AEFFE SPA

REPORT ON REMUNERATION POLICY AND REMUNERATION PAID

pursuant to art. 123- *ter* of the Consolidated Law on Finance and in compliance with art. 84- *quater* of the Issuers' Regulation

Published on the website https://aeffe.com/it/relazione-sulla-remunerazione-aeffe/

INTRODUCTION

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

This Report consists of two Sections.

Section I, entitled "Remuneration Policy", illustrates the policy of Aeffe SpA (" **Aeffe** " or the " **Company** ") regarding the remuneration of the members of the board of directors (the " **Directors** "), the members of the board of statutory auditors (the " **Auditors** ") and the managers with strategic responsibilities of Aeffe SpA, which, in accordance with the provisions of the regulation adopted with Consob Resolution no. 17221 of 12 March 2010 (the " **Regulation** "), means the individuals who are directly or indirectly responsible for planning, managing and controlling the activities of the Company (the " **Managers with Strategic Responsibilities** ").

Section I also provides a brief description of the procedures used by the Company to adopt and implement the Remuneration Policy and the individuals involved.

In particular, the Remuneration Policy:

(i) indicates how it contributes to the corporate strategy, the pursuit of the long-term interests and the sustainability of the Company and is determined taking into account the compensation and working conditions of the Company's employees;

(ii) defines the different components of remuneration that can be recognized and establishes the criteria for the recognition of variable remuneration;

(iii) specifies the elements from which it is possible to derogate in the presence of exceptional circumstances, as well as the procedural conditions under which, without prejudice to the provisions regarding transactions with related parties, the derogation can be applied.

In compliance with the provisions of Article 123- *ter* , paragraphs 3- *bis* and 3- *ter* , of the TUF, Section I has been submitted to the binding vote of the Shareholders' Meeting convened in a single call for 23 April 2025 and its amendments will be submitted to the binding vote of the Shareholders' Meeting convened in a single call for 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 Managers with Strategic Responsibilities (where applicable):

a. provides an adequate representation of each of the items that make up the remuneration, including the benefits envisaged in the event of cessation of office or termination of the employment relationship, highlighting their consistency with the Company's remuneration policy relating to the reference financial year;

b. analytically illustrates the compensation paid during the 2024 financial year (the " **Full Year** "), for any reason and in any form, by the Company and by subsidiaries and affiliates, indicating any components of the aforementioned compensation that are attributable to activities carried out in financial years prior to the reference year and also highlighting the compensation to be paid in one or more subsequent financial years in relation to the activity carried out in the Financial Year, possibly indicating an estimate for the components that cannot be objectively quantified in the Financial Year itself;
c. reports - in compliance with the provisions of Article 84- *quater* , paragraph IV, of the Issuers' Regulation - the data relating to the shareholdings held in the Company and in companies controlled by it by the members of the Board of Directors and the Board of Statutory Auditors and (where applicable) by the Managers with Strategic Responsibilities as well as by spouses who are not legally separated and by minor children, directly or through controlled companies, trust companies or third parties, resulting from the shareholders' register, from communications received and from other information acquired by the same Directors, Auditors and Managers with Strategic Responsibilities;
d. illustrates how the Company has taken into account the vote expressed the previous year on the second Section of the Remuneration Report .

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

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

(i) in the shareholders' meeting, which is responsible, among other things, for the appointment and dismissal of the members of the Board of Directors and the approval of the financial statements;

(ii) in the Board of Directors, which is responsible for managing the Company;

(iii) the Risk Control and Sustainability Committee, established within the Board of Directors and composed of non-executive directors who meet the integrity requirements set forth by applicable law, the majority of whom also meet the independence requirements established by paragraph IV of Article 147 *-ter* of the TUF, which is responsible for overseeing the adequacy of the Company's organizational structure, the internal control system, and the administrative accounting system, as well as their suitability to accurately represent management events; and

(iv) the Remuneration Committee, also established within the Board of Directors and composed of non-executive directors who meet the integrity requirements set forth by applicable law, the majority of whom also meet the independence requirements established by Article 147- *ter* , *paragraph IV* , of the TUF, which is responsible for providing advice and making recommendations to the Board of Directors regarding the remuneration of the Company's directors and senior management;

(v) the Board of Statutory Auditors, which is responsible for monitoring compliance with the law and the bylaws, compliance with the principles of good administration and the adequacy of the organizational, administrative and accounting structure adopted by the Company and its functioning.

This Report contains, in specific tables in accordance with the provisions of Article 84- *quater* , *paragraph IV* , of the Issuers' Regulation, the data relating to the shareholdings held by Directors, Auditors, and Managers 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, Section " *Governance/Aeffe Remuneration Report* ".

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

SECTION I

"REMUNERATION POLICY"

INDEX

1. PREMISE

1.1 This document (hereinafter, the " **Remuneration Policy** ") illustrates the policy of Aeffe SpA (" **Aeffe** " or simply the " **Company** ") regarding the remuneration of members of the board of directors, members of the board of statutory auditors and managers with strategic responsibilities, meaning those individuals who are directly or indirectly responsible for planning, managing and controlling the Company's activities, according to the definition provided in this regard in Annex 1 to the Consob Regulation on transactions with related parties, adopted with Consob resolution no. 17221 of 21 March 2010 and subsequent amendments and additions, as identified from time to time by the Company's board of directors (the " **Managers with Strategic Responsibilities** ").

1.2 This Remuneration Policy

(i) has been prepared in compliance with Article 5 of the *corporate governance code* approved by the *Corporate Governance Committee* of Borsa Italiana SpA (the " **Corporate Governance Code** "), in accordance with the provisions of Article 123 *ter* of Legislative Decree no. 58 of 24 February 1998, and subsequent amendments and additions (the " **TUF** "), as well as 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) was approved on 16 October 2025 by the Board of Directors of the Company, upon proposal of the Remuneration Committee;

(iii) may be subject to review and updating by the Board of Directors upon proposal from the Remuneration Committee, which is responsible for periodically evaluating its adequacy, overall consistency and practical application.

2. PROCEDURES USED 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, a majority of whom meet the independence requirements established by Article 147- *ter* , *paragraph IV,* of the TUF. It is then presented by the Remuneration Committee to the Board of Directors and discussed in a collaborative process. It is then approved by the Board of Directors and submitted annually to the Shareholders' Meeting for a binding vote.

2.1.2 The Remuneration Policy approved in the terms indicated 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 and adequate oversight and control as well as uniformity of application and coherence at the level of the group of companies belonging to Aeffe (the " **Aeffe Group** " or the " **Group** ").

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

(i) where the assembly has not provided for it directly, the distribution among the members of the Board of Directors of the overall compensation established by the same pursuant to Article 2389, paragraph 1, of the Civil Code;

(ii) the determination of the remuneration due to directors holding specific positions, pursuant to Article 2389, paragraph 3, of the Civil Code, upon proposal of the Remuneration Committee, after consulting the Board of Statutory Auditors;

(iii) the determination of remuneration for Managers with Strategic Responsibilities;

(iv) the examination of the incentive plans to be submitted for approval by the shareholders' meeting;

(v) the identification of the Managers with Strategic Responsibilities who are recipients of the incentive plans, as well as the determination of the amount of the incentives due to each;

(vi) the establishment, within the Company, of the remuneration committee and the definition of its responsibilities, in compliance with the recommendations of the Corporate Governance Code;

(vii) the approval of the Remuneration Policy and its presentation to the meeting.

2.1.5 Pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of the TUF, the Shareholders' Meeting is required to vote in favor or against the Remuneration Policy with the frequency required by its duration (indicated in the following paragraph 2.5) and in any case at least every three years or upon changes to the policy itself.

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

2.1.7 The Remuneration Committee, established within the Board of Directors, periodically assesses the adequacy, overall consistency, and effective implementation of the Remuneration Policy for Directors and Executives with Strategic Responsibilities, drawing on information provided by the managing directors. It formulates relevant proposals to the Board of Directors and oversees the Company's remuneration procedures, policies, and objectives in general.

Furthermore, the Remuneration Committee, in accordance with the provisions of law and regulations , as well as Article 5 of the Corporate Governance Code:

a. assists the Board of Directors in developing the remuneration policy;

b. submits proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors holding specific positions, as well as on the setting of performance objectives related to the variable component of their remuneration;

c. monitors the concrete application of the remuneration policy and verifies, in particular, the effective achievement of *performance objectives* ;

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 established by Article 147- *ter* , *paragraph IV* , of the TUF and the Corporate Governance Code. At least one member of the Remuneration Committee has adequate knowledge and experience in financial matters or remuneration policies, as 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 acting as Chair), Bettina Campedelli (independent director acting as Chair), and (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 compensation policies.

2.1.9 The decisions of the Compensation Committee are adopted by the favorable vote of an absolute majority of its members. The Chairman of the Board of Statutory Auditors or another auditor(s) may participate in committee meetings. The Chairman of the Compensation Committee may invite non-members to attend meetings, with reference to one or more agenda items.

2.1.10 No director participates in meetings of the Remuneration Committee in which the formulation of proposals to the Board of Directors regarding their own remuneration is discussed.

2.1.11 The Remuneration Committee is granted access to company information and functions as necessary or appropriate to carry out its duties. It may avail itself 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, directors, or Key Management Personnel .

2.2 Criteria for defining the Remuneration Policy

In line with previous years and in accordance with the relevant recommendations set forth in Article 5 of the Corporate Governance Code, compensation practices and *best practices* adopted in the relevant market are constantly analyzed and monitored using specific compensation *benchmarks* . This is done to maintain a constant awareness of the current situation and be able to promptly assess and, where necessary, identify effective solutions. The compensation *benchmark* is based on an organizational position evaluation methodology, which allows for the weighting of each role, allowing for consistent comparisons both internally, including globally, and externally, ensuring competitive alignment with the relevant market.

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

2.3 Remuneration Policy and Risk Management Policy

The Company ensures that the variable component of the remuneration of its Directors and Managers with Strategic Responsibilities is defined by setting sustainable *performance objectives* consistent with the risk profile determined by the Board of Directors.

2.4 Components relating to employee compensation and working conditions in determining the Remuneration Policy

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

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

The remuneration of 4.1% of the corporate population of Aeffe SpA and 5.1% of the corporate population of the Aeffe Group is composed ~~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 intends to implement measures to ensure:

i. A safe, functional, livable, and comfortable work environment: company offices apply architectural criteria that are functional to the activities involved, respecting fundamental health and safety requirements as well as interpersonal exchanges to enable and develop creativity, organization, order, and planning skills aimed at improving company results;
ii. *smart* technologies in company headquarters , aimed at enabling global contiguity and seamless contribution of value for the company and individuals;
iii. Orientation for personal and professional development: thanks to an environment that facilitates the evolution and growth of knowledge and skills; and a global dimension, which allows us to address ongoing, complex, and innovative challenges, opening up significant growth opportunities.

Except as otherwise provided below, the Remuneration Policy described in this Report does not differ materially from that implemented in the financial year ended 31 December 2024. The Company, while taking into account national and international *best practices* , has maintained the guiding principles and key elements of its Remuneration Policy, while introducing certain innovations aimed at further consolidating the Company's socially responsible approach. Specifically, several changes have been introduced to the variable remuneration system, including the inclusion of payment options tied to non-strictly financial objectives and the pursuit of ESG values.

2.5 Duration

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

3. Purpose and principles of the Remuneration Policy

3.1 The Remuneration Policy is intended to attract, retain, and motivate qualified professionals with the skills and professionalism required to best manage and achieve the objectives of the Company and the Aeffe Group. This is achieved by defining and implementing mechanisms linking individual *performance* to the growth of the Company and the Aeffe Group's value. Furthermore, the Remuneration Policy contributes to corporate strategy, the pursuit of long-term interests, and the sustainability of the Company. Shareholders make an important contribution in this regard, being required to cast a binding vote on the Remuneration Policy, which describes each of the components of the remuneration of Directors, Statutory Auditors, and Managers with Strategic Responsibilities. Therefore, the Remuneration Policy has a different and broader scope than the resolutions on compensation pursuant to Articles 2364, 2389, and 2402 of the Italian Civil Code .

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

- **Sustainability**

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

  It is designed to ensure an overall remuneration structure that recognizes the professional value of the individuals involved and allows for an adequate balance of fixed and variable components. The aim is to create sustainable value in the medium and long term and to ensure a direct link between remuneration and specific *performance objectives* , creating a work environment inclusive of all forms of diversity and capable of encouraging the expression of individual potential, as well as attracting, retaining, and motivating resources.

  In implementing the aforementioned principles, the payment of the variable remuneration component (short and/or medium-long term) is not exclusively conditional on objectives more strictly tied to economic and financial *performance , but also on strategic drivers* and objectives in terms of environmental and social sustainability within the company. The decision to integrate variable remuneration objectives with ESG (i.e., " *Environmental , Social, and Governance ") performance objectives* confirms the company's commitment to combining operational, economic, and financial strength with social and environmental responsibility and to further developing an internal culture of sustainability, linking it to concrete and measurable objectives. The detailed definition of Aeffe's *performance* and sustainability commitments to which variable remuneration is linked will be developed by the Board of Directors with the assistance of the Human Resources function.

- ***management*** **and shareholder interests**

  Aligning the interests of *management* and shareholders is the primary and ultimate objective in defining the variable and incentive components of the remuneration of *management* with strategic responsibilities. In line with international best practices and resolutions adopted at the European level, the Company is committed to implementing mechanisms that foster the creation of genuine and stable value for the Company and the Aeffe Group and, therefore, translate into tangible benefits for shareholders, including through the balanced and careful identification of *performance objectives* .

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

The fixed and variable components of remuneration are appropriately balanced based on Aeffe's strategic objectives and risk management policy, also taking into account the sector in which it operates and the characteristics of the business activity actually carried out, in line with the objective of promoting medium- to long-term value creation for all shareholders and sustainable growth.

The following shows the current percentage impact of the fixed component, the short-term variable component, and the medium-long term variable component on the remuneration package of Directors and Managers with Strategic Responsibilities.

President	*Short-term variable component*	*Medium-long term variable component*
	For each euro of normalized EBITDA (absolute value) (normalization means considering costs and revenues pertaining to ordinary operations even if not recorded in the approved financial statements; furthermore, extraordinary or non-recurring costs and revenues must be eliminated from the calculation even if recorded in the approved financial statements) of the Aeffe Group's Consolidated Financial Statements exceeding 38 million, 9% will be recognized, with a maximum disbursable amount of € 600,000.00	*in case of reaching the maximum target of €350,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 19%)* *in case of reaching the intermediate objective of €220,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 12%)* *in case of reaching the minimum target of €150,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 7%)*

	gross.	
Vice President	*Short-term variable component*	*Medium-long term variable component*
	For each euro of normalized EBITDA (absolute value) (normalization means considering costs and revenues pertaining to ordinary operations even if not recorded in the approved financial statements; furthermore, extraordinary or non-recurring costs and revenues must be eliminated from the calculation even if recorded in the approved financial statements) of the Aeffe Group's Consolidated Financial Statements exceeding 38 million, 9% will be recognized, with a maximum disbursable amount of € 600,000.00 gross.	*in case of reaching the maximum target of €350,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 19%)*
		in case of reaching the intermediate objective of €220,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 12%)
		in case of reaching the minimum target of €150,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 7%)
Chief Executive Officer	*Short-term variable component (impact on annual salary)*	*Medium-long term variable component*
	For each euro of normalized EBITDA (absolute value) (normalization means considering costs and revenues pertaining to	*in case of reaching the maximum target of € 350,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 33%)*
		in case of reaching the intermediate objective of €220,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 21%)

	ordinary operations even if not recorded in the approved financial statements; furthermore, extraordinary or non-recurring costs and revenues must be eliminated from the calculation even if recorded in the approved financial statements) of the Aeffe Group's Consolidated Financial Statements exceeding 38 million, 4% will be recognized, with a maximum disbursable amount of € 250,000.00 gross.	*in case of reaching the minimum target of €150,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 14%)*
Administrator with powers	*Short-term variable component*	*Medium-long term variable component*
	The Performance Bonus will be payable by the Company exclusively in the event of a Material Event, a Material Change of Control, or a Material Extraordinary Transaction. The Performance Bonus, if due, will be equal to an amount corresponding to 1% (one percent) of the applicable Parameter, or (a) at the same time as the listing of the shares issued by Aeffe on the Euronext Market, or alternatively, as applicable.	
		The Extraordinary Premium will be equal to the amount corresponding to 2% (two percent) of the applicable Parameter, or (a) at the same time as the price of the shares issued by Aeffe on the Euronext Market, alternatively and as the case may be: - *in the case of a Significant Extraordinary Transaction, the average market capitalization of the Company in the 30 (thirty) trading days following the announcement to the market of a Significant Extraordinary Transaction, if the same is communicated to the market or, in the absence of such communication, from the occurrence of the Significant Extraordinary Transaction as identified in good faith by the parties;* - *in the event of a Significant Change of Control, the price of the public offer (voluntary or mandatory) that gives rise to the Significant Change of Control or that is*

		promoted as a result of the same, it being understood that said price will be based on the entire capital of Aeffe (i.e. as if the acquisition concerned the entire capital of the same); *or* *(b) at a time following the cessation of the listing of the shares issued by Aeffe on the Euronext Market, alternatively and as the case may be:* *- in the case of a Significant Extraordinary Transaction, the Fair Market Value of the Company on the date immediately following the occurrence of the Significant Event in question;* *- in the event of a Significant Change of Control, the value expressed in the context of the relevant transaction, it being understood that said price will be set in relation to the entire capital of Aeffe (i.e. as if the acquisition concerned the entire capital of the same) and, in the event of disagreement between the parties on the identification of the same, by the Expert.* *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 (impact on annual salary)*	*Medium-long term variable component*
	10.8%	*in case of reaching the maximum target of €200,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 18%)*
		in case of reaching the intermediate objective of €100,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 9%)
		in case of reaching the minimum target of €50,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 4%)
Group CFO	*Short-term variable component*	*Medium-long term variable component*

	30% MBO "Ordinary annual" . Maximum amount disbursed €150,000 for the year 2025 (65%). MBO valid from 2026: 28% "ordinary annual".	*in case of reaching the maximum target of €200,000 (on the projected compensation in the four-year reference period for LTI the hypothetical percentage is 20%)*
		in case of reaching the intermediate objective of €100,000 (on the compensation projected in the four-year period (The hypothetical reference percentage for LTI is 10%)
		in case of reaching the minimum target of €50,000 (on the projected compensation over the four-year period (The hypothetical reference percentage for LTI is 5%)
HR and Organization Director, Aeffe Group	*Short-term variable component*	*Medium-long term variable component*
	32%	*in case of reaching the maximum target of €200,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 32%)*
		in case of reaching the intermediate objective of €100,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 16%)
		in case of reaching the minimum target of €50,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 8%)
Chief Operating Officer of Aeffe SpA and Executive Director of the Aeffe Group	*Short-term variable component (impact on annual salary)*	*Medium-long term variable component*
	19%	*in case of reaching the maximum target of €200,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 24%)*
		in case of reaching the intermediate objective of €100,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 12%)
		in case of reaching the minimum target of €50,000 (on the projected compensation in the three-year reference period for LTI the hypothetical percentage is 6%)

Observing market practices and trends allows the Company to attract and retain professional, qualified, and appropriately motivated resources by setting competitive salary levels and ensuring internal fairness and transparency.

4. COMPONENTS OF REMUNERATION

4.1 Fixed component

4.1.1 The impact of the fixed component on the total remuneration is determined with the aim of ensuring adequate remuneration for the performance even in the event of non-payment or partial payment of the variable component and of not encouraging excessively risk-oriented behaviour with a view to maximising recognition and a short-term perspective, with the consequent possible prejudice to sustainability and the creation of medium-long term value.

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

4.2 Short-term variable component – so-called *Management by Objectives*

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

4.2.2 In defining the variable portion of remuneration, the Company safeguards the sustainability and reasonableness of the compensation also by providing for limits (not necessarily expressed as caps in absolute values and without prejudice to the possibility of excluding such limits - exceptionally and provided that the interests of the Company so require - with reference to the variable remuneration of one or more executive directors[1])and the identification of a balanced mix suitable for avoiding imbalances with respect to sustainable performance and risk profiles.

4.2.3 The variable component of compensation is structured into a short-term, objective-based variable compensation system, known as *Management by Objectives* (MBO). This system is designed to incentivize key *management personnel through the awarding of variable compensation contingent upon the achievement of specific* financial *performance objectives* . These predetermined and measurable objectives are identified with the assistance of the heads of the company's various *business areas* and the Human Resources function, using financial indicators, including consolidated ones.

4.2.4 The Board of Directors and the Human Resources function are responsible for verifying and ascertaining whether objectives have actually been achieved, with the assistance of other internal functions, including

[1] As of the date of this Report, the absence of maximum limits on the payment of the variable portion of the remuneration is envisaged only with reference to the director with delegated functions Dr. Marco Gobetti – for details on this point, please refer to Table 4 of this Section I of the Report..

Finance and Control, following approval of the financial statements or when the objective can otherwise be ascertained, as applicable.

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

4.2.6 *ex post* correction mechanisms for the variable component.

4.3 Long-term incentives

4.3.1 In order to establish incentive mechanisms aimed at creating value, with the aim of also complying with the requirements set by Borsa Italiana in this regard, the board of directors may adopt one or more long-term incentive plans aimed at executive directors of the Company and at Managers with Strategic Responsibilities (as well as collaborators who, in consideration of the role held, although not falling within the definition of "strategic managers" in the strict sense, the company, upon proposal of the Remuneration Committee, has decided to include in the incentive plan) to be identified by the board of directors itself, upon proposal of the Remuneration Committee, taking into account the role they hold within the Company and the Group with the aim of creating value for the Company and the shareholders in the medium-long term. These plans will be aimed at pursuing the following objectives: (a) maintaining an overall competitive level of the remuneration structure so as to attract and retain qualified individuals within the Company and the Aeffe Group; (b) orienting the commitment of directors and *managers* towards long-term and strategic indicators; (c) aligning the interests of directors and *managers* with those of shareholders.

4.3.2 The long-term incentive—structured as a variable compensation system for medium- to long-term objectives (medium- to long-term MBO)—may include the payment of a monetary incentive to beneficiaries contingent upon the achievement of predetermined, measurable *performance objectives* , significantly tied to a medium- to long-term horizon, consistent with the Company's strategic objectives and aimed at promoting its sustainable success, also including non-financial parameters related to the pursuit of the aforementioned ESG values. Payment of the monetary incentive to beneficiaries will also be contingent upon the continuation of the relationship between the Company or Group and the beneficiaries. The Company's Board of Directors, taking into account the roles held within the Group and the scope of their management powers, and having consulted the Remuneration Committee and the Board of Statutory Auditors, will identify the beneficiaries of these incentive plans, setting the amount of the incentive for each of them, taking into account their position, the amount of their overall fixed remuneration, and their status as a significant shareholder, if any.

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 then authorized by the Shareholders' Meeting, in accordance with the provisions of Article 114- *bis* of the TUF and may consist of:

(i) in the assignment of option rights for the subsequent purchase of Company shares (so-called *option grant*); the settlement of these plans may take place through physical delivery of the shares (so-called *stock option*) or even in cash on the basis of a differential or the variation in the prices of the shares representing the Company's capital (so-called *stock appreciation)* . *right* And *phantom stock*

); or

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

Beneficiaries of these plans may be employees or directors of the Company, or of other companies of the Aeffe Group, to be identified taking into account the purposes, principles and criteria indicated in the previous points of this Remuneration Policy.

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

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

The granting 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 Company's development; (ii) the beneficiary's professional competence and actual extent of his or her ability to contribute to the creation of value in relation to his or her role in the company's organizational chart; (iii) the level of overall compensation received; and (iv) loyalty requirements.

ex post correction mechanisms for the variable component.

4.4 Policy followed with regard to non-monetary benefits

With the aim of ensuring an overall remuneration offering that is as competitive as possible and aligned with best practices adopted in local markets, the remuneration packages of Directors and Managers with Strategic Responsibilities may be complemented by non-monetary *benefits* .

4.5 Treatments provided in the event of termination of office or termination of the employment relationship

The Company may agree to special arrangements involving the payment of an indemnity (within predetermined limits) for termination of office or employment with its Directors and Managers with Strategic Responsibilities other than the latter, where deemed appropriate to attract adequate professional resources or as part of investment agreements entered into in the exercise of its core business. The provision of such indemnities is, however, subject to prior assessment and approval by the Board of Directors, after consulting the Remuneration Committee.

Pursuant to a contract approved by the Board of Directors on August 1, 2025, subject to the favorable opinion of the Remuneration Committee, Director Dr. Marco Gobbetti is entitled to a severance payment of €600,000.00 (six hundred thousand/00) gross, except in the event of resignation from office without just cause or revocation for just cause by the Company before the natural expiration of the office itself (expected on the date of approval of the financial statements as of December 31, 2028). Furthermore, Dr. Marco Gobbetti is entitled to the payment of a penalty amounting to Euro 2,000,000.00 (two million /00) in the event of (i) his failure to be reappointed upon expiry of the term of the board currently in office (and therefore in the event of failure to be reappointed until the date of approval of the financial statements for the year ending 31 December 2028) or (ii) his removal from office without just cause or resignation for just cause (penalty reduced to Euro 800,000.00 (eight hundred thousand/00) if the termination for the aforementioned reasons occurs before the date of approval of the financial statements for the year ending 31 December 2025).

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

As of the date of this Report and without prejudice to the provisions of the previous paragraph 4.3.3, there are no incentive plans based on shares, options or other financial instruments. in favor of neither the executive nor non-executive directors nor the managers with strategic responsibilities.

4.7 *Clawback / malus* mechanisms

In light of the specific characteristics of the remuneration packages provided, in particular, for Directors and Managers with Strategic Responsibilities, the Board of Directors has decided not to provide for contractual agreements that would allow the Company to request the return, in whole or in part, of variable remuneration components paid or to withhold deferred amounts, determined on the basis of data that are subsequently found to be manifestly incorrect or other circumstances (e.g. *clawback / malus clauses*).

4.8 Clauses for maintaining financial instruments in the portfolio

As of the date of this Report, the Company has not entered into agreements that include clauses for the maintenance of financial instruments in the portfolio after their acquisition.

4.9 Insurance, social security or pension coverage other than mandatory ones

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

For directors particularly involved in the company's development strategy, such as Dr. Marco Gobbetti, the Company may stipulate the following insurance policies, other than mandatory and supplemental, with different terms and coverage limits depending on their needs: life and permanent disability insurance; FASI supplemental health insurance extended to the family unit.

4.10 Elements of the Remuneration Policy that may be waived in exceptional circumstances and the procedural conditions under which the waiver may be applied.

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

Consequently, no elements of the Remuneration Policy from which it is possible to derogate, even temporarily, have been identified, nor have the procedural conditions for applying such possible derogations been regulated.

5. DIRECTORS' REMUNERATION

5.1 The remuneration of directors holding specific positions

5.1.1 The remuneration due to directors holding specific roles, pursuant to Article 2389, paragraph 3, of the Italian Civil Code and Article 21 of the Articles of Association, is set by the Board of Directors, upon proposal from the Remuneration Committee, after consulting the Board of Statutory Auditors and, where the conditions established in the Procedure for Related Party Transactions are met, the Risk Control and Sustainability Committee.

5.1.2 The remuneration of directors holding specific roles is structured in accordance with the objectives, criteria, and principles set forth in the previous sections of this Remuneration Policy. Taking into account the specific role held by the director and the strategic nature of the functions performed for the creation of value, a variable component is added to the fixed remuneration (specifically, this component may consist of a short-term or medium-to-long-term objective system (MBO) and/or medium-to-long-term incentive plans, if approved as indicated in the previous sections of this Remuneration Policy). In applying the aforementioned criteria, the Board of Directors adopts a principle of substance over form, with a view to ensuring the most efficient achievement of the objective of aligning the interests of *management* and shareholders. Where directors holding specific positions and/or who play a strategic role also have a significant stake in the Company's capital, the Board of Directors may deem that the loyalty and incentive requirements have been adequately met even without resorting to the application of one or more of the loyalty and incentive tools otherwise applied to other *managers* .

5.1.3 The Remuneration Policy for directors holding specific roles defines a balance between fixed and variable remuneration components that is appropriate and consistent with the Company's strategic objectives and risk management policy, taking into account the characteristics of the business and the sector in which it operates. It is understood that the variable component represents a significant portion of the overall remuneration.

5.2 Remuneration of non-executive directors

5.2.1 The remuneration of non-executive directors is generally determined by the shareholders' meeting upon appointment for the entire collegiate body. Therefore, 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, upon proposal from the remuneration committee, determines the distribution of this overall compensation among each non-executive director, ensuring that it is appropriate for the expertise, professionalism, and commitment required by the assigned duties within the administrative body , also taking into account any participation in one or more committees.

5.2.2 The remuneration of non-executive directors is not generally linked to Aeffe's financial results.

5.3 Remuneration policy followed with reference to: (i) Independent Directors, (ii) participation in committees and (iii) the performance of specific tasks

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 tied to the Company's financial results. The Remuneration Policy provides for the allocation of additional fixed compensation to non-executive directors and independent directors who serve on committees established within the Board of Directors to adequately reward the additional work and commitment they provide to the Company. For further information regarding the remuneration of Directors holding specific roles, please refer to the description in 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 competence, professionalism, and commitment required by the importance of the role held and the size and sector characteristics of the company and its situation.

On April 12, 2018, the Shareholders' Meeting established the compensation of each member of the Board of Statutory Auditors at the minimum level of the rates established by Ministerial Decree 140/2012, rounded down to the nearest 5,000 euros. The total annual compensation was therefore set at € 105,000 (one hundred and five thousand) to be divided among the Auditors in the amount of € 30,000 (thirty thousand) per year for each Acting Auditor and € 45,000 (forty-five thousand) per year for the Chairman of the Board of Statutory Auditors, in addition to reimbursement for all members of the Board of Statutory Auditors for out-of-pocket expenses incurred in their role.

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Table 1

	OBJECTIVE	**PRIZE (€)**
EXECUTIVE DIRECTORS	Minimum target: sum of consolidated EBITDA for the financial years included in the Reference Period between Euro 150,000,000 (one hundred and fifty million) and Euro 159,999,999 (one hundred and fifty-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine).	*€150,000*
	Intermediate objective: sum of consolidated EBITDA for the financial years included in the Reference Period between Euro 160,000,000 (one hundred and sixty million) and Euro 179,999,999	*€220,000*

	(one hundred and seventy-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine);	
	Maximum target: sum of consolidated EBITDA for the financial years included in the Reference Period equal to or greater than Euro 180,000,000 (one hundred and eighty million).	*€350,000*

On March 14, 2025, the Board of Directors, acting on a proposal from the Remuneration Committee, approved the new MBO LTI plan for the years 2025-2026-2027-2028, based on the objectives of the new strategic plan.

Table 2

	TARGETS (70%)	**PRIZE (€)**
STRATEGIC MANAGERS	Minimum target: sum of consolidated EBITDA for the financial years included in the Reference Period between Euro 150,000,000 (one hundred and fifty million) and Euro 159,999,999 (one hundred and fifty-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine)	*€50,000*
	Intermediate objective: sum of consolidated EBITDA for the financial years included in the Reference Period between Euro 160,000,000 (one hundred and sixty million) and Euro 179,999,999 (one hundred and seventy-nine million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine);	*€100,000*
	Maximum target: sum of consolidated EBITDA for the financial years included in the Reference Period equal to or greater than Euro 180,000,000 (one hundred and eighty million).	*€200,000*

Table 3

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

On August 1, 2025, the Board of Directors, acting on a proposal from the Remuneration Committee, approved the variable remuneration payable to the director with delegated functions (Dr. Marco Gobbetti).

Tabella 4

ADMINISTRATOR WITH DELEGATED FUNCTIONAL POWERS	*Variable compensation due by the Company in the event of a onerous change of control of the Company or a corporate or business transaction with a significant impact on the Company's industrial and strategic plan and which, at the same time, leads to an increase in the Company's capitalization of no less than specific thresholds.* *The variable compensation is equal to 1% of the Company's average market capitalization in the 30 trading days following the extraordinary transaction or the price of the public offering (voluntary or mandatory) in question.* *With reference to the aforementioned variable compensation, it is specified that the Company departs from recommendation no. 27, letter b), of the Corporate Governance Code for an exclusively technical reason, as it is not possible to calculate ex ante the amount resulting from the application of a percentage value (fixed and predetermined) with respect to the average stock market capitalization parameter in a future period of time.*

SECTION II

COMPENSATION PAID IN THE 2024 FINANCIAL YEAR

This Section II is not being updated; please refer to the provisions approved by the Shareholders' Meeting of April 23, 2025.