

# **ACOTEL GROUP SpA**

## **REMUNERATION REPORT**

pursuant to article 123-bis of the CFA

**Approved by the Board of Directors on**

**13 March 2015**

**[www.acotel.com](http://www.acotel.com)**



## CONTENTS

DEFINITIONS .....	3
INTRODUCTION .....	3
SECTION I .....	4
A. Preparation and approval of the remuneration policy.....	4
B. Remuneration Committee .....	4
C. Independent experts .....	5
D. Purposes and objectives of the remuneration policy.....	5
E. Fixed and variable components of remuneration .....	5
F. Non-monetary benefits .....	5
G. Description of variable components .....	5
H. Criteria used in awarding financial instruments.....	5
I. Consistency with long-term interests.....	6
J. Vesting conditions for rights and deferred payment systems .....	6
K. Minimum holding requirements .....	6
L. Dismissal or termination of employment.....	6
M. Insurance, welfare or pension provision .....	6
N. Further information.....	6
O. Reference to other companies .....	6
SECTION II .....	7
1. TABLE 1: Remuneration paid to members of management and control bodies, general managers and other key management personnel .....	7
2. TABLE 2: Interests of members of management and control bodies and general managers.....	9

## DEFINITIONS

**Executive Directors:** Claudio Carnevale, Chairman and CEO, and the Directors, Margherita Argenziano , Cristian Carnevale and Giovanni Galoppi.

**Independent Directors:** Francesco Ago, Raffaele Cappiello and Prof. Giuseppe Guizzi.

**Board of Statutory Auditors:** Acotel Group SpA's Board of Statutory Auditors, elected by the General Meeting of 24 April 2012.

**Board of Directors:** Acotel Group SpA's Board of Directors, elected by the General Meeting of 24 April 2012.

**Key management personnel:** persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's (executive or non-executive) Directors.

**Regulations for Issuers:** the Regulations implementing Legislative Decree 58 of 24 February 1998 regarding the legislation of issuers (adopted by the CONSOB with Resolution 11971 of 14 May 1999, as subsequently amended).

**Report:** the Remuneration Report approved by the Board of Directors on 13 March 2015 pursuant to article 7 of the Corporate Governance Code for listed companies promoted by Borsa Italiana SpA (as revised in March 2010).

**Company:** Acotel Group SpA.

**CFA:** Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act).

## INTRODUCTION

This Report has been prepared in accordance with and in application of the provisions of art.123-*ter* of the CFA and consists of two sections, in compliance with the indications contained in Annex 3A, Schedule 7-*bis* and Schedule 7-*ter*, referred to by art. 84-*quater* introduced into the Regulations for Issuers by the CONSOB with Resolution 18049 of 23 December 2011.

Section I aims to describe the Company's remuneration policy for members of the Board of Directors, the Board of Statutory Auditors and key management personnel and the procedures followed in adopting and implementing this policy.

Section I has been prepared for submission to the General Meeting called to approve the financial statements for the year ended 31 December 2014.

Section II provides tables shows details of the remuneration paid to Directors, Statutory Auditors and key management personnel and interest in the Company held by such persons.

## SECTION I

### A. Preparation and approval of the remuneration policy

The bodies involved in preparation and approval of the remuneration policy are:

- i. the General Meeting of shareholders, which fixed the remuneration for members of the Board of Directors and the Board of Statutory Auditors and, in line with art.123-*ter* of the CFA, votes on the first part of the Remuneration Report prepared by the Board of Directors at the Annual General Meeting held to approve the annual financial statements. The General Meeting is also required, pursuant to art. 114-*bis* of the CFA, to approve any share-based incentive plans or other types of incentive plan for Directors, employees or consultants;
- ii. the Board of Directors, which fixes the remuneration for Directors with specific roles, subject to the prior agreement of the Board of Statutory Auditors and on the recommendation of the Remuneration Committee. The Directors have established a Board Committee to make recommendations on the remuneration for executive Directors and other Directors with specific roles. The Board of Directors is required to approve the Remuneration Report to be submitted for approval by the general Meeting and to prepare any share-based incentive plans or other types of incentive plan, again for submission to shareholders pursuant to art.114-*bis* of the CFA;
- iii. the Remuneration Committee referred to below in point B;
- iv. the Board of Statutory Auditors which, in matters relating to remuneration, plays a consultative role, providing the opinions required by legislation and, for this purpose, taking part, in the person of its Chairman or other Statutory Auditor, in meetings of the Remuneration Committee.

### B. Remuneration Committee

On 9 August 2012 the Board of Directors established the Remuneration Committee, electing the independent Directors, Francesco Ago, Raffaele Cappiello and Prof. Giuseppe Guizzi as members of the Committee.

Francesco Ago was elected Chairman of the Remuneration Committee.

The duties of the Committee, as determined by the Board of Directors when establishing it, are as follows:

- i. periodic assessment of the adequacy, overall compliance with and effective application of the remuneration policy for Directors and key management personnel, in the latter case based on information provided by the executive Directors, and the submission of proposals regarding such matters to the Board of Directors;
- ii. the submission of proposals or the preparation of opinions for the Board of Directors on the remuneration of executive Directors and other Directors with specific roles, and the setting of performance targets linked to the variable component of remuneration; monitoring the application of decisions made by the Board, above all verifying effective achievement of the performance targets.

The Remuneration Committee is responsible for the other activities specifically assigned to it by the Board of Directors.

Following the Company's adoption of a Procedure for Related Party Transactions, the Remuneration Committee also carries out the functions of the Committee for Related Party Transactions.

Minutes are taken of Committee meetings.

Committee members have access to information and corporate functions as required in order to carry out their roles. They may also make use of external consultants or invite third parties to attend committee meetings in relation to individual items on the agenda.

### **C. Independent experts**

In preparing this Remuneration Report, the Company has not made use of external consultants.

### **D. Purposes and objectives of the remuneration policy**

The purposes and objectives of the remuneration policy are to establish compensation packages for executive Directors, consisting of a fixed component, providing a fair level of remuneration in view of the size of the Company and the Group for which it acts as a holding company, and a variable component, based on objectively verifiable indicators described more fully in point G below. The aim of this latter component is to align the interests of beneficiaries with those of the shareholders and, more generally, those of all stakeholders.

The remuneration policy described in this Report does not differ materially from the policy followed in the previous year.

### **E. Fixed and variable components of remuneration**

In 2014 the variable component theoretically awardable to the executive Directors on achieving their objectives was equal to 29.8% of the total compensation paid to them. Also in consideration of the implementation phase of the reorganization process in place within the group was not undertaken to recognize any variable component in favour of such executive directors at the end of 2014.

It has not so far been deemed necessary to defer payment of any variable components to beneficiaries as all the executive Directors are long-term shareholders of the Company and their interests are, therefore, aligned with those of the shareholders as a whole.

### **F. Non-monetary benefits**

To the executive directors are not assigned non-monetary benefits.

### **G. Description of variable components**

The formulas used to determine incentives payable to executive Directors are linked to the following variables, with differing weightings depending on the roles and duties carried out by each person:

- i. the stock market performance of Acotel's shares versus the Telecommunications sector;
- ii. the operating results of the Group, or of individual subsidiaries, compared with the results for the previous year and the budget for the relevant year;
- iii. a qualitative assessment of individual performances.

### **H. Criteria used in awarding financial instruments**

At the preparing date of this Report there are no plans involving the award of shares, options or other financial instruments issued by the Company to its executive Directors.

**I. Consistency with long-term interests**

Please refer to point E.

**J. Vesting conditions for rights and deferred payment systems**

Please refer to points H and E.

**K. Minimum holding requirements**

Please refer to point H.

**L. Dismissal or termination of employment**

There are no agreements between the Company and the Directors providing for the payment of indemnities in the event of dismissal or termination of employment.

**M. Insurance, welfare or pension provision**

The Company has taken out an insurance policy covering third-party liability for Directors , Statutory Auditors and managers in relation to acts committed in carrying out their duties, with the exception of cases of gross negligence or wilful misconduct

There is no agreed welfare or pension provision, other than that required by law.

**N. Further information**

Independent Directors, like the other Directors, are paid a fixed annual fee of €25,000, as established by the General Meeting of 24 April 2012.

There are no fees paid to Directors for membership of Board committees or for the chairpeople of such committees.

**O. Reference to other companies**

The Company's remuneration policy has been drawn up without making reference to the policy applied by any other company in particular.

## SECTION II

### 1. TABLE 1: Remuneration paid to members of management and control bodies, general managers and other key management personnel

#### DIRECTORS

(€)

Name and surname	Position	Period in office	Expiry of term of office (*)	Fixed compensation			Salary	Fees for committee membership	Bonuses and other incentives	Non-monetary benefits	Other remuneration	Total remuneration paid	Fair value of share-based payments	Post-employment benefits
				Fixed compensation	Attendance fees	Remuneration for special duties								
Claudio Carnevale	Chairman / CEO	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	25,000	-	250,000	-	-	-	-	275,000	-	-
				(II) Remuneration paid by subsidiaries and associates	155,726	-	-	-	-	-	-	155,726	-	-
				<b>(III) Total</b>	<b>180,726</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,726</b>	<b>-</b>	<b>-</b>
Francesco Ago	Director	01/01-31/12/14	2015		26,000	-	-	-	-	-	-	26,000	-	-
Margherita Argenziano	Director	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	25,000	-	-	-	-	-	-	25,000	-	-
				(II) Remuneration paid by subsidiaries and associates	75,000	-	-	134,661	-	-	-	209,661	-	-
				<b>(III) Total</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>134,661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234,661</b>	<b>-</b>	<b>-</b>
Raffaele Cappiello	Director	01/01-31/12/14	2015		26,000	-	-	-	-	-	-	26,000	-	-
Cristian Carnevale	Director	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	25,000	-	-	-	-	-	-	25,000	-	-
				(II) Remuneration paid by subsidiaries and associates	-	-	-	234,851	-	-	-	234,851	-	-
				<b>(III) Total</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>234,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259,851</b>	<b>-</b>	<b>-</b>
Giovanni Galoppi	Director	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	26,000	-	-	-	-	-	8,320 (1)	34,320	-	-
				(II) Remuneration paid by subsidiaries and associates	-	-	-	-	-	-	4,160 (2)	4,160	-	-
				<b>(III) Total</b>	<b>26,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,480</b>	<b>38,480</b>	<b>-</b>	<b>-</b>
Giorgio Angelo Girelli	Director	01/01-31/12/14	2015		25,000	-	-	-	-	-	-	25,000	-	-
Giuseppe Guizzi	Director	01/01-31/12/14	2015		26,000	-	-	-	-	-	-	26,000	-	-
Giovanni La Croce	Director	01/01-31/12/14	2015		26,000	-	-	-	-	-	-	26,000	-	-

(\*) The year of the General Meeting to approve the annual financial statements corresponding with expiry of the term of office.

(1) Fee for membership of the Supervisory Board established in accordance with Law 231/01

(2) Remuneration paid as fees for consultancy.

**STATUTORY  
AUDITORS**

(€)

Name and surname	Position	Period in office	Expiry of term of office (*)	Fixed compensation			Salary	Fees for committee membership	Bonuses and other incentives	Non-monetary benefits	Other remuneration	Total remuneration paid	Fair value of share-based payments	Post-employment benefits
				Fixed compensation	Attendance fees	Remuneration for special duties								
Antonio Mastrangelo	Chairman of Board of Stat. Auditors	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	26,000	-	-	-	-	-	8,320 (1)	<b>34,320</b>	-	-
				(II) Remuneration paid by subsidiaries and associates	26,208	-	-	-	-	-	-	<b>26,208</b>	-	-
				<b>(III) Total</b>	<b>52,208</b>	-	-	-	-	-	<b>8,320</b>	<b>60,528</b>	-	-
Umberto Previti Flesca	Statutory Auditor	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	15,600	-	-	-	-	-	-	<b>15,600</b>	-	-
				(II) Remuneration paid by subsidiaries and associates	21,632	-	-	-	-	-	-	<b>21,632</b>	-	-
				<b>(III) Total</b>	<b>37,232</b>	-	-	-	-	-	-	<b>37,232</b>	-	-
Maurizio Salimei	Statutory Auditor	01/01-31/12/14	2015											
				(I) Remuneration paid by the reporting entity	15,600	-	-	-	-	-	-	<b>15,600</b>	-	-
				(II) Remuneration paid by subsidiaries and associates	9,152	-	-	-	-	-	-	<b>9,152</b>	-	-
				<b>(III) Total</b>	<b>24,752</b>	-	-	-	-	-	-	<b>24,752</b>	-	-

(\*) The year of the General Meeting to approve the annual financial statements corresponding with expiry of the term of office.

(1) Fee for membership of the Supervisory Board established in accordance with Law 231/01.



## 2. TABLE 2: Interests of members of management and control bodies and general managers

NAME AND SURNAME	POSITION	INVESTEE COMPANY	NO. OF SHARES HELD AT END OF 2013	NO. OF SHARES PURCHASED	NO. OF SHARES SOLD	NO. OF SHARES HELD AT END OF 2014	PERCENTAGE INTEREST AT END OF 2014
Claudio Carnevale (a)	Chairman and CEO	Acotel Group SpA	664.980	-	-	664.980	15,95%
Claudio Carnevale	Chairman and CEO	Acotel SpA	20.000	-	-	20.000	0,48%
Claudio Carnevale	Chairman and CEO	AEM SpA	2.366	-	-	2.366	0,06%
Cristian Carnevale	Director	Acotel Group SpA	600	-	-	600	0,01%

(a) Held through Macla Srl (formerly Clama SA), in which Claudio Carnevale holds a 93% interest.