Remuneration Report

2014 Financial Year

TABLE OF CONTENTS

Tables

Tables Section I

Tables Section II

GLOSSARY

To facilitate understanding and reading of this Report, the table below provides a glossary of the most frequently used terms:

Group: Means the companies included within the scope of consolidation of ACEA SpA, taken collectively;

GAS - Gross Annual salary: Means the fixed gross annual component of the remuneration for employees in Group Companies;

MBO - Management by Objective: Means the annual variable component of remuneration attained when predefined business objectives are achieved;

GOP: Gross Operating Profit;

NFP: Net Financial Position;

NP: Net Profit;

LTIP - Long-Term Incentive Plan: Means the medium/long-term variable component of remuneration;

TSR - Total Shareholder Return: Means the total return on investment for shareholders;

Senior Manager: Means the top managers of the Group, such as those who report directly to the CEO - General Manager of the Company, whose activities have a significant impact on business results;

Management*:* Means executives with strategic responsibilities (key managers) and the senior managers of ACEA Group, taken collectively;

Line: Means the managers of the operating companies who are directly involved in the business, taken collectively;

ARC: Appointment and Remuneration Committee;

RCC: Risk and Control Committee;

SB: Supervisory Board;

EC: Ethics Committee;

CTRP: Committee for Transactions with Related Parties.

Letter from the Chairman

Dear Shareholders

As part of a comprehensive process of change intended to ensure continuous improvement in the quality of the service we provide to our customers, while maintaining high levels of profitability and productivity, and ensuring consistent achievement of objectives associated with discipline and prudence, and in line with the proposals made by the Shareholders' Meeting held on 5 June 2014, ACEA has adopted a consistent and coherent policy on the remuneration of senior managers and the members of management and supervisory bodies.

The 2015 Remuneration Report – 2014 Financial Year illustrates the actions that have led to a significant reduction in costs, through a redefinition of the remuneration policy adopted during the year.

The preparation of this document takes into account both the regulatory requirements adopted by Consob with regard to transparency and communication (Resolution No 18049 of 23 December 2011), and the provisions of Article 123-ter of the Consolidated Law on Finance (TUF).

This report is therefore divided into two separate sections:

I. The first section provides a detailed description of:

a) ACEA Policy on the remuneration of senior managers, of Directors and of key managers;

II. With respect to each individual member of the Management and Supervisory Bodies, and, in aggregate, the key managers, the second section:

a) provides a representation of each of the items that make up the remuneration, including the compensation provided in the event of termination of office or employment;

b) provides an account of the remuneration paid by the Company in 2014 for any purpose and in any form.

As required by the Consolidated Law on Finance, I would be grateful if you could express your advisory vote on the first section of the Remuneration Report.

Catia Tomasetti

Remuneration Policy Highlights

2014 was characterised by a significant acceleration in application of the principle of ***responsible reward***, based on stringent criteria related to merit and behaviours that are more ethically responsible.

The Shareholders' Meeting held on 5 June 2014 decided to reduce the remuneration of directors and the fees paid for participation in committees. These innovations have resulted in the achievement of significant objectives associated with rationalising governance and reducing costs, which will be explained in the following paragraphs.

2014 also saw the consolidation of the People Management System for Executives and Managers. Because of the demonstrated effectiveness of this management assessment system and because we believe it appropriate to maximise the contribution made by individuals to achieving corporate objectives, the decision was made to extend this assessment tool to cover the entire workforce (employees and workers). This extension will involve, as early as 2015, the introduction of a system designed to reward the individual contribution of each person in improving business performance, through the application of more stringent merit-based criteria.

It should be noted that there are no fixed allowances or clauses of any kind designed to protect executives in the event of termination of employment (parachute clause). On this subject, reference should be made to the provisions imposed by the National Collective Bargaining Agreement (CCNL) for Managers of Public Utility Companies, Parts IV and V of which govern the procedures applied to termination of the employment of executives. That Agreement is based, moreover, on the policy for 'Management of the Departure of Executives' approved by the Board of Directors by means of Decision No 33 of 21 December 2011.

In line with a responsible remuneration policy, it should be noted that the Company adopted a clawback clause for key managers and executives in 2014, according to which the Company is entitled to demand the repayment of the variable remuneration component (both short and medium/long term) if it is found that this remuneration has been paid on the basis of wilful misconduct and/or gross negligence, such as the intentional alteration of data used for the achievement of the targets or achievement of those targets by means of behaviours that are contrary to the law or accepted business practice.

In order to continue to meet the expectations of stakeholders, we have retained the same short-term **variable incentive system**, which underwent substantial review in 2013, and which is explained in detail in paragraph 4.2.2.

Lastly, the methodology for the **evaluation of positions** has been consolidated and has become part of the Company's management systems. In view of the changes in the organisational structure of the Group, this method enables ongoing verification of the balance between the remuneration offered and the 'complexity' of the position, achieving the objective of **consistency with the market remuneration benchmark**.

SECTION I

1. Introduction

The ACEA Group operates in the water sector, in the electricity supply chain, in public lighting and in gas. By adopting a sustainability approach, ACEA combines the goal of customer satisfaction with that of value creation for shareholders, brings together its focus on community needs and the need for environmental protection, maximises the professional skills of employees and makes management accountable for the achievement of corporate objectives. Our strong local roots and consolidated experience in the Rome area combined with our ability to take advantage of linked industries, on the one hand, and the implementation of partnerships, on the other, have driven our development, which aims to achieve the critical mass necessary to maximise efficiency and competitiveness at a national level.

To achieve the goals set in the Business Plan - improved operating efficiency, maximum customer focus and service quality, preserving a balanced financial structure, and increased profitability - we need to rely on a highly motivated top management capable of guiding the organisation towards the achievement of medium/long-term strategic objectives in an increasingly complex and competitive environment.

In this respect, the Remuneration Policy is a key lever in aligning the interests of managers and shareholders, by building a pay system that will attract the best resources on the market and retain those who have talent and critical know-how in order to effectively face the challenges of the future.

This document, prepared in accordance with Article 123-ter of Legislative Decree No 58/1998 (Consolidated Law on Finance) illustrates the Remuneration Policy adopted by the ACEA Group for 2014. This policy, which takes into account the recommendations contained in Article 6 of the Code of Conduct for listed companies promoted by Borsa Italiana SpA, defines the criteria and guidelines for the remuneration of senior managers, members of the Board of Directors, including executive directors and directors holding special offices, and key managers, as well as the members of the Board of Statutory Auditors of the Company, in a timeframe that coincides with the current financial year.

2. Scope

In accordance with the provisions of Annex 3A to the CFA implementing Regulation adopted by Consob by means of Resolution No 11971 of 14 May 1999 (the 'Issuers' Regulation'), the Remuneration Policy as described herein applies to the Group's senior managers, members of the management bodies and other executives with strategic responsibilities, or key managers.

'Key Managers' means the managers, as identified and proposed by the Appointment and Remuneration Committee to the Board of Directors of the Company, who hold the power and responsibility for planning and controlling the Company's activities and the power to make decisions that may affect the Company's development or future prospects.

These persons have been identified on the basis of guiding criteria that take into account the position held within the organisational structure, the corresponding degree of autonomy and decision-making power, considering, for each of these individuals, their level of responsibility, role and associated remuneration level.

Based on these principles and paying particular attention to the positions for which annual variable remuneration represents a significant share of total remuneration, we identified the key managers who, due to the type of activities they perform and their seniority in that role, could exercise a significant influence on the Company's performance in terms of reputation and market operations.

The tables below specify the names of the individuals covered by the Remuneration Policy, broken down into members of the Board of Directors, with specific indication of their participation in the various internal Committees, and key managers.

For greater clarity, it has been considered appropriate to duplicate **Table 1** 'Members of the Board of Directors and participation in committees', making a distinction between:

- Members of the Board **until** 5 June 2014 (Table 1A)
- Members of the Board **after** 5 June 2014 (Table 1B)

Table 1A: Members of the Board of Directors and participation in Committees until 5 June 2014

MEMBERS OF THE BOARD OF DIRECTORS		COMMITTEES				
		Risk and Control	Appointment and Remuneration	Supervisory Board (*)	Ethics	Transactions with Related Parties
Giancarlo Cremonesi	*Chairman*					
Paolo Gallo	*CEO- General Manager*					
Andrea Peruzy	*Independent*	√	√		√	√
Francesco Caltagirone					√	
Paolo Di Benedetto	*Independent*	√	√			√
Giovanni Giani		√	√			
Antonella Illuminati	*Independent*	√	√		√	√
Diane d'Arras	*Independent*					√
Maurizio Leo	*Independent*	√	√			√

Table 1B: Members of the Board of Directors appointed by the Shareholders' Meeting of 5 June 2014, and participation in committees

MEMBERS OF THE BOARD OF DIRECTORS		COMMITTEES				
		Risk and Control	Appointment and Remuneration	Supervisory Board (*)	Ethics	Transactions with Related Parties
Catia Tomasetti	*Chairman*					
Alberto Irace	*CEO- General Manager (**)*					
Francesco Caltagirone					√	
Diane d'Arras	*Independent*					√
Giovanni Giani		√	√			
Elisabetta Maggini	*Independent*	√	√		√	√
Paola Antonia Profeta	*Independent*	√	√		√	√

(*) On 16 April 2013, the Board of Directors passed a resolution to assign the functions of the Supervisory Board to the Board of Statutory Auditors, although the members of that Board will not receive any additional remuneration for these activities.
(**) Alberto Irace was appointed as CEO by means of Resolution No 31/2014 of the Board of Directors of 9 June 2014 and General Manager by means of Decision No 52/2014 of the Board of Directors of 7 October 2014.

Table 2: Members of the Board of Statutory Auditors

MEMBERS OF THE BOARD OF STATUTORY AUDITORS (*)	OFFICE
Enrico Laghi	Chairman
Corrado Gatti	Regular Auditor
Laura Raselli	Regular Auditor

The Group's key managers are listed in the table below.

Table 3: Key Managers

KEY MANAGERS (*)	
FUNCTION/OPERATING SEGMENT	*HOLDER OF FUNCTION/OPERATING SEGMENT*
Administration, Finance and Control	*Franco Balsamo*
People and Organisation	*Paolo Zangrillo*
Water Area	*Alberto Irace (until 20/10/2014)* *Andrea Bossola ad interim from 21/10/2014 (**)*
Networks Area	*Andrea Bossola*
Environment Area	*Luciano Piacenti*
Energy Area	*Enrico Giglioli*

(*) Positions shown in the table are included in the scope of interest of the Appointment and Remuneration Committee.
(**) The interim appointment was made necessary because of the need to cover the role of manager responsible for the Water Area following the appointment of Alberto Irace as CEO.

3. Governance Model

3.1 Remuneration Policy definition and approval process

The Remuneration Policy is defined through a clear and transparent process in which the Appointment and Remuneration Committee and the Board of Directors of the Company play a central role.

The Remuneration Policies determination process, preceding the approval process, provides for the proactive involvement of the Personnel and Organisation Department, which is responsible for the proposal development process. This process requires that the Company's senior and line management be closely involved in the definition of policy and in the operational implementation thereof, respectively.

In order to ensure greater transparency, the ACEA Group has put in place a TRP (Transactions with Related Parties) Procedure, which requires, *inter alia*, that incentives paid to key managers are subject to Related-Party control. This procedure meets the requirements set down in the CONSOB communication of 19 June 2014 concerning guidelines for transactions with related parties, incorporated in July 2014 by the Code of Conduct.

Participation by the main corporate governance bodies in the Remuneration Policy approval process ensures that those policies are based on clear and prudent rules, which facilitate their consistency and the prevention of conflicts of interest, ensuring transparency through adequate disclosure.

ACEA's remuneration policy has been approved by the Board of Directors, on the basis of a proposal by the Appointment and Remuneration Committee.

The following section describes the bodies and entities involved in the Remuneration Policy approval process, with detailed information about their respective roles in the process:

- **Shareholders' Meeting**
    - Determines the fixed remuneration for each financial year for members of the Board of Directors, upon appointment and for the duration of their office. The determination of the remuneration for directors holding special offices under Article 2389(3) is the responsibility of the Board of Directors.
    - Passes resolutions 'in favour' or 'against' (non-binding resolutions pursuant to Article 123-ter(6) of the CFA) on the first section of the Remuneration Report (paragraph 3 of the same article), which deals with the Company's policy on the remuneration of members of the Board of Directors, the General Manager and Key Managers with respect to at least the subsequent financial year, and the procedures used for the adoption and implementation of that policy.

- **Board of Directors**

  On the basis of a proposal by the Appointment and Remuneration Committee and after consulting with the Board of Statutory Auditors, determines the remuneration of the Chairman, and the CEO - General Manager.

- **Appointment and Remuneration Committee**

In brief, the Committee's **functions** are as follows:

- making proposals and providing advice to the Board of Directors and monitoring the implementation of criteria and decisions taken by the Board in relation to the remuneration policy (for details, please see paragraph 3.2);

- making proposals and providing advice with regard to the remuneration of directors holding special offices and individuals whose roles are of strategic importance for the organisation. The Committee also expresses its opinion on remuneration and retention policies submitted by the CEO concerning Group employees.

- **CEO - General Manager**

Submits remuneration and retention policies concerning Group employees to the various Corporate Bodies.

The Shareholders' Meeting held on 5 June 2014 also determined the remuneration for executive directors, under Article 2389(3)(2).

To date, no independent experts have been involved in the preparation of the Remuneration Policy. Nevertheless, a budget has been provided to the Committee for external consultants.

3.2 Role, members and responsibilities of the Appointment and Remuneration Committee

According to the Rules of Operation, the Appointment and Remuneration Committee makes proposals and provides advice to the Board of Directors in the areas described below.

a) **With regard to remuneration:**

1. proposes the Remuneration Policy for directors and key managers to the Board of Directors, with a view to promoting medium/long-term sustainability and taking into account that, for executive directors or directors holding special offices and *mutatis mutandis* also for key managers, the fixed and variable component must be adequately balanced according to the strategic objectives and risk management policy;
2. periodically assesses the adequacy, overall consistency and concrete application of that policy based on the information provided by the CEO and makes proposals on this matter to the Board of Directors;
3. submits proposals to the Board of Directors on the remuneration of executive directors and other directors holding special offices and on the setting of performance targets related to the variable component of the remuneration;

4. expresses opinions to the Board of Directors on the remuneration policies relating to key managers;

5. monitors the implementation of decisions taken by the Board of Directors, verifying, in particular, the actual achievement of performance targets;
6. submits the Remuneration Report to the Board of Directors, which must then submit that Report to the annual shareholders' meeting.

b) With regard to appointments:

1. submits opinions to the Board of Directors with respect to the size and composition of the Board and makes recommendations regarding the type of professionals whose presence within the Board is deemed appropriate, the maximum number of positions as director or statutory auditor consistent with the directors' effective participation in the committees established within the Board, and the significance of activities, if any, performed by each director in competition with the company;
2. submits opinions to the Board of Directors in the event of preparation of a succession plan for the executive directors.

In accordance with the provisions of the Code of Conduct, all members of the Appointment and Remuneration Committee (Table 4), appointed by the Board of Directors, are non-executive directors, and a majority of them are independent directors.

***Table 4:* Members of the Appointment and Remuneration Committee**

APPOINTMENT AND REMUNERATION COMMITTEE		
Committee member	***Role***	***Date of appointment***
Elisabetta Maggini	Chairman	2 July 2014
Giovanni Giani	Member	2 July 2014
Paola Antonia Profeta	Member	2 July 2014

For a more detailed description of the operation and activities carried out by the Appointment and Remuneration Committee during 2014, please refer to the Report on Corporate Governance and Ownership Structure for the year 2014.

4. The Remuneration Policy of the ACEA Group

4.1 Purpose and guiding principles

The Company defines and applies a General Remuneration Policy that is designed to attract, motivate and retain resources that have the professional qualities necessary to successfully pursue the Group's objectives.

The Policy is defined in order to align management interests with those of the shareholders, by pursuing the main objective of creating sustainable value in the medium/long-term, through the establishment and maintenance of a strong link between remuneration, on the one hand, and individual and Group performance, on the other.

4.2 Compensation Summary

The Remuneration Policy adopted in 2014, which is focused even more on principles of discipline and prudence, has, on the one hand, consolidated the existing instruments designed to guarantee greater selectivity of both fixed and variable remuneration components, and, on the other, reinforced the application of a strict policy of merit-based recognition.

Through the actions undertaken over the year, by means of the current integrated systems for evaluation, the ratio between performance and the reward system is able to reinforce achievement of the value of excellence.

Continuing with the review of management systems undertaken in previous years, the evaluation tools adopted during 2014 are listed and described below:

- P&L (Performance & Leadership) People Management System
- Short-term variable incentive system - Management by Objectives (MBO)
- Evaluation of Positions
- Medium/long-term variable incentive system - Long-Term Incentive Plan (LTIP)

4.2.1. People Management System P&L - Performance & Leadership

The P&L System, which has been designed to maximise the Group's human resources by means of a system that integrates the various processes within an employee's life cycle (from hiring by the company until retirement), continues to be based on **the overall performance assessment.**

Nothing has changed with respect to the principles underlying the model adopted:

- Continuous Improvement
- Promoting excellence
- Ensuring consistency in the application of evaluation criteria

The values that make up the **leadership model** have also remained unchanged and can thus be broken down as follows:

a) Values intended to guide **Change**
b) Values intended to guide **People**

both of which are intersected by the cross-cutting value: **acting with integrity and fairness.**

Table 5 summarises the milestones within our P&L system.

Table 5: **Leadership Model**

Leadership model values	
Guiding Change	**Guiding People**
Loving competition	Guiding people by empowerment
Going beyond established patterns	Becoming accountable by promoting the value of responsibility
Achieving results and making things happen	Inspiring optimism by acknowledging achievements
Acting quickly, decisively and in a timely manner	Building high performance teams through talent identification
Making things simple	Sharing information in a transparent manner
Acting with integrity and fairness	

The P&L People Management System described above has been developed through the involvement of managerial personnel, thus making it possible to create a structured, cyclical process intended to measure the results achieved by the manager, understood as the performance achieved, along with the organisational behaviours employed to achieve those results.

Because of the demonstrated effectiveness of this management assessment system and because we believe it appropriate to maximise the contribution made by individuals to the achievement of corporate objectives, the decision was made to extend this assessment tool to cover the entire workforce (employees and workers). A trade union agreement was signed in November 2014 to formalise the intention of applying this extended system. This agreement will lead, starting from 2015, to the introduction of a system designed to reward the individual contribution of each person in improving business performance, through the application of more stringent merit-based criteria.

4.2.2. Short-term variable incentive system - Management by Objectives (MBO)

The annual variable incentive system for 2013 was also applied for 2014, the Company having recognised its structural validity and ability to meet the expectations of stakeholders.

The key elements in the success of this system, which was substantially reviewed in 2013, are on the one hand the provision of another Key Performance Indicator (Net Profit), on the other the introduction of flexible mechanisms for determining the various levels of achievement of Group objectives and access gates for pay-out purposes.

The system's operation and its impact on measurement are discussed in paragraph 6.2.1., which provides a detailed description of the operation of the variable incentive systems.

4.2.3. Evaluation of Positions

The process associated with evaluation of Organisational Positions started in 2012 and was completed in 2013. This process was conducted with the support of the consulting company Mercer, whose methodology has been applied successfully in thousands of companies, both in Italy and abroad. This has made it possible to compare the ACEA Group with the most advanced companies in the world in terms of job levelling and remuneration dynamics. The process will be resumed in 2015 so that the associated data can be updated.

This process of evaluation will be extended gradually and will contribute to the continued application of a structured system that provides the following:

- greater objectivity in remuneration decisions, based on consistent data and aimed at improving fairness within the organisation;
- a salary positioning that can be compared with the reference markets, able to align the remuneration structure with market levels, taking into account the benchmarks identified by the reference panel.

4.2.4. Medium/long-term variable incentive system - Long-Term Incentive Plan (LTIP)

The long-term variable incentive system (LTIP), which has already been updated following express approval from the Board of Directors by means of Resolution No 36 of 11 June 2013 for the three-year period 2013-2015, has been retained.

The plan approved provides for payment of a possible financial incentive on a three-yearly basis, on conclusion of the 2013-2015 cycle. The bonus will be calculated as a percentage of Gross Annual Remuneration, and is subject to the achievement of predetermined financial targets and invested capital profitability targets, i.e. of the Company's performance over the three-year period assessed by comparison with the average value of the securities contained in the reference basket.

4.3 Composition of the remuneration package

The mix of the remuneration package for ACEA Management achieves the following purposes:

- balancing fixed and variable remuneration components over time
- implementing a flexible approach to remuneration
- promoting performance-oriented behaviours, while discouraging risky and short-term oriented behaviours

Table 6 shows the composition of the remuneration package for the Group's senior managers, administrative and supervisory bodies and key managers.

Table 6: Components of the remuneration package

COMPONENTS OF THE REMUNERATION PACKAGE				
POSITION/ROLE	Fixed Remuneration	Annual variable Remuneration	Medium/long-term variable remuneration	Benefit
Chairman (*)	✓			
CEO - General Manager	✓	✓	✓	✓
Non-Executive Directors (**)	✓			
Key Managers	✓	✓	✓	✓

(*) From 5 June 2014, the remuneration package for the Chairman is made up only of the fixed remuneration component.
(*) For non-executive directors, the fixed remuneration should be understood as fixed compensation payable in accordance with the Resolution passed by the Board of Directors.

4.4 Remuneration policy and the pay multiple

For 2014, we confirmed the application of the **pay multiple**, the ratio between the salary of the Head of the Company and that of the median employee, as one of the monitoring tools provided by the ACEA remuneration policy.

The methodology followed is that indicated by Mercer, an established consulting firm with an observatory on pay issues at an international level, which only takes into consideration the fixed remuneration component, for two reasons. The first reason is that the variable remuneration component has an impact in percentage terms that is much greater for the Head of the Company than for the median employee. The second reason, in order to avoid a paradoxical effect, is that total remuneration is based on the results achieved. Therefore, poor performance would result in a minimal or nil variable remuneration component, thus reducing the pay multiple and making a less efficient company appear more profitable.

The approach adopted by Mercer for this measure also takes into account the relationship between the organisational complexities that the CEO - General Manager has to face and those faced by the median employee.

On the basis of the abovementioned analysis, the ACEA pay multiple is currently **7.8**. The value of the pay multiple recorded in the full panel, made up of companies listed in the FTSE MIB index as at 31 December 2013 (excluding banks, insurance companies and financial holding companies) and those comparable to ACEA in terms of business and dimensions, is **24.9**. The multiple recorded in the panel made up solely of companies comparable to ACEA in terms of business and dimensions is **16.7**. Therefore, ACEA is a company in which the CEO is paid a fixed remuneration amount that is among the closest to the median value applied within the company.

4.5 Correlation between remuneration, risk profile and corporate performance

The remuneration systems adopted in the interest of all stakeholders are in line with the Company's long-term strategy and objectives, are linked to business results, are appropriately adjusted to take into account all the risks required to perform the activities undertaken and, in any case, are such as to avoid incentives that may give rise to conflicts of interest and lead to excessive risk-taking.

That said, the Company Remuneration Policy is based on a risk profile that has been assessed as ‘moderate’. This evaluation is mainly due to the Company's operating sector (regulated multiutility), in which the profits resulting from unregulated activities represent a minor component. This means that the Company has a limited exposure to market risks, while conversely being more exposed to regulatory risks.

The correlation between remuneration, risk and performance is achieved through a system that:

- sets the variable remuneration on the basis of performance indicators measured over several years. The variable remuneration is determined on the basis of indicators valid for the Group and the business Industrial Segments;
- makes the payment of the deferred bonus subject to the ongoing condition of solidity, liquidity and profitability of the Group and, where applicable, the Business Area, the achievement of adequate performance at an individual level and a proper individual conduct.

Taking into account its risk profile, which has been assessed as ‘moderate’, ACEA has chosen not to assign high-volatility financial instruments such as stock options or other similar instruments. The long-term variable component therefore consists solely of a monetary-type plan.

5. Remuneration of senior managers, members of management and supervisory bodies and key managers

The combined effect of the principles of discipline and prudence that continue to serve as the basis for the ACEA remuneration policy and the remuneration decisions taken following the Shareholders' Meeting of 5 June 2014 has made it possible to achieve significant actions in terms of cost saving.

5.1 The remuneration package of the Group's senior managers

In general, the remuneration components can be broken down as follows:

- **fixed remuneration component:** this is determined by the individual's professional specialisation and role and responsibilities within the organisation;
- **variable component:** this is based on performance and is linked to effective and lasting results.

The remuneration policy implemented for the individual roles is detailed below.

5.1.1. Chairman

From 5 June 2014, the remuneration package for the Chairman has been made up solely of the fixed gross annual remuneration, following the decision by the Shareholders' Meeting to eliminate the variable component. This redefinition has resulted in an annual reduction in costs of **71%**.

The Chairman is also paid an emolument for being a member of the Board of Directors.

5.1.2. CEO - General Manager

By means of Decision No 52/2014 of 7 October 2014, the Board of Directors appointed the CEO as General Manager, without any additional emoluments.

The remuneration package of the CEO-General Manager consists of:

- Fixed gross annual remuneration as an executive;
- Short-term variable remuneration component (MBO), expressed as a fixed value on the basis of a proposal from the Shareholders' Meeting of 2014, which theoretically represents approximately 81% of gross annual remuneration;
- Medium/long-term variable remuneration (LTIP), which theoretically is approximately 30% of the fixed remuneration component on an annual basis over the three-year reference period;
- Fixed emolument for being a member of the Board of Directors.

The amount of the annual variable remuneration is defined according to the level of achievement of the Group's profitability and customer satisfaction targets.

The medium/long-term variable remuneration consists of a bonus, paid on a three-year basis, subject to the achievement of medium/long-term financial and profitability objectives.

The annual cost saving achieved by the redefinition of the total remuneration package for the CEO – General Manager is **43%**.

5.2 Members of the Board of Directors

With regard to the Board of Directors, the innovations introduced following the Shareholders' Meeting of 5 June 2014 related to both the structure of the Board and the remuneration of its members. The number of members was reduced from nine to seven and the annual fee paid to members of the Board was reduced to a gross, all-inclusive amount of €26,000, net of annual reimbursement of documented expenses, thus reflecting a **28%** reduction compared to the previous remuneration of €36,152.

The Meeting also established that the remuneration for participation in committees within the Board of Directors and in other bodies and committees tasked with making proposals and providing advice for the Company is fixed as a maximum annual all-inclusive amount of €2,000, up to a maximum of €4,000 irrespective of the number of committees on which each director sits. This determination has resulted in an obvious, significant reduction in the costs for management of committees.

The executive directors are the Chairman and CEO - General Manager of the Company. All other directors are non-executive directors.

Tables 7A and 7B below summarise the remuneration envisaged for participation in committees within the Board of Directors before and after the Shareholders' Meeting of 5 June 2014.

Table 7A: **Remuneration for Committees and Bodies before 5 June 2014**

Committees within the Board of Directors	Other Bodies/Committees	Remuneration for Chairman/Coordinator (annual gross)	Remuneration of each member (annual gross)	Attendance fee (gross)
Risk and Control Committee (RCC)		€31,500	€27,000	€1,500
Appointment and Remuneration Committee (ARC)		—	—	€1,500
	Supervisory Board (SB) (*)	—	—	—
	Ethics Committee (EC)	—	—	€1,500
Committee for Transactions with Related Parties (CTRP)		—	—	€1,500

(*) On 16 April 2013, the Board of Directors passed a resolution to assign the functions of the Supervisory Board to the Board of Statutory Auditors, although the members of that Board will not receive any additional remuneration for these activities.

***Table 7B:* Remuneration for Committees and Bodies after 5 June 2014**

Committees within the Board of Directors	Other Bodies/Committees	Remuneration of each member (*) (annual gross)
Risk and Control Committee (RCC)		€2,000
Appointment and Remuneration Committee (ARC)		€2,000
	Supervisory Board (SB)	——
	Ethics Committee (EC)	€2,000
Committee for Transactions with Related Parties (CTRP)		€2,000

(*) A maximum amount of €4,000 applies irrespective of the number of committees on which each director sits.

For the Board of Statutory Auditors, different emoluments apply for the Chairman and the statutory auditors.

5.3 Key Managers

The remuneration package for key managers consists of:

- Fixed remuneration
- Short-term variable remuneration (MBO), which is on average approximately 42% of the fixed remuneration of key managers
- Medium/long-term variable remuneration (LTIP), which is on average approximately 32% of the fixed remuneration of key managers

The amount of the annual variable remuneration is determined according to the level of achievement of Group targets, as set down in the applicable Variable Incentive System.

The medium/long-term variable remuneration consists of a bonus, paid on a three-year basis, subject to the achievement of medium/long-term objectives.

6. Remuneration components

6.1 Fixed Remuneration

The fixed remuneration component is determined, generally, by the individual's professional specialisation and role and responsibilities within the organisation. It therefore reflects technical, professional and managerial expertise. ACEA pays constant attention to the value of fixed remuneration, avoiding over-reliance on the annual bonus while being careful not to make the structure of the overall remuneration package too rigid.

6.2 Variable remuneration

The variable remuneration recognises and rewards assigned objectives and results achieved and is determined according to parameters that include risk-weighting systems and are linked to actual and lasting results. It constitutes an important driver of motivation. For business staff, it constitutes a significant proportion of total remuneration.

Annual variable incentive system

- **Recipients**

The managers involved in the system are identified annually on the basis of the Group's guidelines and in line with company Business and Human Resource management strategies.

- **Target assignment process**

At the beginning of the year, the system's recipients are given a sheet listing the assigned objectives and corresponding achievement targets. The total bonus is a cross-calculation based on the percentage of target achievement and the behavioural assessment according to the Performance & Leadership Model. The bonus assigned to each individual is calculated as a percentage of Gross Annual Salary according to the classification level and the impact of the specific position on the business. This bonus is therefore dependent on the link between the level of achievement of the assigned objectives - expressed according to three performance levels (high, medium and low) - and the maximum theoretical percentage that can be paid out to each person on the basis of his or her organisational position.

- **Performance measurement**

Each participant in the system contributes to earning payment of a total bonus - pay-out - that depends on the degree of achievement **of Group targets (**see the structure and percentage weight described below), which represent an access gate to the entire individually assigned target sheet:

- **Group financial targets:**

  These are assigned on the basis of the annual budget targets and the result is calculated in the following year.

For the 2014 year, these objectives are expressed through the following targets[1]:

- **Group Gross operating profit (GOP): 45%**
- **Group Net Financial Position (NFP): 45%**
- **Group Net Profit (NP): 10%**

The existing system is represented by the definition **of minimum and maximum thresholds for each Group Target.**

In addition to the specific identified target value, the minimum values are defined for each indicator to access the pay-out and the successive values that determine the different pay-out levels.

In detail, for each indicator, the following minimum threshold values will be defined:

- **Gross Operating Profit: target -2%**
- **Net Financial Position: target +5%**
- **Net Profit: target -13%**

Functioning of the Variable Incentive System

Achievement of the minimum value will provide access to 80% of the pay-out for that indicator.

Achievement of the budget value will provide access to 100% of the pay-out for that indicator.

Access to 120% of the pay-out associated with the indicator will be determined by achievement of the following values:

- **Gross Operating Profit: target +3%**
- **Net Financial Position: target -6%**
- **Net Profit: target +10%**

The system provides for calculations of weighting for achievement of individual Group targets for the purposes of pay-outs.

Within each range defined for each of the three Group targets, the final value will define the associated percentage of pay-out through linear interpolation.

The distinction between two different organisational levels still applies to the pay-out calculation, as follows:

- **For those who report directly to the Chairman and CEO - General Manager**

The theoretical pay-out consists of the sum of the relative weights of each indicator.

In the event that none of the targets is reached, no variable remuneration is paid out.

- **For other executives and middle managers**

- If the Group's targets are achieved, the pay-out is entirely payable;
- If two of the Group's targets are achieved, 70% of the pay-out is payable;

[1] For the CEO, a fourth target was introduced relating to customer satisfaction, as mentioned on page 22.

- If one of the Group's targets is achieved, 55% of the pay-out is payable;
- In the event that none of the Group's targets are achieved, 45% of the pay-out is payable on the basis of the individual performance assessment.

***Table 8:* New short-term incentive system**

INDICATOR	WEIGHT	*TARGET*			*PAY-OUT*	
		MINIMUM THRESHOLD	TARGET	EXCELLENCE THRESHOLD	RELATIVE MINIMUM %	EXCELLENCE %
Gross Operating Profit	45%	-2%	Target value	+3%	36%	54%
Net Financial Position	45%	+5%	Target value	-6%	36%	54%
Net Profit	10%	-13%	Target value	+10%	8%	12%
					80%	120%

➢ **Individual objectives:**

a. **quantitative objectives**

These are expressed on the basis of the abovementioned performance levels (High, Medium, Low), which correspond to different achievement/goal levels (expressed in terms of target percentage). Total measurement of objectives is expressed as the sum of the actual percentages achieved for the individual objectives.

b. **qualitative objectives**

In this case, performance is measured through assessment of specific organisational behaviours, which are clearly stated in the Leadership Model: the qualitative objective and the organisational behaviours set down in the Group Leadership Model described above contribute to determination of the amount to be paid.

- **Reference period and bonus payment**

The annual variable incentive system relates to assigned and actual performance in the period from January to December of the reference year. The bonus accrued in the financial year will be paid by May of the following year.

Medium/long-term variable incentive system

- **Recipients**

The recipients of the Long-Term Incentive Plan (LTIP) are the key managers employed by the ACEA Group.

- **Incentive and target definition process**

The structure of the plan for the three-year period 2013-2015 is in line with that of the previous three-year period, as the Board of Directors deemed it fully in accordance with the objectives defined for organisations of this nature and purpose (Resolution No 36 of 11 June 2013).

The Long-Term Incentive Plan is a monetary plan, which provides for the payment of a cash amount based on the achievement of predetermined objectives.

These objectives are determined both on the basis of compliance with financial principles and with a view to providing a return on investment for shareholders, by measuring the profitability of the capital invested. The targets to be reached, which are used to determine any bonus payment to be paid, are therefore:

- **financial** targets
- **income** targets

In summary, the targets set down in the plan with an express indication of their percentage impact, are:

- **Gross Operating Profit (GOP): 15%**
- **Return on Invested Capital (ROCI): 15%**
- **Total Shareholder Return (TSR): 70%**

Given the percentage weight assigned to measurement of the Total Shareholder Return, we can see clearly that the main objective of the plan is to align the interests of management with those of shareholders: the focus is on growth in ACEA's stock value, which is assessed by comparing the corresponding value, over three-year performance cycles, with the average value of the securities contained in the reference basket.

- **Performance measurement**

At the end of each reference three-year period, a bonus may be paid depending on the degree of achievement of the abovementioned objectives, i.e. measurement of the Company's performance over that three-year period.

The bonus individually assigned to an employee is calculated as a percentage of his/her Gross Annual Remuneration.

- **Deferment Method**

The associated provisions require that a significant portion of the variable remuneration be deferred in order to ensure **continuity of business results.** Indeed, the long-term incentive plan provides for the deferral of the entire bonus after it has accrued, for a period of time deemed appropriate and consistent with the Company's risk profile: the bonus payment, if any, takes place at the end of the three-year period based on the achievement of the plan’s predefined objectives.

6.3 Non-monetary benefits

The remuneration package for ACEA management includes a number of non-monetary benefits that form an integral part of the package. These consist mainly of: pension, insurance and health plans and company car.

Benefit plans do not provide for discretionary individual measures. Only two individuals (the CEO and one key manager) may be paid an accommodation benefit. For the director, this benefit was determined at the time of recruitment.

7. Remuneration of executives with audit functions

The remuneration package for the executive responsible for financial reporting, the head of the internal audit function and the more senior executives in the areas described above has been structured on the basis of a larger fixed component and a limited variable component.

Payment of the variable component, however, is subject to an annual assessment that is based on quality and efficiency criteria. These executives are assigned their individual goals on the basis of these criteria, and therefore, these are not linked to financial objectives, except for the portion represented by access gates.

Table 9: **Summary of objectives for executives with audit functions**

Position concerned	Assigned objectives
Executive responsible for financial reporting	• Approval of the EMTN Programme of the Luxembourg Stock Exchange • Corporate simplification, Environment, Energy and Networks Industrial Segments
Manager of the Audit Function	• Identification of risk factors relating to processes subject to audit for provision of data to the CRSA model • Examination of the organisational structure and internal audit activities performed in companies owned by the Group, in order to apply benchmarks among the various models adopted in the performance of internal controls and propose coordination/guidance activities • Identification of audit protocols/procedures to be implemented or modified for implementation of the applicable ACEA SpA Organisation and Management Model and support for the Personnel and Organisation function in the definition of the control and monitoring points to be included in internal procedures

8. Indemnities

8.1 Resignation, dismissal and termination of employment

It should be noted that there are no fixed allowances or clauses of any kind designed to protect executives in the event of termination of employment (parachute clause). On this subject, reference should be made to the provisions of the National Collective Bargaining Agreement (CCNL) for Managers of Public Utility Companies, Parts IV and V of which govern the procedures applied to termination of the employment of executives. That Agreement is based, moreover, on the policy for 'Management of the Departure of Executives' approved by the Board of Directors by means of Decision No 33 of 21 December 2011.

No agreements providing for indemnities in the event of resignation or termination without just cause have been signed between ACEA and its directors.

Likewise, for key managers, there are no *ex ante* agreements in place regulating financial compensation in the event of early termination of employment. In such cases, the rules set by the relevant national collective bargaining agreements will apply.

8.2 Clawback clause

As already stated in the 2014 Remuneration Report – 2013 Financial Year, with regard to the remuneration policy applicable to the CEO – General Manager and the Key Managers, ACEA is among the first companies to have implemented the guidelines provided by European regulatory bodies, with a view to creating a more responsible remuneration policy, starting in 2014 (in Italy, only one of the Group's direct competitors has introduced such a mechanism).

In order to ensure the possibility of action in respect of the 'unconditional right' of managers to receive certain sums of money, irrespective of how the employment contract is concluded and, above all, irrespective of actual corporate performance, ACEA decided to retain the clawback clause.

This entitles it to request the return of the variable remuneration components - both short-term and medium/long-term - if those components were paid on the basis of wilful misconduct and/or gross negligence, such as the intentional alteration of data used for the achievement of the targets or achievement of such targets by means of behaviours that are contrary to the law or standard business practice.

SECTION II

Introduction

This section of the report provides a representation of the items that make up the remuneration payable to senior managers, the members of management bodies, and key managers, in order to show that these are consistent with the general policy described in Section I.

It should be noted that, for the year 2014, for the purpose of determining the Group's achievement of its financial objectives, a level of 100% has been assumed. As a result, the amounts indicated in this Section, with reference to the annual bonus, are calculated on the basis of that percentage of the benchmark target.

The Long-Term Incentive Plan (LTIP) provides for the payment of a bonus at the end of the 2013-2015 three-year period, based on the company's performance expressed through the three corresponding objectives: GOP, ROIC and TSR for the same three-year period.

1. Description of the remuneration paid to the directors, the General Manager and Key Managers

- **Chairman**

The shareholders' Meeting of 5 June 2014 decided that the gross annual remuneration for the Chairman would be €120,000 and as member of the Board of Directors €26,000, with no short-term variable remuneration.

This resolution has produced a significant cost saving compared to the remuneration package for the previous Chairman, which included the following: a gross annual salary of €300,000, a gross annual salary as a member of the Board of Directors of €36,152, and a maximum annual variable remuneration component of €160,000.

Catia Tomasetti, the new Chairman in office since 5 June 2014, has been paid a gross salary of €68,800 and a gross salary as a member of the Board of Directors of €14,907 for the reference period (5 June 2014 – 31 December 2014).

In order to provide complete information on remuneration aspects, Table 1 shows the remuneration paid for the reference period to the previous Chairman, Giancarlo Cremonesi, who was in office until 5 June 2014, which was composed of:

- Gross salary of €129,000
- Non-monetary benefits of €4,360

For the former Chairman Cremonesi this remuneration was supplemented by the fees paid for his role as a member of the Board of Directors, during 2014, in subsidiaries and affiliates, which amounted in total to €122,400.

- **CEO - General Manager**

For Alberto Irace, the new CEO in office since 9 June 2014, who is employed by the company as an executive, the Shareholders' Meeting of 5 June 2014 decided to grant a gross annual remuneration of €260,000, a gross annual remuneration as a member of the Board of Directors of €26,000, and a variable component of €210,000.

The CEO's remuneration is supplemented by a package of non-monetary benefits with an estimated value of €101,000 annually.

By means of Resolution No 52/2014 of 7 October 2014, the Board of Directors appointed Alberto Irace as General Manager, without any additional emoluments.

The above-mentioned decision of the Shareholders' Meeting of 5 June 2014, therefore, created a significant cost saving compared to the remuneration package paid to the previous CEO – General Manager, which provided for the following: a gross annual salary of €416,000, a gross annual salary as a member of the Board of Directors of €36,152, and a maximum annual variable remuneration component of 100% of the gross annual salary.

Alberto Irace, who has been in office since 9 June 2014, has been paid a gross salary of €145,625 for the reference period (9 June 2014 – 31 December 2014) and a gross salary as a member of the Board of Directors of €14,907 for the reference period (5 June 2014 – 31 December 2014).

The bonus pertaining to 2014 is estimated at €118,300, according to the criteria described above (see Section II, Introduction).

The long-term incentive linked to the achievement of the three-year performance targets predefined in the Long-Term Incentive Plan (LTIP) is not yet vested, and, therefore, cannot be calculated. The amount of the bonus linked to the achievement of the targets under the plan, as stated in Section I of this document, will be calculated at the end of the three-year reference period 2013-2015.

Finally, Mr Irace's remuneration for the year 2014 includes a benefit package valued at €27,191 (pension and insurance plans, company car and accommodation allowance).

With reference to indemnities payable in the event of termination of office or of an employment relationship, the CEO - General Manager is subject to the rules set forth in the National Collective Bargaining Agreement (CCNL) for Managers of Public Utility Companies.

No indemnities are therefore envisaged in the event of termination of the employment relationship, except as provided in that collective bargaining agreement. The CEO - General Manager has a permanent employment contract as an executive.

In order to provide complete information on remuneration aspects, Table 1 shows the remuneration paid to the former CEO – General Manager, Paolo Gallo, who was in office until 5 June 2014, which was composed of:

- a fixed salary, made up of a gross annual remuneration, for the reference period, of €242,667 and a gross amount as a member of the Board of Directors until 5 June 2014 of €15,545, thus a total of €258,212;
- non-monetary benefits paid in the reference period of €49,170;
- other remuneration relating to the amount payable on the basis of the consensual termination of his employment relationship in accordance with the provisions set down by the National Collective Bargaining Agreement (CCNL) for Managers of Public Utility Companies, amounting to €1,702,500.

- **Directors**

The directors (indicated by name in Tables 1A and 1B - Section I) have been paid the remuneration established by the Shareholders' Meeting for their positions as director, with reference to the period for which they have held office, and for their positions as members of committees within the Board of Directors and other bodies/committees, if any.

- **Statutory Auditors**

As shown in Table 1 - Section II, Enrico Laghi was paid remuneration for his office as Chairman of the Board of Statutory Auditors of ACEA. He was also paid additional remuneration for his role in Group subsidiaries.

The members of the Board of Statutory Auditors were paid a salary for the performance of their duties as statutory auditors, with reference to the period for which they have held that office, in ACEA and in other Group companies.

- **Key Managers**

Key Managers were given, in total, a gross annual remuneration of €1,388,036.

The total value of bonuses pertaining to 2014 is estimated at €632,892, according to the criteria described above (see Section II, Introduction), which are based on the achievement of 100% of the Group's financial targets.

The long-term incentive linked to the achievement of the three-year performance targets predefined in the Long-Term Incentive Plan (LTIP) is not yet vested, and, therefore, cannot be calculated. The amount of the bonus linked to the achievement of the targets under the plan, as stated in Section I of this document, will be calculated at the end of the three-year reference period 2013-2015.

The total value of the package of non-monetary benefits granted in 2014 to key managers was €179,231.

Table 1: Remuneration paid to the members of management and supervisory bodies, general executives and other key managers

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Giancarlo Cremonesi	*Chairman*	01/01/2014 05/06/2014	Approval of the Financial Statements for FY2015									
(I) Remuneration in the company that prepares the financial statements				129,000				4,360		133,360		
(II) Remuneration from subsidiaries and affiliated companies				122,400						122,400		
(III) Total				251,400				4,360		255,760		
Giancarlo Cremonesi held the office of Chairman until 5 June 2014, retaining the office of member of the Board of Directors of the company described.				(II) BoD ACEA Distribuzione Spa (€36,000); BoD ACEA IP (€57,600); BoD Aquaser (€28,800)								

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Catia Tomasetti	*Chairman*	05/06/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				83,707						83,707		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				83,707						83,707		
The remuneration covers the period of office				(I) Total amount of gross remuneration for the office of Chairman (€68,800) and member of the BoD since 05/06/2014 (€14,907)								

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paolo Gallo	*CEO-General Manager*	01/01/2014 05/06/2014	Approval of the Financial Statements for FY2015									
(I) Remuneration in the company that prepares the financial statements				258,212				49,170	1,702,500	2,009,882		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				258,212				49,170	1,702,500	2,009,882		
The office as CEO ceased on 05/06/2014, and that of General Manager ceased on 31/07/2014.				(I) Total amount of gross remuneration for the reference period (€242,667) and as a member of the BoD until 05/06/2014 (€15,545)				Non-monetary benefits enjoyed in the reference period	(I) Amount paid on consensual termination of the employment relationship in accordance with the provisions set down by the National Collective Bargaining Agreement (CCNL) for Managers of Public Utility Companies			

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Alberto Irace	*CEO-General Manager*	09/06/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				160,532		118,300		27,191		306,023		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				160,532		118,300		27,191		306,023		
The remuneration amounts stated in the table relate to the period during which Alberto Irace held the office of CEO (since 09/06/2014)				(I) Total amount of gross remuneration as an executive (€145,625) and as a member of the BoD since 05/06/2014 (€14,907)		(I) Annual Incentive System - Amount payable assuming a target achievement level of 100%						

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Francesco Caltagirone	*Director*	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				30,365	2,500					32,865		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				30,365	2,500					32,865		
Notes				(I) €15,545 until 05/06/2014. €14,820 from 06/06/2014 to 31/12/2014.	Ethics Committee - €1,500 for attendance fee until 05/06/2014. €1,000 for fixed remuneration for the period from July to December 2014.							

Errore. Il collegamento non è valido.

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Giovanni Giani	***Director***	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				30.,365	19,625					49,990		
(II) Remuneration from subsidiaries and affiliated companies				54,648						54,648		
(III) Total				85,013	19,625					104,638		
Notes				(I) €15,545 until 05/06/2014. €14,820 from 06/06/2014 to 31/12/2014. (II) Acque Blu Arno Basso SpA (€10,800); Acque Blu Fiorentine SpA (€10,000); Acque SpA (€7,200); Nuove Acque SpA (€4,648) Publiacqua SpA (€22,000)	Until 05/06/2014: RCC (€14,625, made up of fixed portion €11,625 and attendance fee €3,000), ARC (€3,000). RCC €1,000 – ARC €1,000 for fixed remuneration for the period from July to December 2014.							

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	*Fair value of equity remuneration*	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Diane d'Arras	***Director***	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				30,365	1,000					31,365		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				30,365	1,000					31,365		
Notes				(I) €15,545 until 05/06/2014. €14,820 from 06/06/2014 to 31/12/2014.	Fixed remuneration for CTRP for the period from July to December 2014.							
Elisabetta Maggini	***Director***	05/06/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				14,907	2,000					16,907		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				14,907	2,000					16,907		
Notes					Fixed remuneration for RCC, ARC, CTRP and EC for the period from July to December 2014.							

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paola Antonia Profeta	***Director***	05/06/2014 31/12/2014	Approval of the Financial Statements for FY2016									
(I) Remuneration in the company that prepares the financial statements				14,907	2,000					16,907		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				14,907	2,000					16,907		
Notes					Fixed remuneration for RCC, ARC, CTRP and EC for the period from July to December 2014.							

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paolo Di Benedetto	***Outgoing Director***	01/01/2014 05/06/2014										
(I) Remuneration in the company that prepares the financial statements				15,545	25,125					40,670		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				15,545	25,125					40,670		
Notes					RCC (€16,125, made up of fixed portion €11,625 and attendance fee €4,500), ARC (attendance fee €3,000), CTRP (attendance fee €6,000).							
Maurizio Leo	***Outgoing Director***	01/01/2014 05/06/2014										
(I) Remuneration in the company that prepares the financial statements				15,545	21,063					36,608		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				15,545	21,063					36,608		
Notes					Chair of the RCC (€18,063, made up of fixed portion €13,563 and attendance fee €4,500), ARC (attendance fee €1,500), CTRP (attendance fee €1,500).							

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Antonella Illuminati	***Outgoing Director***	01/01/2014 05/06/2014										
(I) Remuneration in the company that prepares the financial statements				15,545	25,125					40,670		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				15,545	25,125					40,670		
Notes					RCC (€16,125, made up of fixed portion €11,625 and attendance fee €4,500), ARC (attendance fee €3,000), CTRP (attendance fee €4,500), EC (attendance fee €1,500).							
Andrea Peruzy	***Outgoing Director***	01/01/2014 05/06/2014										
(I) Remuneration in the company that prepares the financial statements				15,545	25,125					40,670		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				15,545	25,125					40,670		
Notes					RCC (€16,125, made up of fixed portion €11,625 and attendance fee €4,500), ARC (attendance fee €3,000), CTRP (attendance fee €4,500), EC (attendance fee €1,500).							

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Enrico Laghi	***Chairman, Board of Statutory Auditors***	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2015									
(I) Remuneration in the company that prepares the financial statements				202.500						202.500		
(II) Remuneration from subsidiaries and affiliated companies				15.000						15.000		
(III) Total				217.500						217.500		
Notes				(II) ACEA Produzione, until expiry of office (approval of the financial statements for FY2013)								
Corrado Gatti	***Statutory auditor***	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2015									
(I) Remuneration in the company that prepares the financial statements				135.000						135.000		
(II) Remuneration from subsidiaries and affiliated companies				77.630						77.630		
(III) Total				212.630						212.630		
Notes				(II) ACEA ATO2 €65.000; ACEA Produzione €12.630, until expiry of office (approval of the financial statements for FY2013)								
Laura Raselli	***Statutory auditor***	01/01/2014 31/12/2014	Approval of the Financial Statements for FY2015									
(I) Remuneration in the company that prepares the financial statements				135.000						135.000		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				135.000						135.000		
Notes												

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Compensation for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Six individuals	***Key Managers***	01/01/2014 31/12/2014	Permanent contract									
(I) Remuneration in the company that prepares the financial statements				1,388,036		632,892		179,231		2,200.159		
(II) Remuneration from subsidiaries and affiliated companies												
(III) Total				1,388,036		632,892		179,231		2,200.159		
The number of Key Managers was reduced from six to five during the year, because Alberto Irace took on the role of CEO on 9 June 2014. As a result, his estimated remuneration has been included up to that date.						(I) Annual Incentive System - Amount payable assuming a target achievement level of 100%.						

Table 3B: Incentive monetary plans for members of the Board of Directors, general executives and other key managers.

Name and Surname	Office	Plan	Bonus for the year			Bonus for previous years			Other Bonuses
Alberto Irace	***CEO- General Manager***		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferment Period	No longer payable	Payable/Paid	Further deferred	
Remuneration in the company that prepares the financial statements		MBO Short-term Incentive Plan - annual	€118,300	-	-	-	-	-	-
		Medium/long-term incentive plan - three years	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Remuneration from subsidiaries and affiliated companies		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Total			€118,300	-	-	-	-	-	-

Name and Surname	Office	Plan	Bonus for the year			Bonus for previous years			Other Bonuses
Six executives (*)	***Key Managers***		(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferment Period	No longer payable	Payable/Paid	Further deferred	
Remuneration in the company that prepares the financial statements		MBO Short-term Incentive Plan - annual	€632,892	-	-	-	-	-	-
		Medium/long-term incentive plan - three years	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Remuneration from subsidiaries and affiliated companies		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Total			€632,892	-	-	-	-	-	-

NB (*): The number of key managers was reduced from six to five during the year because Alberto Irace took on the role of CEO on 9 June 2014.
As a result, his estimated remuneration has been included up to that date.

Table No 7-ter: Tables containing information about the shares held by members of the management and supervisory bodies, general executives and other key managers

Table 1: Shareholdings owned by members of the management and supervisory bodies and general executives

NAME AND SURNAME	OFFICE	INVESTEE COMPANY	NUMBER OF SHARES HELD AT 31/12/2013	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT 31/12/2014
Catia Tomasetti	Chairman	ACEA SpA	0	7,000	0	7,000

Table 2: Shareholdings of other Key Managers

KEY MANAGERS	INVESTEE COMPANY	NUMBER OF SHARES HELD AT 31/12/2013	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT 31/12/2014
1	ACEA SpA	850			850