneficiaries of such plans may be employees or directors of the Company, or of other companies within the Aeffe Group, to be identified taking into account the purposes, principles, and criteria set out in the preceding sections of this Remuneration Policy.

In option grant plans, the exercise of the assigned options (or the payment of the related differentials) is subject to the passage of an adequate period of time (the so-called vesting period), to be determined taking into account, among other things, the objectives defined based on parameters that best reflect the value creation of Aeffe and the Aeffe Group.

The plans may also provide that a portion of the shares acquired by the beneficiaries cannot be transferred by them for a predetermined period of time (also taking into account the expected duration of the relationship). Similarly, if the plans provide, instead of the physical allocation of the shares, for the payment of cash bonuses, it may be stipulated that a portion of such bonuses must be reinvested in the Company's shares and held in the portfolio for a certain period of time (or other so-called share retention mechanisms).

The allocation of option rights or shares, as well as the recognition of cash differentials, will in any case be linked to the following elements: (i) the individual beneficiary's ability to contribute to the development of the Company; (ii) the professional competence and the actual extent of the beneficiary's capacity to contribute to value creation in relation to the role held within the company's organizational structure; (iii) the overall level of compensation received; and (iv) retention requirements..

No ex post adjustment mechanisms are provided for the variable component.

4.4 Policy Regarding Non-Monetary Benefits

With the aim of ensuring a total compensation package that is as competitive as possible and aligned with best practices adopted in local markets, the remuneration package of the Directors and Executives with Strategic Responsibilities may be supplemented with non-monetary benefits.

4.5 Provisions in the Event of Termination of Office or Employment

The Company may agree on special arrangements related to the payment of a severance indemnity (within predetermined limits) for the termination of office or employment with its Directors and Executives with Strategic Responsibilities, other than the latter, where deemed appropriate to attract suitable professional resources or within the framework of investment agreements entered into in the course of carrying out its core business. The provision of such indemnities is, however, subject to the prior assessment and approval of the Board of Directors, after consulting the Remuneration Committee.

Pursuant to a contract approved by the Board of Directors on August 1, 2025, following the favorable opinion of the Remuneration Committee, Dr. Marco Gobbetti is granted the right to receive a severance payment equal to €600,000.00 (six hundred thousand/00) gross, except in the case of resignation without just cause or dismissal for just cause by the Company prior to the natural expiration of his term of office

(scheduled at the date of approval of the financial statements as of December 31, 2028). Furthermore, Dr. Marco Gobetti is entitled to the payment of a penalty amounting to €2,000,000.00 (two million/00) in the event of (i) his non-reappointment at the expiration of the current Board of Directors (and therefore in the event of non-reappointment until the date of approval of the financial statements as of December 31, 2028), or (ii) dismissal from office without just cause or resignation for just cause (the penalty is reduced to €800,000.00 (eight hundred thousand/00) if the termination for the aforementioned reasons occurs before the date of approval of the financial statements as of December 31, 2025).

4.6 Incentive Plans Based on Shares, Options, or Other Financial Instruments

As of the date of this Report, and notwithstanding the provisions of the preceding paragraph 4.3.3, no incentive plans based on shares, options, or other financial instruments are in place for either executive or non-executive Directors, nor for Managers with Strategic Responsibilities.

4.7 Clawback / Malus Mechanisms

In light of the specific characteristics of the compensation packages granted, in particular to Directors and Managers with Strategic Responsibilities, the Board of Directors has decided not to include contractual arrangements allowing the Company to reclaim, in whole or in part, variable components of remuneration already paid or to withhold deferred amounts determined based on data that subsequently prove to be manifestly incorrect, or due to other circumstances (e.g., clawback/malus clauses).

4.8 Provisions for Retention of Financial Instruments in Portfolio

As of the date of this Report, the Company has not entered into agreements providing for the retention of financial instruments in the portfolio after their acquisition.

4.9 Insurance, Social Security, or Pension Coverages Other Than Mandatory Ones

The Company has not taken out insurance coverage (in particular, supplementary health insurance) for the benefit of the Directors and Executives with Strategic Responsibilities:

For directors particularly involved in the company's development strategy, such as Dr. Marco Gobetti, the Company may take out the following insurance coverages, in addition to mandatory and supplementary ones, with conditions and limits varying according to needs: life and permanent disability insurance; supplementary health insurance (FASI) extended to family members.

4.10 Elements of the Remuneration Policy That May Be Waived in Exceptional Circumstances and the Procedural Conditions Under Which Such Waivers May Be Applied.

The Company is not in favor of making exceptions to its Remuneration Policy, even in the presence of exceptional circumstances.

Consequently, no elements of the Remuneration Policy have been identified as eligible for derogation, not even on a temporary basis, nor have any procedural conditions for applying such potential derogations been established.

5. REMUNERATION OF DIRECTORS

5.1 Remuneration of Directors Holding Specific Offices

- 5.1.1 The remuneration due to directors entrusted with specific roles, pursuant to Article 2389, paragraph 3, of the Italian Civil Code and Article 21 of the company's bylaws, is determined by the Board of Directors, upon the proposal of the Remuneration Committee, having heard the opinion of the Board of Statutory Auditors and, where the conditions set forth in the Procedure for Transactions with Related Parties apply, of the Risk and Sustainability Control Committee.
- 5.1.2 The remuneration of directors entrusted with specific roles is structured in accordance with the objectives, criteria, and principles outlined in the previous sections of this Remuneration Policy. Taking into account the particular role assigned to the director and the actual strategic nature of the functions effectively performed in creating value, fixed remuneration is supplemented by a variable component (in particular, this component may consist of a short-term or medium-to-long-term Management by Objectives system – MBO – and/or medium-to-long-term incentive plans possibly approved as indicated in the previous sections of this Remuneration Policy). In applying these criteria, the Board of Directors adopts a principle of substance over form, with the aim of ensuring, in the most efficient way possible, the achievement of the objective of aligning the interests of management and shareholders. Where directors entrusted with specific roles and/or holding a strategic function also have a significant shareholding in the Company's capital, the Board of Directors may deem the requirements of retention and incentive to be adequately satisfied, even without resorting to one or more of the retention and incentive tools otherwise applied to other managers.
- 5.1.3 The Remuneration Policy for directors entrusted with specific roles establishes an appropriate balance between fixed and variable remuneration components, consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the business activity and the industry in which it operates, it being understood that the variable component represents a significant portion of the total remuneration.

5.2 Remuneration of Non-Executive Directors

- 5.2.1 The remuneration of non-executive directors is normally determined by the shareholders' meeting at the time of appointment, for the entire board as a whole. It is then the responsibility of the board of directors, within the overall remuneration thus established by the shareholders' meeting pursuant to Article 2389, paragraph 1, of the Italian Civil Code, and upon proposal of the remuneration committee, to determine the allocation of such overall compensation among each non-executive director. This allocation must be adequate to the skills, professionalism, and commitment required by the tasks assigned within the board of directors, also taking into account any participation in one or more committees.
- 5.2.2 The remuneration of non-executive directors is not normally linked to Aeffe's financial performance.

5.3 Remuneration Policy Applied with Reference to: (i) Independent Directors, (ii) Committee Membership Activities, and (iii) the Performance of Specific Duties

In accordance with the recommendations of the Corporate Governance Code, and as already indicated in paragraph 5.2 above, the remuneration of non-executive directors is not linked to the Company's financial performance. The Remuneration Policy provides for the allocation of an additional fixed compensation in favor of non-executive directors and independent directors who are members of the committees established within the Board, in order to adequately remunerate the additional work and commitment provided to the benefit of the Company. For further information regarding the remuneration of directors holding special offices, reference is made to paragraph 5.1 above.

6. REMUNERATION OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

The remuneration of the members of the Board of Statutory Auditors is determined by the Shareholders' Meeting based on the expertise, professionalism, and commitment required by the importance of the role, as well as the size and sector characteristics of the Company and its overall situation.

On April 12, 2018, the Shareholders' Meeting established the remuneration of each member of the Board of Statutory Auditors at the minimum level provided under Ministerial Decree 140/2012, rounded down to the nearest €5,000. Accordingly, the total annual remuneration was set at €105,000 (one hundred and five thousand), to be allocated as follows: €30,000 (thirty thousand) per year to each Standing Auditor and €45,000 (forty-five thousand) per year to the Chairman of the Board of Statutory Auditors. In addition, all members of the Board of Statutory Auditors are entitled to reimbursement of expenses incurred in connection with their office.

Tabel 1

	OBJECTIVES	BONUS (€)
EXECUTIVE DIRECTORS	Minimum target: consolidated EBITDA for the fiscal years included in the Reference Period ranging between Euro 150,000,000 (one hundred fifty million) and Euro 159,999,999 (one hundred fifty-nine million nine hundred ninety-nine thousand nine hundred ninety-nine).	150.000 €
	Intermediate target: consolidated EBITDA for the fiscal years included in the Reference Period ranging between Euro 160,000,000 (one hundred sixty million) and Euro 179,999,999 (one hundred seventy-nine million nine hundred	220.000 €

	ninety-nine thousand nine hundred ninety-nine).	350.000 €
	Maximum target: consolidated EBITDA for the fiscal years included in the Reference Period equal to or greater than Euro 180,000,000 (one hundred eighty million).	

The Board of Directors, upon the proposal of the Remuneration Committee, approved on 14.03.25 the new LTI MBO plan for the years 2025-2026-2027-2028, based on the objectives of the new strategic plan.

Tabel 2

	EBITDA OBJECTIVES (70%)	BONUS (€)
STRATEGIC EXECUTIVES	Minimum objective: sum of the consolidated EBITDA for the financial years included in the Reference Period between Euro 150,000,000 (one hundred fifty million) and Euro 159,999,999 (one hundred fifty-nine million nine hundred ninety-nine thousand nine hundred ninety-nine).	50.000 €
	Intermediate objective: sum of the consolidated EBITDA for the financial years included in the Reference Period between Euro 160,000,000 (one hundred sixty million) and Euro 179,999,999 (one hundred seventy-nine million nine hundred ninety-nine thousand nine hundred ninety-nine).	100.000 €
	Maximum objective: sum of the consolidated EBITDA for the financial years included in the Reference Period equal to or greater than Euro 180,000,000 (one hundred eighty million).	200.000 €

Tabel 3

	OBJECTIVES	BONUS (€)
SUSTAINABILITY	The conditions for accessing this specific award will be calculated at the end of the 2025–2028 period in relation to the improvement of the ESG rating in the following measures: • Minimum target: ESG rating between 65/100 and 75/100; • Medium target: ESG rating between 76/100 and 85/100; • Maximum target: ESG rating above 86/100.	The incentive components linked to the achievement of Sustainability targets (30%)

The Board of Directors, on the proposal of the Remuneration Committee, approved on 01.08.2025 the variable remuneration in favor of the executive director with delegated functions (Dr. Marco Gobbetti).

EXECUTIVE DIRECTOR WITH DELEGATED FUNCTIONS	<i>Variable compensation payable by the Company in the event of a change of control of the Company for consideration or a corporate transaction of significant industrial and strategic impact on the Company, which simultaneously results in an increase in the Company's capitalization above specified thresholds.</i> <i>The variable compensation amounts to 1% of the Company's average market capitalization over the 30 trading days following the extraordinary transaction, or of the price of the related public offer (whether voluntary or mandatory).</i>
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SECTION II

REMUNERATION PAID FOR THE 2024 FISCAL YEAR

Section II has not been updated; reference is made to the resolution approved by the Shareholders' Meeting on April 23, 2025.