



acea

Remuneration Report

Financial year 2013



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GLOSSARY

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

Group: means the set of Companies included in Acea S.p.A. consolidation scope;

GAS : means the fixed gross annual component of the remuneration for employees in Group Companies;

MBO - Management by Objective: means the annual variable component of the remuneration based on the achievement of pre-defined business objectives;

EBITDA: Gross Operating Profit;

NFP: Net Financial Position;

NP: Net profit;

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

TSR - Total Shareholder Return: means the overall return on investment for the shareholder;

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

Management: means the Executives with strategic responsibilities 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 Body;

EC: Ethics Committee;

CTRP: Committee for Transactions with Related Parties.



Letter from the Chairman

Dear Shareholders,

We are pleased to present the Remuneration Report that describes the policy adopted by Acea with regard to the remuneration of the senior managers, the members of the management and supervisory bodies and the Executives with Strategic Responsibilities, which we submit for your advisory vote.

The policy adopted in 2013 has been drawn up on the basis of the remuneration strategy applied last year, whose content has been strengthened and enriched. In line with 2012, and in order to strengthen the link between the management remuneration structure and value creation in the medium to long term, in 2013 a series of actions were undertaken through the use of tools that have allowed ACEA to implement the fixed and variable remuneration in a more selective manner with the aim of ensuring greater rigor and sobriety.

See, in particular, the following paragraphs "Highlights of the Remuneration Policy" and "Compensation Summary" of this report which describe in detail all the actions undertaken.

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 December 23, 2011), and the provisions of art. 123-ter of the Consolidated Law on Finance (T.U.F.).

Therefore, this report is divided into two distinct sections:

I. The first section provides a detailed description of:

a) ACEA Policy on the remuneration of the Senior Managers and of Executives and Directors with strategic responsibilities;

II. With respect to each individual member of the Management and Supervisory Bodies, and, in aggregate, the Executives with strategic responsibilities, 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) gives an account of the compensations paid by the Company in 2013 for any purpose and in any form.

As required by the Consolidated Law on Finance, please express your advisory vote on the first section of the Remuneration Report.

Giancarlo Cremonesi

Remuneration Policy Highlights



The year 2013 was characterized by an effort to implement an ever more rigorous and careful remuneration policy, inspired by stringent criteria based on merit and ethical conduct.

Among the most significant developments in terms of **responsible reward**, we should first of all mention that on 16 April 2013 the Board of Directors appointed the General Manager as new CEO, following expiration of the contract of the CEO in office at that time. At the said meeting, the Board decided that, in his new office, the CEO should retain his previous duties as General Manager, thereby ensuring significant savings for the company.

Under the same reward responsible approach, a clause was introduced according to which the Company is entitled to request the reimbursement of the variable (medium or long term) remuneration paid out if it is found that such remuneration has been paid on the basis of fraudulent behaviour and / or gross negligence, such as the intentional alteration of data used for the achievement of the targets or achievement of such targets by acting in a manner contrary to the laws or company regulations (**clawback clause**).

In this regard, it should be noted that, as of 2014, there are no fixed allowances or clauses of any kind in favour of executives, in the event of termination of employment. (**parachute clause**). Therefore, as no agreements were entered into providing for such compensation, the provisions established by national collective bargaining agreements shall apply in this respect.

Furthermore, in order to increase our stakeholders' satisfaction and expectations, the short-term **variable incentive** system was thoroughly revised. In brief, a number of flexible factors were introduced in order to evaluate the different levels of achievement of the Group's objectives and a number of access **gates were defined**, which constitute a true "barrier" to bonus access. Taking into account the evaluations of the financial community as reflected on the Stock Exchange and in the stakeholders' interest, we deemed it appropriate, in this general review of the system structure, to include Net Profit as an additional Key Performance Indicator.



Finally, the link with external remuneration benchmarks was strengthened by consolidating the "**evaluation of positions**" method, which allowed for even more accurate, homogeneous and consistent comparisons and analyses with respect to the evolution of the Group's organizational structure. Therefore, the organizational changes and the hiring of external and new managers were made paying great attention to maintaining a balance between the remuneration offered and the complexity of the related position, with the objective of **maximizing consistency with the market remuneration benchmark**.

For a more detailed discussion on this subject, please see the section "*Compensation Summary*".



SECTION I

1. Introduction

The Acea Group operates in the water sector, in the electricity supply chain, in public lighting and gas. By adopting a sustainability approach, ACEA combines the goal of customer satisfaction with that of value creation for the shareholders; brings together its attention to community needs with environmental protection; leverages 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 together 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 maximize efficiency and competitiveness at the national level.

To achieve the goals normally set in the Business Plan - increased profitability, improved operating efficiency, customer focus and service quality, preserving a balanced financial structure - it is necessary to rely on a highly motivated top management capable of guiding the organization 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 to align 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 pursuant to Article 123-ter of Legislative Decree 58/1998 (Consolidated Law on Finance) illustrates the Remuneration Policy adopted by the Acea Group for 2013. This policy, drawn up taking account of the recommendations contained in Article 6 of the Code of Conduct for listed companies promoted by Borsa Italiana S.p.A., defines the criteria and guidelines for the remuneration of senior managers, of members of the Board of Directors, including the Executive Directors and Directors holding special offices and of Executives with strategic responsibilities, 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 of the CFA implementing Regulation adopted by Consob by resolution no. 11971 of 14 May 1999 (the "Issuers' Regulation"), the Remuneration Policy as described herein applies to the Company's senior managers, members of the management bodies and to the other Executives with strategic responsibilities.

"Executives with Strategic Responsibilities" 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 as well as 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 organizational structure, the related autonomy and decision-making power, considering, for each of them, the level of responsibility, the role and the associated remuneration level.

Based on these principles and paying special attention to the positions for which the annual variable remuneration represents a significant share of total remuneration, we identified the Executives with strategic responsibilities who, due to the type of activity and *seniority in that role*, may exercise a significant influence on the Company's performance in terms of reputation and market operations.

The tables below specify the name of the persons covered by the Remuneration Policy, broken down by members of the Board of Directors, with specific indication of their participation in the various internal Committees, and Executives with strategic responsibilities.

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

- Members of the Board **until** 15 April 2013 (Table 1A)
- Members of the Board **after** 15 April 2013 (Table 1B)

Table 1A: Members of the Boards of Directors and participation in Committees until 15 April 2013

MEMBERS OF THE BOARD OF DIRECTORS		COMMITTEES				
		Risk and Control Committee	Appointment and Remuneration Committee	Supervisory Body	Ethics Committee	Committee for Related Party Transactions
Giancarlo CREMONESI	<i>Chairman</i>					
Marco STADERINI	<i>CEO</i>					
Andrea PERUZY	<i>Independent</i>	✓	✓	✓	✓	✓
Francesco CALTAGIRONE		✓			✓	
Paolo DI BENEDETTO	<i>Independent</i>		✓	✓		
Giovanni GIANI		✓	✓			
Paolo Giorgio BASSI	<i>Independent</i>	✓				✓
Luigi PELAGGI	<i>Independent</i>	✓	✓	✓		✓
Jean-Louis CHAUSSADE	<i>Independent</i>					

Table 1B: Members of the Boards of Directors appointed by the Shareholders' Meeting of 15 April 2013, and participation in committees

MEMBERS OF THE BOARD OF DIRECTORS		COMMITTEES				
		Risk and Control Committee	Appointment and Remuneration Committee	Supervisory Body (*)	Ethics Committee	Committee for Related Party Transactions
Giancarlo CREMONESI	<i>Chairman</i>					
Paolo GALLO	<i>CEO- General Manager</i>					
Andrea PERUZY	<i>Independent</i>	✓	✓		✓	✓
Francesco CALTAGIRONE					✓	
Paolo DI BENEDETTO	<i>Independent</i>	✓	✓			✓
Giovanni Giani		✓	✓			
Antonella ILLUMINATI	<i>Independent</i>	✓	✓		✓	✓
Diane D'ARRAS	<i>Independent</i>					✓
Maurizio LEO	<i>Independent</i>	✓	✓			✓

(*) On 16 April 2013 the Board of Directors assigned the functions of the Supervisory Body to the Board of Statutory Auditors

Table 2: Members of the Board of Statutory Auditors

MEMBERS OF THE BOARD OF STATUTORY AUDITORS	OFFICE
Enrico LAGHI	Chairman
Corrado GATTI	Statutory auditor
Laura RASELLI (*)	Statutory auditor

Appointed by the Shareholders' Meeting of 15 April 2013

The Group's Executives with strategic responsibilities are listed in the table below.

In the course of 2013, there have been a number of important changes and replacements amongst the senior managers of the Company.

Therefore, for greater clarity, it was considered useful to include next to the current position holder also the name of the person previously occupying that position, where a replacement/change has taken place.

Table 3: Executives with strategic responsibilities

EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (*)		
FUNCTION / OPERATING SEGMENT	CURRENT OWNER FUNCTION / OPERATING SEGMENT	PREVIOUS OWNER FUNCTION / OPERATING SEGMENT
Administration, Finance and Control	<i>Franco BALSAMO</i> (Appointed on 01/07/2013)	<i>Vacant</i>
Staff and Organization	<i>Paolo ZANGRILLO</i>	
Water Area	<i>Alberto IRACE</i> (Appointed 11/11/2013)	<i>Andrea BOSSOLA</i> (Owner of the position until 10/11/2013)
Networks Area	<i>Andrea BOSSOLA</i> (Appointed 11/11/2013)	<i>Francesco SPERANDINI</i> (Owner of the position until 01/11/2013)
Environment Area	<i>Luciano PIACENTI</i>	
Energy Area	<i>Enrico GIGLIOLI</i> (Appointed 02/12/2013)	<i>Sergio AGOSTA</i> (Owner of the position until 01/11/2013)

(*) The persons shown in the table fall within the scope of the Appointment and Remuneration Committee.

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 formation process, preceding the approval process, provides for the proactive involvement of the Staff and Organization Department, which prepares the proposal process. This process requires that the Company's senior and line management be closely involved, respectively, in the policies' definition and the operational implementation thereof.

Participation of the main corporate governance bodies in the Remuneration Policies' 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 was approved by the Board of Directors, at the proposal of the Appointment and Remuneration Committee.

Below are the bodies and entities involved in the Remuneration Policies' approval process, with a detailed indication of their respective roles in the process:

- **Shareholders' Meeting**
 - It determines the fixed remuneration for each financial year of the members of the Board of Directors, upon appointment and for the duration of their office. The determination of the remuneration of Directors holding special offices pursuant to art. 2389, paragraph 3, rests with the Board of Directors.
 - Passes resolution "in favour" or "against" (non-binding resolution pursuant to article 123-ter of the CFA paragraph 6) 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 Executives with strategic responsibilities with respect to at least the subsequent financial year and the procedures used for the adoption and implementation of such policy.
- **Board of Directors**

On the proposal of the Appointment and Remuneration Committee and after consulting with the Board of Statutory Auditors, it determines the remuneration of the Chairman, the Chief Executive Officer and the General Manager.
- **Appointment and Remuneration Committee**

On 11 June 2013, the new rules of operation of the Appointment and Remuneration Committee were approved, in compliance with the new Code of Conduct.

In summary, 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);
- proposal and advisory role with regard to the remuneration of directors holding special offices and the persons whose role is of strategic importance for the Organization. The Committee also expresses its opinion on Remuneration and retention Policies submitted by the CEO concerning employees of the Group.

- **CEO - General Manager**

It submits Remuneration and retention Policies concerning employees of the Group to the Corporate Bodies.

To date, no independent expert has 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 the directors and the executives with strategic responsibilities to the Board of Directors, with a view to promoting medium-long term sustainability and taking into account that for the executive directors or directors holding special offices and, mutatis mutandis also for the executives with strategic responsibilities, 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 such 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 executives with strategic responsibilities;
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 the directors have to submit the annual shareholders' meeting.

b) With regard to appointments:

1. it submits opinions to the Board of Directors with respect to the Board size and composition 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, the significance of activities, if any, performed by each director in competition with the company;
2. submits opinions to the Board of Directors in case 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

<i>APPOINTMENT AND REMUNERATION COMMITTEE</i>		
<i>Committee Member</i>	<i>Position</i>	<i>Appointed on</i>
Paolo DI BENEDETTO	Chairman	16 April 2013
Giovanni GIANI	Director	16 April 2013
Andrea PERUZY	Director	16 April 2013
Antonella ILLUMINATI	Director	16 April 2013
Maurizio LEO	Director	16 April 2013

For a more detailed description of the operation and activities carried out by the Appointment and Remuneration Committee during 2013, please refer to the Report on Corporate Governance and Ownership Structure for the year 2013.

4. The Remuneration Policy of the Acea Group

4.1 Purpose and guiding principles

The Company defines and applies a General Remuneration Policy which 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 such a manner as to align Management interests with those of the shareholders, by pursuing the main objective of creating sustainable value in the medium to 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

Already in 2012, in order to implement the recommendations received by the shareholders regarding the implementation of a remuneration policy that is inspired by principles of rigour and moderation, a series of instruments were introduced designed to ensure the implementation of a more selective fixed and variable remuneration system, inspired by stringent criteria based on merit.

In line with the previous year, the policy adopted in 2013 has tended to strengthen the link between the management remuneration structure and value creation in the medium to long term.

Through the actions undertaken during the year and by applying systems characterized by an even more selective approach, the framework set up in previous years has been further pursued: in order to improve the Performance-Reward System relation and to promote Excellence as a value, the process of management involvement commenced in 2012 continued.

While not affecting the majority of the tools necessary to ensure continuity and consistency over time, it was considered appropriate to make some significant changes. These tools are listed below, with the subsequent detailed description of how they work:

- New System for Managing People
- 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 New People Management System

The New People Management System, which has been designed to enhance the Group's human resources through a system that brings together the various processes within an employee's life cycle (from his/her being hired by the company until retirement), continues to be based on **the overall performance assessment**.

On the issue of measuring the results achieved by a *Manager* - intended as achieved *performance* combined with the organizational behaviour put in place to achieve such results - 2013 saw an intense activity in which *Management* was involved with the objective to implement a selective assessment system in which *performance* assessment is correlated with *Leadership assessment* (organizational behaviour).

Sharing, in short, involved positioning each *manager* within the nine-square matrix - the *Performance & Leadership Matrix - P&L Matrix*.

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 are thus broken down as follows:

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

Value that runs across both of the above aspects: **acting with integrity and fairness** .

Table 5: Leadership Model

Values of the Leadership Model	
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 timely	Building high <i>performance teams</i> through talent identification
Making things simple	Sharing information in a transparent manner
Acting with integrity and fairness	

4.2.2 Short term variable incentive system

Management by Objectives - MBO

At the request of the Appointment and Remuneration Committee, a significant change was introduced in the annual variable incentive system (consisting of the Net Profit parameter) to satisfy stakeholders' expectations through the inclusion of an additional key performance indicator that is useful for the purpose of evaluation by the stock market financial community.

While, in its architectural structure, the system continues to be anchored to the position in the **P&L matrix**, yet its framework has been significantly changed. The main differences compared to the previous system are shown below:

- The introduction of flexibility elements in order to appreciate the different levels of achievement of Group's Targets;
- The introduction of access gates for pay-out purposes; these gates are a "barrier" to accessing the bonus, envisaging a minimum 80% incentive up to the achievement of excellence, or 120% (for a detailed description, see Section 6.2.1).

In summary, the positioning in the **P&L matrix** is, as in the previous year, an input for the pay-out calculation and, therefore, the percentage within the matrix is linked to the calculation of the bonus to be paid: each of the nine quadrants in the matrix is associated with a percentage of achievement resulting from the intersection of the *Performance* and *Leadership* assessment.

The system's operation and its impact on measurement are deferred to the next paragraph 6.2.1. that describes in detail the operation of variable incentive systems.

4.2.3 Evaluation of Positions

During the year, the process for evaluation of the Organizational Positions started in 2012 was completed. This process was conducted with the support of the consulting company Mercer, whose methodology has successfully been applied in thousands of companies, both in Italy and abroad; this led to compare the situation in Acea Group with the most advanced companies in the world in terms of *job levelling* and remuneration dynamics.

Assessing the actual contribution of the organizational positions to the achievement of business results, which was the *focus* of this process, was completed through a series of interviews with the management, leading to the creation of a structured system that allows for:

- objective remuneration decisions, based on consistent data and directed to improving fairness within the organization ;
- a salary positioning that can be compared with the reference markets, capable of aligning the compensation structure to market levels, taking into account the benchmarks identified in the reference panel.

4.2.4 Medium to long term variable incentive system

Long Term Incentive Plan – LTIP

At the express approval of the Board of Directors (Resolution No. 36 of 11/06/2013), the structure of the previous Long-Term Incentive system was renewed for the 2013-2015 period, as such system was deemed fully compliant with the objectives defined for organizations of this nature and purpose.

The approved plan provides for the possible payment of a monetary incentive to be disbursed over three years.

The bonus is calculated as a percentage of the 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 the Acea Management meets the following purposes:

- to balance the fixed and variable remuneration components over time
- to implement a flexible approach to remuneration
- to promote 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 Management, the administrative and supervisory bodies and the executives with strategic responsibilities.

Table 6: Components of the remuneration package

<i>COMPONENTS OF THE REMUNERATION PACKAGE</i>				
<i>POSITION / ROLE</i>	<i>Fixed Remuneration</i>	<i>Annual Variable Remuneration</i>	<i>Medium-Long Term Variable Remuneration</i>	<i>Benefit</i>
Chairman	✓	✓		
CEO - General Manager	✓	✓	✓	✓
Non-Executive Directors: (*)	✓			
Executives with strategic responsibilities	✓	✓	✓	✓

(*) For non-executive Directors the fixed remuneration is to be intended as fixed compensation payable in accordance with the resolution passed by the Board of Directors.

4.4 Remuneration policy and pay multiple

Amongst the monitoring tools provided by Acea remuneration policy, the **multiple pay** is also taken into account, i.e., the ratio between the salary of the Head of the Company and that of the median Employee. This measure takes also into account the relationship between the organizational complexities that the Chief Executive Officer - General Manager has to face with the one that characterizes the role of the average employee.

The methodology followed, and supported by the analysis and study of Mercer, an established consulting firm with an observatory on pay issues at the international level, only takes into consideration the fixed remuneration; introducing the variable remuneration in the calculation would indeed distort this relationship by virtue of its variable impact on the roles mentioned above for the analysis.

Acea's multiple pay, to date, is equal to 9.2; when you consider that the median of the analyzed sample amounted to about 22, and the average recorded multiple pay in the *peer group of competitors* is equal to 13, Acea can be considered among the most virtuous companies in terms of consistency between the CEO-General Manager remuneration and the median remuneration.

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, suitably adjusted to take into account all the risks required to perform the activities undertaken and In any case, 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 which 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 non-prevalent part. This results in the Company's having 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 long-term performance indicators; the variable remuneration is determined on the basis of indicators referred to the Group and the Business Industrial Areas;
- makes the payment of the deferred bonus subject to the ongoing condition of solidity, liquidity and profitability of the Group and, possibly, the Business Area, the achievement of an adequate performance at the 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. Therefore, the long term variable component consists solely of a monetary type plan.

5. Remuneration of Senior Managers, members of management and supervisory bodies and Executives with strategic responsibilities

5.1 The remuneration package of the Group's Senior Management

In order to design the architecture of the remuneration package for the Group's senior management roles and to improve consistency with the remuneration paid to senior managers in companies of similar size and industry, a remuneration benchmark survey was conducted during the year, useful for a re-alignment of said remunerations.

The methodology adopted was based on the study of compensation systems conducted by Mercer, which considered a *panel* of companies comparable with ACEA.

For senior management roles, in particular for the Chairman and the Chief Executive Officer - General Manager, a further refinement was made, by focusing on a group of companies significantly closer in terms of features, size and business.

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

- **fixed remuneration component:** it is determined by the professional specialization and the role and responsibilities held within the organization.
- **variable component:** based on performance and linked to effective and lasting results.

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

5.1.1 Chairman

The remuneration package of the Chairman consists of two parts:

- Fixed Remuneration
- Short-term variable remuneration (MBO) that theoretically is about 50% of the fixed remuneration

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

5.1.2 CEO - General Manager

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

- Remuneration of the members of the Board of Directors
- Fixed remuneration as manager for the position of CEO - General Manager
- Short-term variable remuneration (MBO) that theoretically is about 100% of the fixed remuneration
- Variable medium-long term remuneration (LTIP) that theoretically is about 33% of the fixed remuneration on an annual basis over the three-year reference period



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

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

5.2 Members of the Board of Directors

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

The remuneration of non-executive directors consists of a fixed component for the performance of assigned tasks.

The Shareholders' Meeting of Acea on 15 April 2013 set the annual remuneration of each member of the Board of Directors at €36,152 in addition to the reimbursement of expenses incurred in the performance of their duties. It should be noted that, in line with the goal of pursuing a rigorous and moderate policy, the Shareholders' Meeting did not change this remuneration, which is the same as that defined since 2003 (Shareholders' Meeting of 24/10/2003).

The remuneration of non-executive directors is not linked to the economic results achieved by the Company but is proportional to their required commitment and their participation in one or more committees, if any.

Participation in Committees within the Board of Directors and in other Bodies and Committees with proposal and advisory functions, are remunerated with a fixed compensation set by the Board of Directors, upon proposal of the Appointment and Remuneration Committee and after consulting with the Board of Statutory Auditors.

For the Board of Statutory Auditors, emoluments are differentiated between the Chairman and the Statutory Auditors.

Table 7 below summarizes the remuneration provided for participation in the Board of Directors' internal Committees.

Table 7: Remuneration for Committees and Bodies

Internal BoD committees	Other Bodies/ Committees	Chairman / Coordinator Annual remuneration	Annual remuneration of each member	Attendance fee (*)
Risk and Control Committee (RCC)		€ 31,500 Gross annual -	€ 27,000 Gross annual -	€ 1,500
<i>Appointment and Remuneration Committee (ARC)</i>		—	—	€ 1,500
	Supervisory Body (SB) (*)	—	—	—
	Ethics Committee (EC)	—	—	€ 1,500 (**)
Committee for Transactions with Related Parties (CTRP)		—	—	€ 1,500

(*) On 16 April 2013 the Board of Directors passed resolution to assign the functions of the Supervisory Body to the Board of Statutory Auditors. The last mentioned person shall not receive any additional compensation for these activities.

(**) In the previous committee period, the attendance fee was equal to €2,500.00.

5.3 Executives with strategic responsibilities

The remuneration package of executives with strategic responsibilities consists of:

- Fixed Remuneration
- Short-term variable remuneration (MBO) that on average is about 40% of the fixed remuneration of Executives with strategic responsibilities.
- Variable medium-long term remuneration (LTIP) that on average is about 37% of the fixed remuneration of Executives with strategic responsibilities.

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

The medium-long term variable remuneration consists of a *bonus*, disbursed 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 professional specialization and the role and responsibilities held within the organization. Therefore, it reflects, the technical, professional and managerial competences. Acea pays constant attention to the value of fixed remunerations, avoiding over-reliance on the annual *bonus* while being careful not to make the structure of the overall remuneration package too rigid; this approach is in line with market trends as shown by the study conducted by Mercer and used by ACEA.

6.2 Variable remuneration

The variable remuneration acknowledges and rewards assigned objectives and achieved results 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 high proportion of total remuneration.

Therefore, given its significance in the remuneration mix, the short-term variable incentive system has been revised in order to better meet *stakeholders'* satisfaction and expectations. The following main changes to the system were implemented:

- introduction of an additional *key performance indicator*, Net Profit, used for evaluations by the Stock Exchange financial community and the Shareholders.

6.2.1 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 the company Business and Human Resource management strategies.

- **Target assignment process**

At the beginning of the year, the system's recipients receive a card containing the assigned objectives and related achievement targets. The total bonus is a cross calculation based on the percentage of target achievement and the behavioural assessment according to the Leadership Model. The bonus that is assigned to each individual is calculated as a percentage of the Gross Annual Salary according to the classification level and the impact of the specific position on the Business. Such 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 their organizational position.

- **Performance measure**

Each participant in the system competes for a total award - *pay-out* - that depends on the degree of achievement **of Group's Targets** - see, below, the structure and percentage weight - which represent a gate to access the entire individually assigned schedule:

➤ **Group's financial targets:**

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

For the year 2013, these objectives are expressed through the following targets:

- **Gross operating profit (EBITDA) of the Group 45%**
- **Net Financial Position (NFP) of the Group 45%**
- **Group's Net Profit (NP): 10%**

A significant novelty of the new system is the definition of **minimum and maximum thresholds for each Group's Target.**

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

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

- **EBITDA: budget -3%**
- **Net Financial Position: budget +5%**
- **Net Profit: budget -13%**

➤ **Operation of the Variable Incentive System**

The achievement of the minimum value will give access to 80% of the *pay-out* for that indicator.

The achievement of the budget value will give access to 100% of the *pay-out* for that indicator.

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

- **EBITDA: budget +4%**
- **Net Financial Position: budget -6%**
- **Net Profit: budget +10%**

A second significant innovation was the introduction in the pay-out calculation of weights on the achievement of individual Group's targets.

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

The distinction between two different organizational 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 high level managers 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;
- 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%	-3%	Budget amount	+4%	36%	54%
Net financial position	45%	+5%	Budget amount	-6%	36%	54%
Net profit	10%	-13%	Budget amount	+10%	8%	12%
					80%	120%

➤ **Individual objectives:**

a. quantitative objectives

they are expressed on the basis of the aforesaid performance levels (High, Medium, Low) which correspond to different achievement/goal levels (expressed in terms of target percentage). The total objectives' measure is expressed as the sum of the actual percentages achieved for the individual objectives.

b. qualitative objectives

In this case, the performance is measured through the evaluation of specific organizational behaviours, clearly stated in the Leadership Model; the qualitative objective and organizational behaviours, contained in the Group Leadership Model described above, are taken into account in the individual amount to be paid out.

• **Reference period and bonus payment**

The annual variable incentive system is related to the assigned and actual performance in the January to December period of the reference year. The bonus accrued in the financial year shall be paid out by May of the following year.

6.2.2 Medium to long term variable incentive system

• **Recipients**

The recipients of the Long Term Incentive Plan ("Long Term Incentive Plan"- "LTIP ") are the Executives with strategic responsibilities of the Aceca Group.

- **Incentive and target definition process**

The structure of the plan for the years 2013-2015 is in line with that of the previous three years, as the Board of Directors deemed it fully in accordance with the objectives defined for organizations of this nature and purpose (Resolution No. 36 of 11/06/2013).

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

The nature of these objectives is targeted both to compliance with financial criteria and to the return on investment for shareholders, by measuring return on investment. Therefore, the targets to be reached, according to which any bonus payment is determined, are:

- **Financial targets**
- **Income targets**

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

- **Gross Operating Profit (EBITDA): 15%**
- **Return on invested capital (R.O.I.C.): 15%**
- **Total Shareholder Return (T.S.R.); 70%**

Given the percentage weight assigned to *total shareholder return*, it clearly appears that the main objective of the plan is to align the interests of *management* with those of shareholders: the *focus* is the growth in Acea's stock value assessed by comparing it, over three-year *Performance* cycles, with the average value of the securities contained in the reference basket.

- **Performance measure**

At the end of each three-year period, a bonus may be granted depending on the degree of achievement of the aforementioned objectives, i.e. of the Company's Performance over the three years.

The bonus individually assigned to the resource is calculated as a percentage of his/her Gross Annual Salary.

- **Bonus Deferment**

It is established that a significant portion of the variable remuneration should be deferred in order to ensure **continuity in 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 as is 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 predefined objectives.



6.3 Non-monetary benefits

The compensation package of Acea management includes a number of non-monetary benefits which form an integral part thereof.

They mainly consist of: pension, insurance and health plans and company car.

Benefit plans do not provide for discretionary individual measures. In a number of cases, in which allocation of the benefit has taken into account operational and management aspects, such as transfer of the Executive, the benefits also include accommodation payment during the secondment period.

7. Remuneration of executives with audit functions

The compensation package of the executive responsible for financial reporting, the head of the internal audit functions and the more senior executives in the mentioned areas, has been structured with a prevailing fixed component and a limited variable component.

Disbursement of the variable component, however, is subject to an annual assessment that is based on quality and efficiency criteria, according to which these executives are assigned their individual goals which, therefore, are not linked to financial objectives, except for the gates.

Table 9: Summary objectives of executives with audit functions

Position concerned	Assigned objectives
Executive responsible for financial reporting	<ul style="list-style-type: none"> • Preparation of "Fast Track" financial statements draft • Procedure for the preparation of periodic relations • Preparation of plan aimed at migration of Aquaser Group on SAP • Reduction in Group's tax rate
Head of Internal Audit	<ul style="list-style-type: none"> • Support the SB in the updating of Acea Management and Organization Model with respect to new punishable offenses • Application of guidelines in audit implementation and production of risk-based Reporting • Revision of the risks and controls database for the implementation of an information system supporting the <i>Control Risk Self-Assessment</i> • Preparation of proposals to update the SB, RCC and ARC operating rules.

8. Indemnities

8.1 Resignation, dismissal and termination of employment

The compensation policy in the event of resignation from office or termination of employment is established in relation to the specific professional / managerial position.

For the Chairman of the Board of Directors an indemnity is provided in the event of termination of office decided by the Company, for an amount equal to the sum of all fixed and variable annual remuneration payable until the original expiration of the office, i.e. upon approval of the 2015 financial statements.

For the CEO-General Manager, the provisions of the Collective Bargaining Agreement for Executives in Public Utility Service Companies shall apply.

In this regard, it should be noted that, as of 2014, there are no fixed allowances or clauses of any kind in favour of the Group's executives, in the event of termination of employment. (*parachute clause*). Therefore, as no agreements were entered into providing for such compensation, the provisions established by national collective bargaining agreements shall apply in this respect.

No agreements providing for compensation in the event of resignation or termination without just cause have been signed between Acea and the other directors.

Likewise, for executives with strategic responsibilities there are no ex ante agreements in place regulating financial compensation in case of early termination of the employment. In such cases, the rules set by the relevant national collective bargaining agreements shall apply.

8.2 Clawback clause

In recent years, regulators in Europe have turned more and more towards responsible remuneration policies, stating that variable remuneration should be sustainable according to a company's financial situation, and should not, therefore, limit its ability to maintain an adequate capitalization level.

In order to strengthen the link between remuneration and the Company's medium and long term interests, the trend, as shown by the analysis conducted by Mercer (a company that has supported the group on this aspect as well) has been to focus on managers' "unconditional right" to receive sums of money, regardless of how the employment relationship is terminated and, most importantly, regardless of the actual company's performance.

This need to strengthen capital has especially affected the financial sector, so that 60% of companies that adopt this type of mechanisms are in this sector (consider that, in Italy, only 27% of companies have provided for *clawback* clauses and 11% have included "*malus*" mechanisms).



With regard to the remuneration policy applicable to the CEO - Managing Director and the Executives with strategic responsibilities, Acea is among the first companies to have implemented those guidelines starting in 2014 (in Italy, only one of the Group's direct competitors has introduced such a mechanism).

ACEA has put in place a system that entitles it to request the return of the variable remuneration components - both short-term and medium to long term - if such components were paid on the basis of fraudulent behaviour and/or gross negligence, such as the intentional alteration of data used for the achievement of the targets or achievement of such targets by acting in a manner contrary to the laws or company regulations (*clawback*).



SECTION II



Preamble

This section of the report provides a representation of the items that make up the remuneration of the Senior Managers, the members of the Management Bodies and the Executives with strategic responsibilities, in order to show their consistency with the general policy described in Section I.

It should be noted that, for the year 2013, for the purpose of defining the Group's achievement of financial objectives, a level of 80% was assumed. As a result, the amounts indicated in this Section, with reference to the annual *bonus*, are calculated on the basis of such 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 period, based on the company's performance expressed through the three related objectives: EBITDA, *ROIC* and *TSR* for the same three-year period.

1. Description of the remuneration paid to the Directors, the CEO and the Executives with strategic responsibilities

- **Chairman**

Giancarlo Cremonesi received a gross annual salary (GAS) of €300,000 for the year 2013.

The bonus pertaining to the year 2013 is estimated at €116,000, according to the criteria described above (see section II, preamble).

In addition to the specified remuneration, there are the emoluments received for the position as Director of Acea Distribuzione and Aquaser, as well as those as Chairman of ACEA Illuminazione Pubblica for 2013, totalling €72,217.

- **CEO - General Manager**

Mr. Paolo Gallo, new Chief Executive Officer - General Manager in charge since 15 April 2013, received a gross remuneration of € 405,500 in the form of gross annual salary (GAS) as manager, for the position as CEO - General Manager, and a gross remuneration as a member of the Board of Directors amounting to € 25,608.

The bonus pertaining to the year 2013 is estimated at €324,400, according to the criteria described above (see section II, preamble).

The long-term incentive linked to the achievement of the three-year *performance* targets as predefined in the *Long-Term Incentive Plan - LTIP* - is not vested yet, 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 2013-2015 reference period.

Finally, his remuneration for the year 2013, includes a benefit package for a value of €95,737.

With reference to compensation in the event of termination of the office or employment, the CEO-General Manager is subject to the rules provided for in the Collective Bargaining Agreement for Executives of Public Companies. Therefore, no indemnity is envisaged in the event of termination of the employment relationship. The Chief Executive Officer-General Manager has a permanent employment contract as manager (Dirigente).

For a complete information on remuneration aspects, Table 1 shows the remuneration paid to the former CEO, Marco Staderini, in charge until 14 April 2013, **pro-rata** for the period and composed of:

- fixed remuneration: consist of a gross annual salary (GAS) of €116,667 for the year 2013.
- short term variable remuneration: no bonus was paid for the year 2013;
- medium to long term variable remuneration: no bonus was paid.

- **Directors**

the directors (mentioned in table 1A and 1B - Section I) received compensation as established by the Shareholders' Meeting for their position as director, with reference to the period for which they have held office, and for the position as members in BoD internal Committees and other bodies/committees, if any.



- **Statutory Auditors**

As shown in Table 1 - Section II, Enrico Laghi received a remuneration for his office as Chairman of the Board of Statutory Auditors of Acea. He also received additional compensation by virtue of the positions held in subsidiaries of the Group, in addition to the compensation established by the Shareholders' Meeting for his position as member of the Supervisory Board until 16 April 2013.¹

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

- **Executives with strategic responsibilities**

In aggregate, the executives with strategic responsibilities received gross compensation amounting to €1,295,763, down 11% from 2012, as consideration for the performance of their duties during 2013.

The total value of bonuses for the year 2013 is estimated at €317,857, increasing by about 45% from 2012, due to higher percentage of achievement of the targets which went from 50% to 80%, according to the criteria described above (see Section II, foreword).

The long-term incentive linked to the achievement of the three-year performance targets as predefined in the Long-Term Incentive Plan - LTIP - is not vested yet, 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 2013-2015 reference period.

The package of non-monetary benefits granted in 2013 to the executives with strategic responsibilities totalled €177,837.

1 Mr. Laghi was a member of the Supervisory Body until its suppression on 16/04/2013

Table 1: Remuneration paid to the members of governing and control bodies, general managers and other key management personnel

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Giancarlo Cremonesi	<i>Chairman</i>	01/01/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				300,000		116,000				416,000		
(II) Remuneration from subsidiaries and associates				72,217		0				72,217		
(III) Total				372,217		116,000				488,217		
Notes				I) the amount includes remuneration as director II) BoD Acea Distribuzione SpA (€21,403) BoD Acea IP (€34,402) BoD Aquaser (€16,412)		I) Annual Incentive System - Amount payable assuming a target achievement level of 80%.						



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Marco Staderini	CEO	01/01/2013 15/04/2013	30/04/2013									
I) Remuneration in the company that draws up the financial statements				116,667						116,667		
(II) Remuneration from subsidiaries and associates				0						0		
(III) Total				116,667						116,667		
Office as CEO was completed on 15/04/2013. Therefore, the relevant compensation has been calculated pro-rata to his presence in the company.				I) Gross Annual Remuneration paid for the performance of his duties								



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paolo Gallo	<i>CEO- General Manager</i>	01/01/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				405,500		324,400		95,737	25,608	851,245		
(II) Remuneration from subsidiaries and associates				0		0		0	0	0		
(III) Total				405,500		324,400		95,737	25,608	851,245		
<i>In office as General Manager until 15/04/2013 and in office as CEO, with functions also as General Manager, as of 16/04/2013</i>				I) Gross Annual Remuneration paid for the performance of the office, pro-rated for the duration of each individual duty performed in the year		I) Annual Incentive System - Amount payable assuming a target achievement level of 80%.			I) Gross remuneration as a member of the Board of Directors, pro-rata from 16/04/2013.			

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Francesco Caltagirone	<i>Director</i>	01/01/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				36,152	16,375					52,527		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				36,152	16,375					52,527		
Notes					RCC (€9,375 of which €7,875 fixed remuneration, €1,500 attendance fee) Ethics Committee (€7,000)							

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Giovanni Giani	<i>Director</i>	01/01/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				36,152	39,000					75,152		
(II) Remuneration from subsidiaries and associates				54,248	0					54,248		
(III) Total				90,400	39,000					129,400		
Notes				Acque Blu Arno Basso SpA (€10,400); Acque Blu Fiorentina SpA (€10,000); Acque SpA (€7,200); Nuove Acque SpA (€4,648); Publiacqua SpA (€22,000)	RCC (€34,500 of which € 27,000 fixed remuneration, €7,500 attendance fee) RC (€4,500)							



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paolo Di Benedetto	Director	01/01/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				36,152	44,813					80,965		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				36,152	44,813					80,965		
Notes					Chairman SB (€ 13,688 of which 9,188 fixed remuneration, 4,500 attendance); President ARC (€ 6,000 attendance fee); RCC(€25,125 of which 19,125 fixed remuneration, 6,000 attendance fee)							

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Andrea Peruzi	Director	01/01/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				36,152	70,375					106,527		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				36,152	70,375					106,527		
Notes					RCC (€39,000 of which €7,875 fixed remuneration, 12,000 attendance fee) SB (€10,875 of which €27,000 fixed remuneration, €3,000 attendance fee) ARC (€6,000 attendance fee) CTRP (€7,500							



		attendance fee) Ethics Committee (€7,000 attendance fee)									
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Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
<i>Diane D'Arras</i>	<i>Director</i>	15/04/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				25,608	3,000					28,608		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				25,608	3,000					28,608		



<i>Notes</i>					CTRP (3000 attendance fee)							
Antonella Illuminati	<i>Director</i>	15/04/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				25,608	43,125						68,733	
(II) Remuneration from subsidiaries and associates				0	0						0	
(III) Total				25,608	43,125						68,733	
<i>Notes</i>					RCC (€28,125 of which €19,125 fixed remuneration, 9,000 attendance fee); ARC (€4,500 attendance fee); CTRP (€6,000 attendance fee); Ethics Committee (€4,500 attendance fee)							



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Maurizio Leo	Director	15/04/2013-31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				25,608	40,313					65,921		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				25,608	40,313					65,921		
Notes					RCC Chairman (€31,312.5 of which €22,312.5 fixed remuneration, €9,000 attendance fee); CTRP (€4,500 attendance fee)							

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Paolo Giorgio Bassi	<i>Outgoing Director</i>	01/01/2013 15/04/2013	Approval of the Financial Statements for FY2012									
I) Remuneration in the company that draws up the financial statements				10,544	13,688					24,232		
(II) Remuneration from subsidiaries and associates				0	0					0		
(III) Total				10,544	13,688					24,232		
<i>The termination of the Director's office took place with the Shareholders' Meeting of 15 April 2013.</i>					RCC Chairman (€12,188 of which €9,188 fixed remuneration, €3,000 attendance fee) CTRP (€1,500 attendance fee)							



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Luigi Pelaggi	<i>Outgoing Director</i>	01/01/2013 15/04/2013	Approval of the Financial Statements for FY2012									
I) Remuneration in the company that draws up the financial statements				10,544	24,750					35,294		
(II) Remuneration from subsidiaries and associates										0		
(III) Total				10,544	24,750					35,294		
<i>The termination of the Director's office took place with the Shareholders' Meeting of 15 April 2013.</i>					RCC (€10,875 of which €7,875 fixed remuneration, 3,000 attendance fee) SB (€10,875 of which €7,875 fixed remuneration, €3,000 attendance fee); ARC (€1,500 attendance fee); CTRP (€1,500 attendance fee)							
Jean-Louis Chaussade	<i>Outgoing Director</i>	01/01/2013 15/04/2013	Approval of the Financial Statements for FY2012									
I) Remuneration in the company that draws up the financial statements				10,544						10,544		
(II) Remuneration from subsidiaries and associates				0						0		
(III) Total				10,544						10,544		



<p><i>The termination of the Director's office took place with the Shareholders' Meeting of 15 April 2013.</i></p>											
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Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Enrico Laghi	<i>Chairman of the Board of Statutory Auditors</i>	01/01/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				202,500	12,375					214,875		
(II) Remuneration from subsidiaries and associates				60,000	0					60,000		
(III) Total				262,500	12,375					274,875		
Notes				(II) Subsidiary Acea Produzione	SB (€12,375 of which €7,875 fixed remuneration, €4,500 attendance fee)							



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Corrado Gatti	Statutory auditor	01/01/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				135,000						135,000		
(II) Remuneration from subsidiaries and associates				130,000						130,000		
(III) Total				265,000						265,000		
Notes				(II) Subsidiaries: Acea ATO2 €90,000 - Acea Produzione €40,000								
Laura RASELLI	Statutory auditor	15/04/2013 31/12/2013	Approval of the Financial Statements for FY2015									
I) Remuneration in the company that draws up the financial statements				95,625						95,625		
(II) Remuneration from subsidiaries and associates				0						0		
(III) Total				95,625						95,625		
Notes												



Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
Alberto Romano	<i>Outgoing Statutory Auditor</i>	01/01/2013 15/04/2013	Approval of the Financial Statements for FY2012									
I) Remuneration in the company that draws up the financial statements				42,019						42,019		
(II) Remuneration from subsidiaries and associates				130,000						130,000		
(III) Total				172,019						172,019		
<i>The termination of the office as Statutory Auditor (which took place at the shareholders' meeting of 15 April 2013) refers to Acea S.p.A. only. Therefore, he remains in office for the Company's subsidiaries and associates.</i>				(I) Acea SpA (€39,452 Reimbursements €2,566.80) (II) Subsidiaries: ARSE €90,000 - Acea Produzione €40,000								

Name and surname	Office	Period of office	Office expiration date	Fixed remuneration	Remuneration for participation in committees	Non equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Bonuses and other incentives	Profit sharing					
No. 6	<i>Executives with strategic responsibilities</i>	01/01/2013 31/12/2013	Permanent contract									
I) Remuneration in the company that draws up the financial statements				1,295,763		317,857		177,387		1,791,007		
(II) Remuneration from subsidiaries and associates				0		0		0		0		
(III) Total				1,295,763		317,857		177,387		1,791,007		
<p><i>The number of Executives with strategic responsibilities, during the year, went down from 8 to 6 as 2 executives left the company.</i></p> <p><i>For calculation purposes, the relevant remuneration was considered on a pro-rata basis consistent with the actual period of office.</i></p>						I) Annual Incentive System - Amount payable assuming a target achievement level of 80%.						

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

Name and Surname	Office	Plan	Bonus for the year			Previous years bonus			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment Period	No longer payable	Payable / Paid	Further deferred	
Giancarlo Cremonesi	<i>Chairman</i>								
Remuneration in the company that draws up the financial statements	MBO Short-term Incentive Plan - Annual	€ 116,000	-	-	-	-	-	-	-
	LTIP Medium to long term incentive plan - three years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total		€ 116,000	-	-	-	-	-	-	-





Name and Surname	Office	Plan	Bonus for the year			Previous years bonus			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable / Paid	Deferred	Deferment Period	No longer payable	Payable / Paid	Further deferred	
Paolo Gallo	<i>CEO- General Manager</i>								
Remuneration in the company that draws up the financial statements	MBO Short-term Incentive Plan - Annual	€ 324,400	-	-	-	-	-	-	-
	LTIP Medium to long term incentive plan - three years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total		€ 324,400	-	-	-	-	-	-	-



Name and Surname	Office	Plan	Bonus for the year			Previous years bonus			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
5 Executives (1)	<i>Other Executives with strategic responsibilities</i>								
			Payable / Paid	Deferred	Deferment Period	No longer payable	Payable / Paid	Further deferred	
Remuneration in the company that draws up the financial statements	MBO Short-term Incentive Plan - Annual	€ 317,857	-	-	-	-	-	-	-
	LTIP Medium to long term incentive plan - three years	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Remuneration from subsidiaries and associates	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total		€ 317,857	-	-	-	-	-	-	-

NOTE (1): This section on the variable part of the remuneration includes the remuneration of 5 Executives with strategic responsibilities instead of 8 because 2 left the Company during the year receiving no bonus for the variable portion and 1 became part of the Company in December 2013.

Table No. 7-ter: This table contains information on the shares held by members of the management and supervisory bodies, the general managers and other Executives with strategic responsibilities

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

NAME AND SURNAME	OFFICE	INVESTEES COMPANY	NUMBER OF SHARES HELD AT 31/12/2012	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT 31/12/2013
Francesco Caltagirone	Director	Acea SpA	90,000		90,000	0

Table 2: Shareholdings of other Executives with strategic responsibilities

EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	INVESTEES COMPANY	NUMBER OF SHARES HELD AT 31/12/2012	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT 31/12/2013
1	Acea SpA	850			850