



# REMUNERATION REPORT

## 2017 Financial Year

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*In implementation of art. 123 ter of Legislative Decree 58/1998 concerning transparency  
of the Remuneration of Directors of Listed Companies*

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## Letter from the Chairman



*Dear Shareholders,*

*it is my pleasure to present the Remuneration Report for the 2017 Financial Year which, in fulfilment of the laws in force, sets the end objective of ensuring complete transparency as regards the reference standards and guidelines for the definition of the new remuneration policies, providing the highest possible level of disclosure as regards the remuneration policy choices and the results achieved.*

*Acea plans its incentive systems so that the results achieved with regard to our strategic objectives are effectively recognised, at the same time enhancing the value, social responsibility and sharing of sustainable conduct that characterises the Group as a whole.*

*Thanks to the commitment and support of all the stakeholders, we are making sustainable growth our hallmark, continuing the pursuit of our mission in order to achieve concrete and consistent results in terms of the way we recognise and reward performance.*

*The new 2018-2022 Industrial Plan has been approved and includes 3.1 billion in overall investments, 1.3 billion Euros of which is for the new sustainability plan. The planned investments will enable the modernisation of the electricity and water networks and “circular” processing of waste, in line with the standards of the major European cities.*

*Acea plans to achieve these results in the next five years, continuing to develop its values of transparency and alignment of the actions of the management team and the interests of you, the Shareholders, reforming the objective of creating sustainable value in the medium and long-term into its remuneration policies.*

*I trust that this Report submitted for your examination can once again bear witness to the respect of the logics of transparency required by the laws in force and by which the Group is bound. Also in the name of the other Directors, I thank you in advance for your adhesion to and support of the policies defined for 2018.*

*Luca Alfredo Lanzalone*

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## Introduction

This document describes the Remuneration Policy adopted by the Acea Group for 2018. This policy, based on the recommendations contained in article 6 of the Corporate Governance Code for listed companies published by the Italian stock exchange, defines the criteria and guidelines for the remuneration of Top Management, the members of the Board of Directors, including the executive Directors and those invested with specific powers, and the Executives with strategic responsibilities,<sup>1</sup> and also the members of the Company's Board of Auditors, within the timeframe of the current financial year.

The drafting of this Remuneration Report takes into account both the regulatory prescriptions adopted by Consob on transparency and communication (Resolution no. 18049 dated 23 December 2011) and that provided by art. 123-ter of the Consolidation Act on Finance.

This Report is therefore divided into two separate Sections:

I. the first Section illustrates in detail:

- a) the Acea Policy on the remuneration of the Group top management, Directors and Executives with strategic responsibilities;

II. the second Section, individually for the members of the Administration and Control Bodies and in aggregate terms for the Executives with strategic responsibilities:

- a) provides a description of each of the items comprising their remuneration, including the treatment provided in the event of resignation or termination of contract;
- b) accounts for the remuneration paid out during the 2017 financial year under any title and in any form by the Company.

In compliance with that established by Annex 3A of the regulations for the implementation of the CAF adopted by Consob in resolution no. 11971 dated 14 May 1999 (so-called "Issuer Regulations"), that provided in this document is applied to the Group top management, the members of the administration bodies and other Executives with strategic responsibilities within the Company.

The Acea Remuneration Report ex art. 123-ter, paragraph 2 of the CAF was defined and approved by the Board of Directors, on proposal by the Appointment and Remuneration Committee, in its meeting on 14/3/2018. The First Section will be submitted to the Shareholders' Meeting to be held on 20/4/2018.

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<sup>1</sup> The "Executives with strategic responsibilities" (also referred to as ESR) are the executives identified and proposed by the Appointment and Remuneration Committee who have powers and responsibilities in the planning and control of the Company's activities, and also the power to exercise significant influence on its performance in terms of reputation and market operations. On the basis of criteria and guidelines which take into account the position held within the organizational structure, autonomy and decision-making powers in the choices made, these Executives with strategic responsibilities have been identified taking into account, for each of them, their level of responsibility, role filled and associated remuneration level. At the time of the preparation of this document, the following roles belong to this cluster: 1) Water I.A., 2) Commercial & Trading I.A.; 3) Environment I.A.; 4) Energy Infrastructures I.A.; 5) Administration, Finance and Control; 6) Corporate Affairs and Services. The position of Water I.A. is filled by the Chief Executive Officer Stefano Antonio Donnarumma.

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## Executive Summary

During the course of 2017, Acea renewed its Corporate Bodies, and during this process appointed a new Chief Executive Officer.

Continuing on from the previous Board, the Group remuneration policy was constructed so as to ensure that the company remains highly competitive on its reference market, at the same time guaranteeing the necessary alignment between the interest of the management team and that of the Shareholders.

The most significant aspects in the year in question, from the viewpoint of a responsible remuneration policy, include, first and foremost, the continuation of the Group remuneration philosophy which, in addition to being in line with the Company's short and long-term strategy, provides for the achievement of the principles of meritocracy and transparency together with those of hard work and seriousness.

From this viewpoint, the guidelines of the 2018 Remuneration Policy determine a remuneration mix based on the following aims:

- ✓ Balancing the fixed and variable remuneration components over time;
- ✓ Implementing a flexible approach to remuneration;
- ✓ Encouraging an orientation towards performance, discouraging conduct that is risky and short-term oriented.

## Main changes in the 2018 remuneration policy

The renewal of the Board has led to the appointment of a new Appointment and Remuneration Committee. Although the principles and aims underlying the remuneration policies are unchanged, some changes have been made to the pay package for the Top Management positions, specifically:

- ✓ Greater recognition of performance in the remuneration package for the new Chief Executive Officer; the overall pay package remains the same, with a reduction in the fixed component to the benefit of the variable components;
- ✓ Review of the percentages of the *kpi* in the short-term incentive system (*MBO*), aligning them with the annual objectives to be achieved by management to respect the annual milestones in the 2018-2022 Industrial Plan;
- ✓ When the Board of Directors was reappointed, a new incentive system was drawn up, called *LTIP* (*Long Term Incentive Plan*) 2018-2020, which should be capable of dealing with the new challenges in the 2018-2022 Industrial Plan, further aligning the interests of management and the shareholders.

Lastly, it should be noted that the remuneration of the Corporate Bodies were unchanged on their reappointment, with a view to sustainability and continuity.

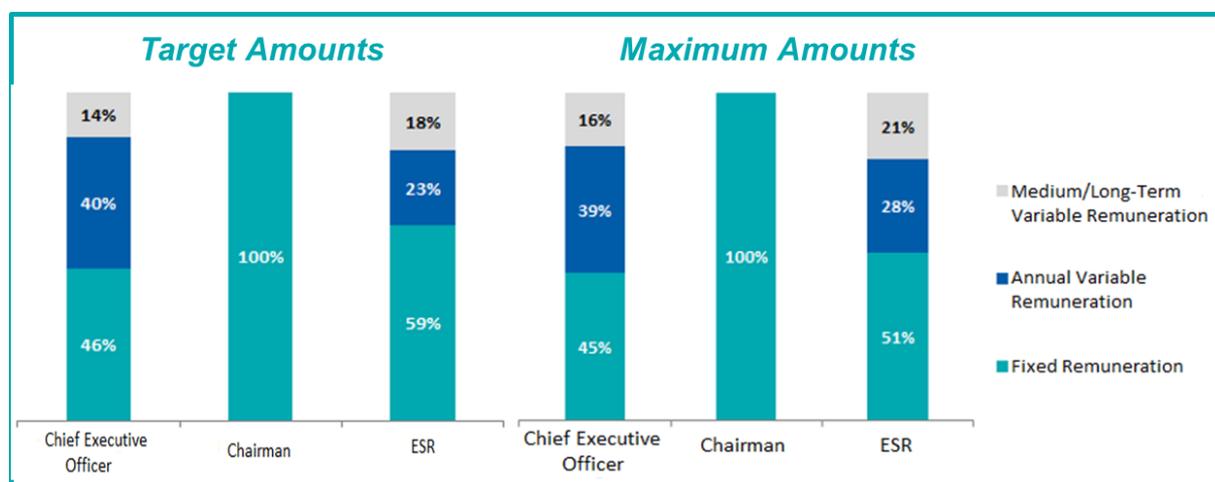
## Brief overview

The remuneration structure of Acea involves the following components:

Remuneration Policy 2018			
Component	Scopes and characteristics	Implementation conditions	Amounts
<b>Fixed Remuneration</b>	The fixed remuneration component is determined by the professional specialization and organizational role filled with relevant responsibilities, reflecting the technical, professional and management skills.	The conditions for its definition are based on checking the remuneration positioning through market benchmarks consistent with the characteristics of Acea and the roles assigned.	<ul style="list-style-type: none"> <li>• <b>CEO:</b> 240,000 Euros annually</li> <li>• <b>Chairman:</b> 120,000 Euros annually</li> <li>• <b>ESR:</b> remuneration determined on the basis of the complexity and responsibilities of the role within the Group</li> </ul>
<b>Annual Variable Remuneration</b>	The annual variable component recognizes and rewards the objectives assigned and results achieved in correlation to the annual budget objectives and is an important motivational aspect.	<b>KPI:</b> NFP (weight 40%); EBITDA (35% weight); Net Profit (20% weight); Quality Award (5% weight). Incentive paid on the basis of a 80:120 performance scale, subsequently mitigated by the Group P&L Model.	<ul style="list-style-type: none"> <li>• <b>CEO:</b> target-based incentive of € 230,000. No over-performance provided.</li> <li>• <b>Chairman:</b> not provided</li> <li>• <b>ESR:</b> 35-40% of the target-based fixed component.</li> </ul>
<b>Medium/Long-Term Variable Remuneration</b>	The medium/long-term variable component ensures the alignment between the Management interests and those of the shareholders. It is aimed at respecting the economic and financial principles and the economic returns on shareholder investments, measuring the returns on the invested capital.	Payment of an amount in cash based on the achievement of set objectives at the end of the reference triennium. <b>KPI:</b> TSR (70% weight); EBITDA (15%weight); ROIC (15% weight) <b>Characteristics:</b> Closed plan with triennial vesting.	The incentive, assigned to each beneficiary individually, is calculated as a percentage of the fixed component: <ul style="list-style-type: none"> <li>• <b>CEO:</b> target-based incentive: 33% of the fixed component; maximum incentive: 40% of the fixed component</li> <li>• <b>ESR:</b> : target-based incentive: 30% of the fixed component; maximum incentive: 40% of the fixed component</li> </ul>
<b>Non-monetary Benefits</b>	Supplement the remuneration package in a total reward scheme through benefits primarily of a social security and welfare nature.	The conditions are defined in the national collective labour contracts and supplementary national agreements. The benefit plans do not include discretionary individual plans.	<ul style="list-style-type: none"> <li>• Social security and welfare plans</li> <li>• Insurance and health plans</li> <li>• Company car</li> <li>• Accommodation allowance</li> </ul>
<b>Severance</b>	Severance packages aimed at protecting the interests of the Group, also from competition-related risks.	The Group does not currently have agreements between Acea and the Directors in office providing for indemnities in the event of resignation or unjustified dismissal.	

## Pay mix

Because of the above considerations, the pay packages of the Chief Executive Officer, Chairman of the Board of Directors and Executives with Strategic Responsibilities have been drawn up as follows:



The *Target Pay mix* provided for the Executives with Strategic Responsibilities involves the achievement of the Group and individual targets set in the variable annual short-term incentive plan (MBO), excluding their matrix positioning, and the target conditions provided in the variable medium and long-term incentive plan (LTIP) for 2018-2020.

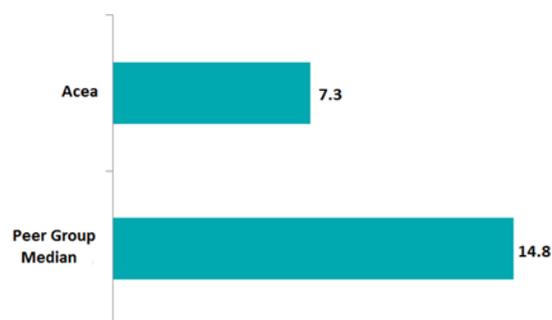
The *Maximum Pay mix* considers the achievement of the excellence threshold of the Group objectives and the maximum matrix positioning provided by the annual short-term incentive plan (MBO) for the individual objectives, and at the same time, the maximum extent to which the objectives of the new variable medium and long-term incentive plan (LTIP) for 2018-2020 can be achieved.

## Shareholder Engagement

### Shareholder Engagement

#### Remuneration Policy and Remuneration Multiple

As in previous years, the use of the remuneration multiple was confirmed for 2017, in other words the ratio between the remuneration of the Company Head and that of the average employee, as one of the monitoring tools for the Acea remuneration policy. On the basis of this analysis, the remuneration multiple of Acea is currently 7.3, compared to an average value of 14.8 for peer companies (AZA, Ascopiave, Hera, Iren, Snam, Terna).



#### Remuneration correlation, risk profile and company performance

In the interest of all the stakeholders, the remuneration systems adopted are in line with the long-term company strategy and objectives, connected to the business results achieved, suitably corrected in order to take into account all the risks involved in the business activities carried out and such as to avoid incentives that may lead to conflicts of interest and inducing the undertaking of excessive risks.

Having said this, the Company's Remuneration policy is based on an assessment of a risk profile assessed to be "moderate"; this assessment derives primarily from the consideration of the sector in which the company operates (regulated multiutility), in which the margins deriving from activities on the free market constitute a non-preponderant part. This translates into the exposure of the Company to limited market risks and, conversely, greater exposure to regulatory risks.

The correlation between remuneration, risks and performance is obtained through a system which:

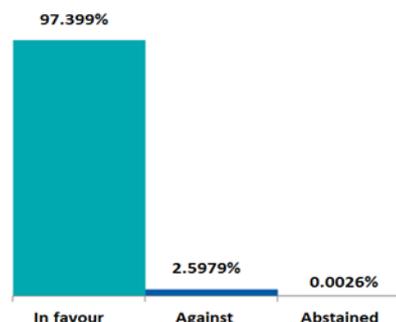
- ✓ parameters the variable remuneration to performance indicators measured over a multi-annual timeframe; the variable remuneration is determined on the basis of valid indicators for the Group and business area;
- ✓ conditions the payment of the deferred bonus to the maintenance of conditions of solidity, liquidity and profitability of the Group, and the business area if necessary, to the achievement of an adequate individual performance level and proper individual conduct.

Taking the "moderate" risk profile into account, Acea has decided not to allocate any highly volatile financial instruments, such as rights of option or other similar instruments, for example. The long-term variable component is therefore constituted exclusively by a monetary-type plan.

#### Results of shareholders' meeting voting

According to that provided by the laws in force (art. 123-ter, paragraph 6 of Legislative Decree 58/98), the shareholders' meeting held on 27/4/2017 cast a consultational vote on the first section of the Remuneration Report for 2016. The percentage of favourable votes was 97.39%.

The action undertaken during last year involved the further enhancement of the level of disclosure, which has been set as the main objective of the Remuneration Report for this year.



# SECTION I



# 1. Governance Model

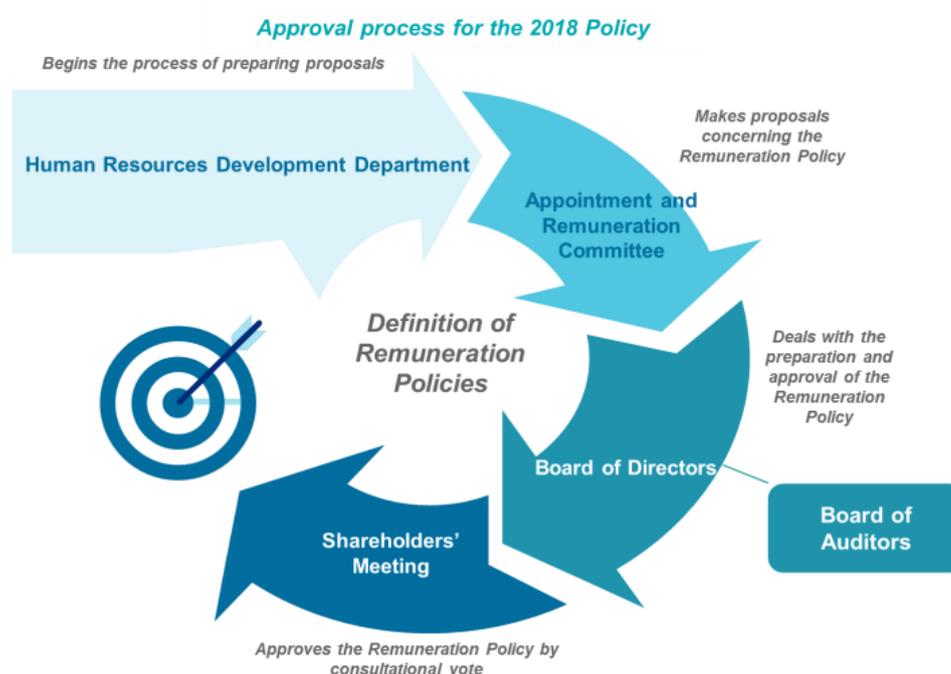
## 1.1. Process of defining and approving the Remuneration Policy

The Appointment and Remuneration Committee and the Board of Directors of the Company play a central role in defining the Remuneration Policy.

The process of drafting Remuneration Policies, which precedes the approval process, involves first and foremost the Human Resources Development Department, which proactively, clearly and transparently guides the process of drafting proposals. This process then closely involves the company top management in the definition of the policy and guidelines for the operational implementation of the latter.

From the viewpoint of increasing transparency, the Acea Group has implemented an RPT (Related Party Transactions) Procedure which, among others, provides that the incentives for Executives with strategic responsibilities is subject to the discipline of Related Parties.

The intervention of the main corporate management bodies in the process for the approval of Remuneration Policies ensures that they are based on clear and prudent rules which ensure that they are consistent, avoiding situations of conflict of interest and guaranteeing their transparency through a suitable informative process.



The ACEA remuneration policy was approved by the Board of Directors, on proposal by the Appointment and Remuneration Committee.

The following are the bodies and individuals involved in the approval process for Remuneration Policies:

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- **The Shareholders' Meeting:**

- pursuant to art. 2389 of the Civil Code, may decide not to intervene in determining the remuneration of the executive directors and members of the committees, or may establish the maximum threshold, leaving the Board to decide on how to allocate it, unless the Shareholders' Meeting has already decided in this regard. On 28 April 2016, the Shareholders' Meeting decided to re-attribute to the Board of Directors the duty ex art. 2389, paragraph 3 of the Civil Code of establishing the remuneration of the directors invested with specific duties, with reference as regards their economic treatment to that recognised in listed companies of similar dimensions and in similar sectors, the respect of the thresholds ex art. 84 ter of Decree Law 69/2013, converted into Law 98/2013, holding firm;
- decides for or against (non-binding resolution, pursuant to art. 123-ter, paragraph 6 of the Consolidation Act on Finance) the first Section of the Remuneration Report (paragraph 3 of the same article), concerning the company's policy in terms of the remuneration of the members of the Administration Body, the General Manager and the Executives with strategic responsibilities for at least the following financial year and the procedures used for the adoption and implementation of the policy.

- **The Board of Directors:**

- was appointed during the Shareholders' Meeting for the approval of the 2016 financial statements (27/4/2017) and is composed of 9 Directors;
- is bound to preside over the following areas of responsibility:
  - unless the Shareholders' Meeting has already done so (see above), determining the breakdown of the overall remuneration among the individual Board members (Articles of Association art. 21, paragraph 2);
  - consistently with the resolutions of the Shareholders' Meeting, determining the remuneration of the Chairman, Chief Executive Officer and other Directors with specific duties, on proposal by the Appointment and Remuneration Committee and after hearing the opinion of the Board of Auditors, and also the remuneration due to the members of the Committees within the Board of Directors and the remuneration of the Executives with strategic responsibilities;
  - defining the corporate governance system and structure of the Group, assessing the adequacy of the organizational, accounting and administrative set-up;
  - making the opportune assessments on the general management performance, periodically comparing the results achieved with those planned.
- The current Board of Directors will remain in office for the three year period 2017-2019, until the Shareholders' Meeting for the approval of the financial statements as at 31.12.2019 and is composed of the following members:

### **Composition of the Board of Directors**

- ✓ **Luca Alfredo Lanzalone** – *Chairman*
- ✓ **Stefano Antonio Donnarumma** – *Chief Executive Officer*
- ✓ **Alessandro Caltagirone**
- ✓ **Massimiliano Capece Minutolo del Sasso**
- ✓ **Michaela Castelli**
- ✓ **Gabriella Chiellino**
- ✓ **Giovanni Gianì**
- ✓ **Liliana Godino**
- ✓ **Fabrice Rossignol**

- The executive directors are the Chairman and the Chief Executive Officer of the Company. The other directors are non-executive and independent.

#### **- The Appointment and Remuneration Committee**

Briefly, the functions of the Committee are:

- proposing to and consulting with the Board of Directors and monitoring the application of the criteria and the decisions concerning the remuneration policy adopted by the Board of Directors itself;
- proposing and consulting as regards the remuneration of the Directors with specific duties and the individuals of strategic significance to the Organization.

#### **- The Chief Executive Officer**

- informs the Appointment and Remuneration Committee on the adequacy, overall consistency and proper application of the remuneration policy for the directors and executives with strategic responsibilities.

Currently, no independent experts have been involved in the preparation of the Remuneration Policy. However, a budget has been allocated and made available to the Committee for external consultancies.

## **1.2. Role, composition and duties of the Appointment and Remuneration Committee**

In fulfilment of the dispositions of the Governance Code of Borsa Italiana, the Acea Appointment and Remuneration Committee is composed of non-executive directors, most of them independent, in line with that provided by the Governance Code. In compliance with that provided by article 2389, paragraph 3 of the Civil Code, and according to the Regulation, the Appointment and Remuneration Committee consults with and makes proposals to the Board of Directors.

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For a more detailed description of the functioning and the activities carried out during the course of the 2017 financial year by the Appointment and Remuneration Committee, see the Report on Corporate Governance and Ownership Structure for the 2017 financial year.

**Composition of the new Appointment and  
Remuneration Committee and Main  
Activities**

- ✓ **Liliana Godino – Chairman**
- ✓ **Massimiliano Capace Minutolo del Sasso**
  - ✓ **Gabriella Chiellino**
  - ✓ **Giovanni Gianì**

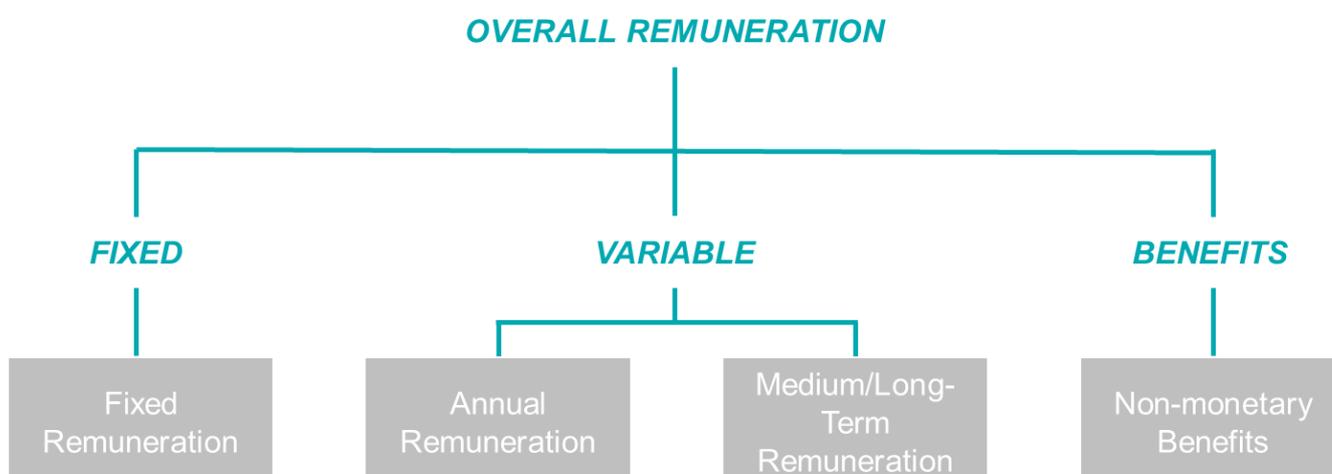
## 2. The Remuneration Policy of the Acea Group

### 2.1. Scopes and guiding principles

The remuneration philosophy remains consistent with that defined in the past and is still a vital element of the Group’s remuneration policy. Through the guiding principles described in the remuneration philosophy, the Company intends to provide the whole Group with a system of Total Reward:

- in line with the company’s short and long-term strategy;
- which rewards the respect of the corporate values and the long-term membership and commitment of individuals;
- which is consistent and homogeneous at all organizational levels and for all business sectors;
- which properly valorises and rewards both managerial careers and professional careers (dual ladder career);
- which stimulates and rewards individual performance, favouring excellence;
- which is efficient, using forms of reward that give value to individuals but at parity of cost;
- which is equitable, basing remuneration levels on the weight and complexity of roles;
- the positioning of which is in line with the reference markets;
- which is based on meritocracy, differentiating rewards on the basis of performance;
- which is competitive for the roles with the most impact on the corporate results;
- which is attractive to the roles deemed critical to the success of the company.

### 2.2. The components of remuneration



### **Fixed remuneration**

The fixed remuneration component is determined by the professional specialization and organizational role filled and reflects the technical, professional and managerial skills of the individual.

### **Variable remuneration**

The variable component recognises and rewards the objectives assigned and results achieved and is determined according to parameters which involve weighting the risks involved and the connection to effective and durable results. It constitutes an important motivational tool.

### **Variable annual short-term incentive plan (MBO)**

The *MBO (Management By Objectives)* plan encourages the achievement of the annual budget objectives defined with a view to medium and long-term sustainability.

The Managers involved in the plan are identified annually on the basis of the Group guidelines and consistently with the company's business and Human Resource management strategies.

For the Chief Executive Officer and the top executives reporting to the Chairman and Chief Executive Officer, the theoretical pay out is the sum of the relative weights of each indicator.

If none of the objectives are achieved, the variable remuneration component is not paid.

#### **a) Group economic and financial objectives**

These are assigned on the basis of the targets of the annual budget and the result is reviewed during the following year. In 2018, these objectives were represented by the following targets:

- **Net Financial Position 40%**
- **EBITDA 35%**
- **Net Profit 20%**
- **Quality Award 5%**

The Quality Award will once again be used as a KPI in the Annual Incentives Plan in 2018. The measurement introduced in 2016 to measure the quality provided rather than that perceived refers to the balance of the effective sum of the economic bonuses/fines that will be achieved by the Manager of the S.I.I. on the basis of the performance review for the period in question, which will in any event be completed by Acea SpA before the closure of the 2018 Financial Statements. In addition to the specific target value, the plan is represented by the definition of the **minimum and maximum thresholds** for each Group Objective:

- achievement of the minimum threshold will give access to 80% of the pay out for the indicator achieved;
- achievement of the target value will give access to 100% of the pay out for the indicator achieved;
- achievement of the maximum threshold will give access to 120% of the pay out for the indicator achieved.

As regards the review and payment of the pay out, the plan involves some weighted calculations of the achievement of the individual Group objectives. Within each range interval, defined for each of the four Group objectives, the overall value will define the associated pay out percentage, through a linear interpolation.

## b) Individual objectives:

### I. quantitative

In order to transform the strategic guidelines into concrete results, a *Group Objectives Catalogue* has been produced with the aim of providing a **set of indicators** for assigning the quantitative objectives for 2018 to the Management team.

The Catalogue groups the objectives together in Professional Families.

The achievement of the individual objectives is expressed by identifying and measuring (in terms of percentage of the target) specific performance levels: High, Average and Low. Weighted calculations of the achievement of each objective are involved in reviewing and paying the pay out.

### II. qualitative

Performance is also measured using the Performance Management (P&L) Model, which is aimed at valorising the Group Resources through a system aimed at integrating the various processes involved in the life cycle of Employees. The model is an expression of the overall contribution made by each individual and highlighted by the results achieved (realisation) and the realisational methods and conduct involved (observable conduct) in the role filled, returning an evaluation of the specific organizational conduct contained therein, which is then involved in the composition of the amount to be paid to the Resource.

#### Process of assigning objectives and paying bonuses



## Variable medium and long-term incentive plan (LTIP) 2018-2020

The Appointment and Remuneration Committee was involved in the planning of a new LTIP (Long Term Incentive Plan) to be aligned with the new 2018-2022 Industrial Plan, so as to maximise the effect of the incentive and ensure consistency between the interests of the managers involved and the shareholders.

The main purposes of the LTIP include gaining the trust of the management team and giving them incentives to achieve the economic and financial objectives of the Group in the interest of the shareholders, thus aligning the objectives.

### a. Process of defining the incentives and objectives

The structure of the new plan is the same as that for 2016-2018; the Long Term Incentive Plan is a closed three-year plan involving the payment of a cash bonus on the basis of the achievement of set objectives.

The nature of these objectives is aimed at both respecting economic and financial principles and the economic returns on investments by the Shareholders, measuring the returns on the invested capital.

The targets to be achieved, on the basis of which the payment of the bonus will be determined, are:

- of an economic and financial nature;
- of a profit-making nature.

Briefly, the objectives set in the plan are the following, with an explicit indication of their percentage incidence:

- **EBITDA:** weight 15% - the EBITDA is a profit-making indicator expressing the profits made by Acea from everyday management. Its use as an indicator in the Plan provides a good estimation of the operating cash flow generated by Acea, which is an essential value for estimating the Group value and quantifying the entity of the financial resources created and available;
- **Returns On Invested Capital (R.O.I.C.):** weight 15% - the ROIC is an index aimed at evaluating the performance of the capital invested by Acea. The indicator acts as a monitoring system in order to have a complete overview of how efficiently the capital invested is managed, describing the correlation between revenues and the capital required to realise them;
- **Total Shareholder Return (TSR):** weight 70% - the TSR is the most complete measurement of the value created by a business for its shareholders. The indicator thus shows the performance level for an investor who has purchased Acea shares on X and sold them on Y. The calculation considers all of the dividends paid out by the company and reinvested in Acea shares on the record date. The parameter will be subject to evaluation in relative terms (the value of the increase in share value will be commensurate to the average value of a reference portfolio composed of 7 companies - A2A, Enel, Hera, Iren, Italgas, Snam and Terna).

### b. Performance Measurement

At the end of each reference triennium, the bonus is paid out on the basis of the extent to which the aforementioned objectives have been achieved, in other words the measurement of the company's performance in the triennium.

The bonus paid individually to each beneficiary is calculated as a percentage of the fixed component.

## Variable medium and long-term incentive plan (LTIP) 2016-2018

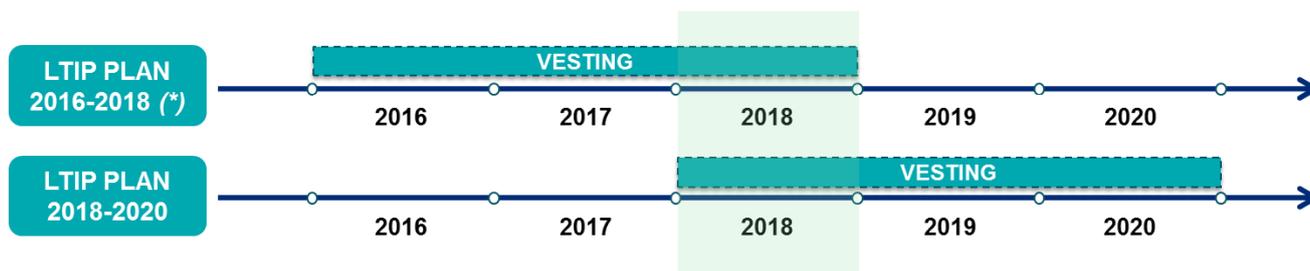
On proposal by the Appointment and Remuneration Committee, the Board of Directors closed the LTIP 2016-2018 plan in advance on 31.12.2017, in order to be able to implement a system more consistent with the new Industrial Plan.

The Long Term Incentive Plan is a monetary type plan, involving the payment of an amount in cash on the basis of the achievement of pre-determined objectives of an economic, financial and profit-making nature.

- **EBITDA: 15%**
- **Returns On Invested Capital (R.O.I.C.): 15%**
- **Total Shareholder Return (T.S.R.): 70%**

From the viewpoint of sustainability and transparency, the beneficiaries of the 2016-2018 plan will receive a payment equal to two-thirds of the total amount due to them, on the basis of the review of the objectives at the end of the triennium 2016-2018. This choice is aimed at ensuring consistency and sustainability not rewarding the same year twice (2018). The beneficiaries of the new 2018-2020 Long Term Incentive Plan (LTIP) described above will receive a bonus calculated over the entire performance period at the end of the triennium.

### Timelines of the two LTIP Plans



(\*) Achieved during the triennium and paid out over two years

## Non-monetary benefits

Are aimed at supplementing the remuneration package from a total reward viewpoint through benefits that are mainly of a social security and welfare nature. Defined by national collective contracting and the supplementary corporate agreements.

The remuneration package for Acea Management is completed by a series of benefits of a non-monetary nature constituting an integral part thereof. They mainly consist of social security and welfare plans, insurance and medical plans and company cars.

The benefit plans do not involve discretionary individual systems.

### 3. Remuneration package of the Group Top Management

In general, the remuneration components are divided into:

- **fixed component:** determined by the professional specialization and organizational role and related responsibilities;
- **variable component:** based on performance and linked to effective and durable results.

The following table illustrates the composition of the remuneration package of the Group's top management, the administration and control bodies and the Executives with strategic responsibilities.

Component	Chairman	Chief Executive Officer	Non-executive Directors *	Executives with Strategic Responsibilities
Fixed Remuneration	✓	✓	✓	✓
Annual Variable Remuneration		✓		✓
Medium/Long-Term Variable Remuneration		✓		✓
Benefits		✓		✓

(\*) For the non-executive directors, the fixed remuneration is intended as the fixed fee due to them on the basis of that decided by the Shareholders' Meeting.

The following is a detailed description of the remuneration policy for each individual.

#### Chairman

The remuneration package of the Chairman includes gross annual fixed remuneration only, as the variable remuneration component is not recognised.

For the 2017-2019 term of office, the overall remuneration of the Chairman of the Board of Directors will be as follows:

- ❖ Annual gross fee as Board member of € 26,000;
- ❖ Annual gross fee approved by the Board of Directors, on proposal by the Appointment and Remuneration Committee, amounting to € 120,000.

#### Chief Executive Officer - Water I.A. Manager

The remuneration package of the Chief Executive Officer has a fixed component and a variable component.

For the 2017-2019 term of office, the overall fixed remuneration received by the Chief Executive Officer - Water I.A. Manager is composed of the following:

- ❖ Fixed gross annual remuneration of € 240,000 as executive;
- ❖ Annual fee as Board member of € 26,000.

In overall terms, the variable remuneration for the Chief Executive Officer - Water I.A. Manager is composed of two elements:

- ❖ Short-term variable remuneration (MBO) of € 230,000 gross annually on a target basis;
- ❖ Medium and long-term variable remuneration (LTIP) paid on a triennial basis, involving an annual value of 33% of the GAR and a maximum incentive that cannot be more than the theoretical annual threshold of 40% of the GAR on the basis of the target objectives achieved.

## Members of the Board of Directors

For the Board of Directors, that introduced following the Shareholders' Meeting on 5 June 2014 concerning the remuneration of the members was retained for 2017 for their full term of office.

The executive directors are the Chairman and the Chief Executive Officer. None of the other directors are executive.

The following is the remuneration provided for the members of the Committees within the Board of Directors:

	<b>Board of Directors</b>	An individual gross annual fee of € 26,000, net of the annual reimbursement of documented expenses, has been decided for the members of the Board of Directors.
	<b>Control and Risk Committee (CRC) (*)</b>	An individual gross annual fee of not more than € 2,000 has been decided for the members of the Control and Risk Committee (CRC).
	<b>Appointment and Remuneration Committee(ARC) (*)</b>	An individual gross annual fee of not more than € 2,000 has been decided for the members of the Appointment and Remuneration Committee (ARC).
	<b>Ethics and Sustainability Committee (ESC) (*)</b>	An individual gross annual fee of not more than € 2,000 has been decided for the members of the Ethics Committee (EC).
	<b>Related Party Transactions Committee (RPTC) (*)</b>	An individual gross annual fee of not more than € 2,000 has been decided for the members of the Related Party Transactions Committee (RPTC).

(\*) Members of more than one Committee receive a maximum gross annual fee of € 4,000

It should be recalled that in its meeting on 12 May 2016, the Board of Directors attributed the functions of the Supervisory Board to the Board of Auditors, which receives no additional fees for these activities, as decided by the Shareholders' Meeting on 28 April 2016.

During 2017, the Board of Directors decided to appoint a Supervisory Board as of 1 January 2018.

### ***Executives with strategic responsibilities***

The remuneration package of the Executives with strategic responsibilities is composed of:

- fixed remuneration
- short-term variable remuneration (*MBO*)
- medium/long-term variable remuneration (*LTIP*)

The amount of the fixed remuneration is defined on the basis of the role and responsibilities involved.

The amount of the annual variable remuneration (*MBO*) is defined on the basis of the level of achievement of the Group and individual objectives set, according to that disciplined by the Variable Incentive Plan in force, "*Variable annual short-term incentive plan (MBO)*".

The incentive per target differs on the basis of the role filled and ranges between 35% and 40% of the gross annual remuneration.

Consistently with that defined for the Chief Executive Officer, the medium and long-term variable remuneration (*LTIP*) is constituted by a bonus paid on a triennial basis, subordinate to the achievement of the medium and long-term objectives.

The *LTIP* provided for all the Executives with strategic responsibilities involves an annual amount based on the achievement of the target objectives, amounting to a maximum of 30% and 40% respectively of the *GAR* of each beneficiary.

### ***Remuneration of the controlling figures***

The remuneration package of the Executive responsible for financial reporting, the Resources in charge of the internal audit departments (*Internal Audit and Risk & Compliance*) has remained structured, with a prevalent fixed component and a limited variable component.

However, the payment of the variable component is subject to an annual evaluation which is carried out on the basis of qualitative and efficiency criteria. The individual objectives are assigned to the individuals in question on the basis of these criteria, and they are not therefore related to economic and financial objectives, except for the part represented by the Group objectives.

## 4. Parachute and Clawback clause

### **Resignation, dismissal and termination of contract**

It must be stated that there are no agreements in existence providing for fixed indemnities or clauses of any nature aimed at safeguarding the Group Executives in the event of termination of contract (so-called **parachute**). Therefore, refer to the National Collective Labour Contracts in force for Executives of Public Utility Service Companies for more details; parts IV and V thereof discipline the methods of finalising the termination of contract of Executives. The “Executive Exodus Management” Policy approved by the Board of Directors in resolution no. 33 dated 21 December 2011, and still currently in force, is also based on this Contract.

Similarly, no agreements have been stipulated between Acea and the Executives in office providing for indemnities in the event of resignation or dismissal without just cause.

There are also no agreements provided for the Executives with strategic responsibilities regulating *ex ante* the economic aspects concerning the eventual termination of their contracts. In such eventualities, the “Executive Exodus Management” Policy, approved by the BoD on 21 December 2011 in Resolution no. 33/2011 and operational since then and based on the clauses included in the applicable national collective contract, must be applied.

Acea has no non-competition clauses in force with regard to its Executives as of the date of this report. Only one Executive with strategic responsibilities currently has a non-competition agreement in force.

### **Clawback clause**

In line with an increasingly stringent Corporate Governance Code as regards transparency, and from a viewpoint of an increasingly responsible remuneration policy, Acea, which was one of the first three businesses in Italy to acknowledge the advice of the European regulatory bodies in this regard, has not only maintained the *clawback* clause, but has expanded it to cover the managerial roles with the greatest impact on the Group’s business activities.

This choice guarantees the right to request the restitution of the variable remuneration components – both short-term and medium/long-term – should these components have been paid on the basis of conduct of a malicious nature and/or due to serious misconduct, such as the intentional alteration of the figures used in achieving the objectives or obtaining these figures through conduct contrary to the corporate or legal regulations.

# SECTION II



## Introduction

This Section of the Report contains the remuneration paid in 2017 to the Group Top Management, the members of the Administration Bodies and the Executives with strategic responsibilities. These remunerations have been paid according to a criterion of competence and according to the reference Remuneration Policy.

The Shareholders' Meeting on 27 April 2017 decided on the new composition of the Group top management and BOD.

To facilitate the reading of Table I below, the following are all of the Executives with strategic responsibilities who alternated during the course of the year, whose remuneration (fixed and variable remuneration and non-monetary benefits) were calculated in relation to the period for which they were effectively in office.

### Executives with strategic responsibilities since 27 April 2017

EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	
DEPARTMENT/INDUSTRIAL AREA	DEPARTMENT/INDUSTRIAL AREA MANAGER
CEO - Water IA (*)	Stefano Antonio DONNARUMMA (CEO since 03.05.2017 and Water IA Manager since 03.05.2017)
Administration, Finance and Control	Giuseppe GOLA (since 01.09.2017)
Energy Infrastructures IA	Giovanni PAPALEO
Environment IA	Giovanni VIVARELLI
Commercial & Trading IA	Michele Luigi GRASSI (since 01.09.2017)

(\*) In Table I in section II, the remuneration of the CEO-Water IA Manager is given separately from the other ESR

### Executives with strategic responsibilities until 27 April 2017

EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	
DEPARTMENT/INDUSTRIAL AREA	DEPARTMENT/INDUSTRIAL AREA MANAGER
CEO - GM (*)	Alberto IRACE (CEO until 27.04.2017 and GM until 30.06.2017)
Administration, Finance and Control	Demetrio Franco MAURO (until 31.08.2017)
Human Resources and Organization	Paolo ZANGRILLO (until 31.07.2017)
Water IA - Networks IA	Andrea BOSSOLA (until 30.09.2017)
Environment IA	Giovanni VIVARELLI
Energy IA	Giovanni PAPALEO

(\*) In Table I in section II, the remuneration of the CEO-GM is given separately from the other ESR

Lastly, it should be noted that, as there is still no real review of the achievement of the group objectives or definitive individual evaluation available, the amounts indicated for the MBO in 2017 are based on the calculation of the target percentage of the Group objectives and without considering the individual evaluation which, as described previously (Section I - page 13) may be a multiplier or a de-multiplier for the MBO.

# 1. Description of the remuneration paid to the Directors, General Manager and Executives with strategic responsibilities

## **Chairman**

Luca Alfredo Lanzalone, the new Chairman of the Board of Directors in office since 27 April 2017, is paid a gross annual fee of € 26,000 as a member of the Board of Directors, as decided by the Shareholders' Meeting on 27 April 2017, and a gross annual fee of € 120,000 as Chairman, as defined by the Board of Directors.

For completeness, the remuneration aspects also show the remuneration paid to the previous Chairman, Catia Tomasetti, in office until 27 April 2017, comprising a fixed gross annual fee of € 120,000 and a fixed gross annual fee of € 26,000 as Board member, indicated in table I *pro quota* on an annual basis.

## **Chief Executive Officer - Water IA Manager**

Stefano Antonio Donnarumma, the new Chief Executive Officer, in office since 3 May 2017, is paid a gross annual fee of € 26,000 as member of the Board of Directors, as decided by the Shareholders' Meeting on 27 April 2017, and a gross annual fee of € 240,000 as Chief Executive Officer, as defined by the Board of Directors, in addition to a target-based variable component of € 230,000 (all remuneration in Table I is given *pro quota* on an annual basis).

The Remuneration of the Chief Executive Officer is completed by a non-monetary benefits package estimated at a value of €43,546 annually.

The long-term incentive linked to the achievement of the triennial performance objectives predefined in the Long Term Incentive Plan – *LTIP* – has not yet accrued, and cannot therefore be calculated. The bonus linked to the achievement of the objectives included in the plan will be calculated at the end of the reference triennium, 2016-2018, as stated in Section I of this document.

For completeness, the remuneration aspects also show the remuneration paid to the previous Chief Executive Officer-General Manager, comprising a fixed gross annual fee of € 260,000, a fixed gross annual fee of € 26,000 as Board member and some non-monetary benefits, indicated in table I *pro quota* on an annual basis.

With regard to the treatment provided in the event of resignation from office or termination of contract for the Chief Executive Officer – General Manager, the “Executive Exodus Management” Policy approved by the BoD on 21 December 2011 by Resolution no. 33/2011 and operative since then is applicable.

Therefore, no indemnities are provided in the event of termination of contract, that established in the aforementioned collective contract holding firm.

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## **Directors**

The directors received the remuneration established by the Shareholders' Meeting for the position of director, with regard to the period in which they acted in such capacity, as did the members of the Committees within the Board of Directors and other bodies/committees.

For completeness, the details of the relevant remunerations are given in Table I below.

## **Auditors**

Enrico Laghi received remuneration for the position of Chairman of the Acea Board of Auditors as indicated in table I.

The members of the Board received remuneration for acting in the capacity of Auditors, with regard to the period in which they acted in such capacity, for Acea and other Companies in the Group.

For completeness, the details of the relevant remunerations are given in Table I below.

## **Executives with strategic responsibilities**

The Executives with strategic responsibilities received an aggregate gross annual remuneration of € 1,049,211, for each of them with regard to the period in which they acted in such capacity.

The overall annual bonus due for 2017 can be estimated, as regards the ESR currently in office and for each of them for the period in which they acted in such capacity, as € 180,667 according to the criteria previously described (Introduction - Section II), which provides for the achievement of the Group economic and financial objectives on a target basis.

The long-term incentive linked to the achievement of the triennial performance objectives predefined in the Long Term Incentive Plan – *LTIP* – has not yet accrued, and cannot therefore be calculated. The bonus linked to the achievement of the objectives included in the plan will be calculated at the end of the reference triennium, 2016-2018, as stated in Section I of this document.

The overall value of the non-monetary benefits package allocated to the Executives with strategic responsibilities for 2017 is €175,318 in aggregate terms, for each of them for the period in which they acted in such capacity.

**Table I: Remuneration paid to the members of the administration and control bodies, general managers and other executives with strategic responsibilities**

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Luca Alfredo Lanzalone</b>	<i>Chairman</i>	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€98,737						€98,737		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€98,737						€98,737		
<b>Remuneration refers to the period in which the position was filled</b>				(I) Amount inclusive of the gross annual remuneration pro-quota for the period in which the position of Chairman was filled (€81,154) and that of member of the BoD (€17,583)								

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Stefano Antonio Donnarumma</b>	CEO - Water IA Manager	03/05/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€179,652		€230,000		€43,546		€453,198		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€179,652		€230,000		€43,546		€453,198		
<b>Remuneration in the table refers to the period in which the position was filled</b>				(I) Amount inclusive of the gross annual remuneration pro-quota for the period in which the position of executive was filled (€162,069) and that of member of the BoD (€17,583)								

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Giovanni Giani</b>	Director	01/01/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€26,000	€3,795					€29,795		
(II) Remuneration from subsidiaries and related companies				€21,600						€21,600		
(III) Total				€47,600	€3,795					€51,395		
<b>Giovanni Giani, member of the previous BoD, was reappointed to the new BoD, as per minutes of the Shareholders' Meeting on 27 April 2017.</b>				(II) Total gross remuneration for member of the ABAB BoD (€ 10,800) and gross annual fee for member of the ABF BoD (€ 10,800)	Fixed fees for CRC, ARC and Ethics and Sustainability Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Massimiliano Capece Minutolo del Sasso</b>	<b>Director</b>	01/01/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€26,000	€3,833					€29,833		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€26,000	€3,833					€29,833		
<b>Massimiliano Capece Minutolo del Sasso, member of the previous BoD, was reappointed to the new BoD, as per minutes of the Shareholders' Meeting on 27 April 2017.</b>				(I) Total gross annual remuneration pro quota until 27/04/2017 (€ 8,417) and since 27/04/2017 (€ 17,583)	I) Fixed remuneration for RPT and ARC Committees until 27/04/2017 (€ 1,333) and ARC, CRC and RPT Committees since 27/04/2017 (€ 2,500)							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Alessandro Caltagirone</b>	<i>Director</i>	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€17,583						€17,583		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€17,583						€17,583		
<b>Notes</b>												

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Michaela Castelli</b>	<i>Director</i>	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€17,583	€2,500					€20,083		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€17,583	€2,500					€20,083		
<b>Notes</b>					Fixed fees for CRC, Ethics and Sustainability Committee and RPT Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Gabriella Chiellino</b>	Director	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€17,583	€2,500					€20,083		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€17,583	€2,500					€20,083		
<b>Notes</b>					Fixed fees for ARC and Ethics and Sustainability Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Liliana Godino</b>	<i>Director</i>	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€17,583	€2,500					€20,083		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€17,583	€2,500					€20,083		
<b>Notes</b>					Fixed fees for ARC and CRC Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Fabrice Rossignol</b>	Director	27/04/2017 31/12/2017	Approval financial statements 2019									
(I) Remuneration in the company preparing the financial statements				€17,583	€1,250					€18,833		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€17,583	€1,250					€18,833		
<b>Notes</b>					Fixed fees for RPT Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Enrico Laghi</b>	Chairman Board of Auditors	01/01/2017 31/12/2017	Approval financial statements 2018									
(I) Remuneration in the company preparing the financial statements				€150,000						€150,000		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€150,000						€150,000		
<b>Notes</b>												

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Corrado Gatti</b>	<i>Auditor</i>	01/01/2017 31/12/2017	Approval financial statements 2018									
(I) Remuneration in the company preparing the financial statements				€100,000						€100,000		
(II) Remuneration from subsidiaries and related companies				€47,478						€47,478		
(III) Total				€147,478						€147,478		
<b>Notes</b>				Chairman of Acea Ato2 Board of Auditors								

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Rosina Cichello</b>	<i>Auditor</i>	01/01/2017 31/12/2017	Approval financial statements 2018									
(I) Remuneration in the company preparing the financial statements				€100,000					€100,000			
(II) Remuneration from subsidiaries and related companies												
(III) Total				€100,000					€100,000			
<b>Notes</b>												

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>4 in total (*) (**)</b>	<i>Executives with strategic responsibilities</i>	01/01/2017 31/12/2017	Continuing contract									
(I) Remuneration in the company preparing the financial statements				€1,049,211		€180,667		€175,318		€1,405,196		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€1,049,211		€180,667		€175,318		€1,405,196		
<p><b>(*) The number given in this table refers to the current ESR in the Acea Group, while the total fixed remuneration and non-monetary benefits refers to all of the ESR who during the year were replaced before and after the Shareholders' Meeting on 27 April 2017 (5 ESR until 27/04 and 4 ESR since 27/04). The relevant remunerations are pro-quota for the period in which they acted in such capacity.</b></p> <p><b>(**) The remuneration of the Chief Executive Officer - Water AI Manager is indicated separately</b></p>						(I) Variable incentive plans: MBO-annual						

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Catia Tomasetti</b>	<i>Chairman</i>	01/01/2017 27/04/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€47,263						€47,263		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€47,263						€47,263		
<b>Catia TOMASETTI acted as Chairman until 27 April 2017.</b>				(I) Amount inclusive of the gross annual remuneration pro-quota for the period in which the position of Chairman was filled (€38,846) and that of member of the BoD (€8,417)								

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Alberto Irace</b>	CEO – MD	01/01/2017 30/06/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€138,417				€63,996		€202,413		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€138,417				€63,996		€202,413		
<b>Acted as CEO until 27/04/2017 and as GM until 30/06/2017</b>				(I) Amount inclusive of the gross annual remuneration as executive (€130,000) and that as member of the BoD (€8,417)								

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Francesco Caltagirone</b>	<i>Director</i>	01/01/2017 27/04/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€8,417						€8,417		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€8,417						€8,417		
<b>I Notes</b>												

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Roberta Neri</b>	<i>Director</i>	01/01/2017 27/04/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€8,417	€1,295					€9,712		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€8,417	€1,295					€9,712		
<b>Notes</b>					Fixed fees for CRC, ARC and Ethics and Sustainability Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Elisabetta Maggini</b>	<i>Director</i>	01/01/2017 27/04/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€8,417	€1,295					€9,712		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€8,417	€1,295					€9,712		
<b>Notes</b>					Fixed fees for CRC, ARC and Ethics and Sustainability Committee							

Name and Surname	Position	Period in which the position was filled	End of term of office	Fixed remuneration	Remuneration for membership of Committees	Non-equity variable remuneration		Non-monetary benefits	Other fees	Total	Fair value of the equity remuneration	Indemnities for resignation or termination of contract
						Bonus and other incentives	Share of the profits					
<b>Paola Antonia Profeta</b>	<i>Director</i>	01/01/2017 27/04/2017	Approval financial statements 2016									
(I) Remuneration in the company preparing the financial statements				€8,417	€647					€9,064		
(II) Remuneration from subsidiaries and related companies												
(III) Total				€8,417	€647					€9,064		
<b>Notes</b>					Fixed fees for Ethics and Sustainability Committee							

**Table 3B: Monetary incentive plans for the members of the Board of Directors, general managers and other executives with strategic responsibilities**

Surname and name	Position	Plan	Bonus for the year			Bonus for previous years			Other Bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
<i>Stefano Antonio Donnarumma</i>	CEO - WATER IA	LTIP 2016 - 2018	(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
Remuneration in the company preparing the financial statements	<b>MBO</b> Short-term annual incentive plan	€230,000	-	-	-	-	-	-	-
	<b>LTIP</b> Medium-long-term triennial incentive plan	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Remuneration from subsidiaries and related companies	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total</b>		€230,000	-	-	-	-	-	-	-

Surname and name	Position	Plan	Bonus for the year			Bonus for previous years			Other Bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
<b>4 in total (*)</b> <b>(**)</b>	Executives with strategic responsibilities	LTIP 2016 - 2018	(A)	(B)	(C)	(A)	(B)	(C)	
<p><b>(*) The number given in this table refers to the current ESR in the Acea Group, while the total fixed remuneration and non-monetary benefits refers to all of the ESR who during the year were replaced before and after the Shareholders' Meeting on 27 April 2017 (5 ESR until 27/04 and 4 ESR since 27/04). The relevant remunerations are pro-quota for the period in which they acted in such capacity.</b></p> <p><b>(**) The remuneration of the Chief Executive Officer - Water AI Manager is indicated separately</b></p>			Payable / Paid	Deferred	Deferment period	No longer payable	Payable/Paid	Still Deferred	
<b>Remuneration in the company preparing the financial statements</b>	<b>MBO</b> Short-term annual incentive plan	€180,667	-	-	-	-	-	-	-
	<b>LTIP</b> Medium-long-term triennial incentive plan	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Remuneration from subsidiaries and related companies</b>	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total</b>		€180,667	-	-	-	-	-	-	-

**Scheme No. 7-ter: Overview of the information on the holdings of the members of the Board of Directors and Board of Auditors, general managers and executives with strategic responsibilities**

**Table 1: Holdings of the members of the Board of Directors and Board of Auditors and general managers**

SURNAME AND NAME	POSITION	HOLDING COMPANY	NUMBER OF SHARES OWNED AT 31/12/2016	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 31/12/2017
Luca Alfredo Lanzalone	Chairman	Acea SpA	NONE	31/7/2017 - 4,000	06/12/2017 - 7,300	Purchased on 14/12/2017 3,070
Luca Alfredo Lanzalone	Chairman	Acea SpA	NONE	27/11/2017 3,300		
Catia Tomasetti	Chairman until 27.04.2017	Acea SpA	19,500	NONE	14/03/2017 – 19,500	NONE

**Table 2: Holdings of the other executives with strategic responsibilities**

NUMBER OF EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	HOLDING COMPANY	NUMBER OF SHARES OWNED AT 31/12/2016	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT 31/12/2017
I	Acea SpA	9,700	NONE	15/06/2017 – 9,700	NONE
I	Acea SpA	NONE	27/09/2017 – 4,000	NONE	4,000

## GLOSSARY

**Group:** indicates the grouping of Companies within the scope of consolidation of Acea SpA;

**GAR:** indicates the gross annual fixed remuneration component for those who are dependent employees of one of the Companies in the Group;

**MBO – Management by Objective:** indicates the variable annual remuneration component awarded for the achievement of predefined company objectives;

**EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortization;

**NFP:** Net Financial Position;

**NP:** Net Profit;

**LTIP – Long Term Incentive Plan:** indicates the medium and long-term variable remuneration component;

**TSR – Total Shareholder Return:** indicates the overall return of an investment for the shareholder;

**Top Management:** indicates the top individuals in the Group, such as the Chief Executive Officer – General Manager of the Company whose activities have a significant impact on the business results;

**Management:** indicates all of the Executives with strategic responsibilities and Senior Managers of the Acea Group;

**Line:** indicates the Managers of the Operating Companies working directly in business activities;

**ARC:** Appointment and Remuneration Committee;

**CRC:** Control and Risk Committee;

**SB:** Supervisory Board;

**ESC:** Ethics and Sustainability Committee;

**RPTC:** Related Party Transactions Committee.

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