



Remuneration Report in accordance with Article 123-*ter* of the Consolidated Finance Act.

Website: www.basicnet.com

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The present document describes and outlines the remuneration policies of the Group and is available on the company website www.basicnet.com, 2015 Shareholders' AGM section.

Section 1

- a. Boards or parties involved in the preparation and approval of the remuneration policy, specifying the respective roles, in addition to the Boards or parties responsible for the correct implementation of the policy.**

The Board of Directors of BasicNet S.p.A. approved the Group remuneration policy at the meeting of February 10, 2012. The Remuneration Committee was involved in the drawing up of the remuneration policy, with the favourable vote of the Independent Director Gianni Crespi. The Committee periodically review the adequacy, consistency and proper application of the remuneration policy of Directors and Senior Management and draft proposals for the Board of Directors in this regard.

- b. Involvement of a Remuneration Committee or another Committee on the issue of remuneration. Composition (with a distinction between non-executive and independent directors), duties and procedures.**

The Remuneration Committee currently in office is composed of the Non-Executive Directors Daniela Ovazza, Carlo Pavesio, and the Non-Executive and Independent Director Adriano Marconetto. Attending the Committee meetings, expressing a consultative opinion on the matters on the Agenda, is also the Independent Director Mr. Gianni Crespi.

The Remuneration Committee presents proposals or expresses opinions to the Board of Directors on the remuneration of Executive Directors and other Directors with specific duties, in addition to any proposals on the allocation of an additional remuneration component, identified *ex post*, in relation to company performance.

The proposals of the Remuneration Committee are fully reported in the minutes of the Board of Directors meetings at which they are drawn up. The Remuneration Committee may access the necessary information and departments for the discharge of their duties.

- c. Details of independent experts involved in the preparation of the remuneration policy.**

No independent experts were utilised in the preparation of the remuneration policy.

- d. Purposes of the remuneration policy, underlying principles and any changes to the policy compared to the previous year.**

The remuneration policy of BasicNet S.p.A. seeks to attract, maintain and motivate individuals with the professional qualities and capacities required by the Company and the Group. The remuneration of Executive Directors and Senior Management is structured in such a manner so as to provide an incentive towards improving company performance, through the satisfaction and motivation of personnel.

- e. Description of the fixed and variable remuneration component policies, particularly in relation to the weighting in terms of overall remuneration and a distinction between the short and long-term variable component.**

The remuneration structure establishes:

- a fixed component, which remunerates the commitment and responsibility undertaken in terms of the position held. The fixed remuneration comprises a sufficiently high percentage of total remuneration, such as to allow the Company to pursue a flexible policy in terms of additional remuneration or bonuses. In particular, the fixed component must sufficiently remunerate Directors in the case in which the additional component or bonuses are not issued amid particularly difficult market conditions;
- any additional remuneration or bonuses identified by the Board of Directors, on the proposal of the Remuneration Committee, amid strong results, ahead of estimates. This portion is normally identified *ex-post*.

f. Policy in relation to non-monetary benefits.

In addition to the fixed component, a number of benefits may be conferred, such as, for example purposes, life or health insurance policies for Directors and/or the allocation of a motor vehicle, also for private use, in addition to, for the Chairman of BasicNet S.p.A., for the duration of mandate, the use of a property located within the "BasicVillage" called "Foresteria – loft People on the move."

g. Description of the performance objectives upon which the variable components are based and disclosure on the link between the change in results and the change in remuneration.

Reference should be made to point sub e).

h. Clawback Clause

There are no contractual clauses which permit the company to request the repayment, in full or in part, of the variable component of the remuneration paid, determined on the basis of figures which subsequently are manifestly erroneous in the view of the fact, and also outlined in the previous point e) that any additional remuneration is generally awarded ex-post.

i. Criteria utilised for the evaluation of the performance objectives on which the conferment of shares, options, other financial instruments or other variable remuneration components is based.

The Group has not introduced remuneration plans based on an evaluation of the performance objectives or on financial instruments of any type.

j. Information establishing the link between the remuneration policy and the pursuit of long-term corporate goals and with the risk management policy, where established.

The remuneration structure, based on a fixed component which represents a sufficiently high percentage of total remuneration, seeks to encourage conduct which promotes the development of medium/long-term results and operations.

k. Vesting periods, any systems of deferred payment and indexing of deferred payments and the criteria utilised for the determination of these periods and, if established, ex-post correction mechanisms.

This is not applicable to the Group remuneration policies.

l. Clauses for the maintenance in portfolio of financial instruments after their acquisition: maintenance periods and criteria utilised for the establishment of this period.

This is not applicable to the Group remuneration policies.

m. Policy relating to benefits on termination of office, with specification of the circumstances giving rise to such rights and any link between this benefit and the Company performance.

The Board, on the indication of the Shareholders' AGM, establishes the amount of post-employment benefits through an annual allocation, also provided through a leading insurance company, on behalf of the Company, of an insurance policy, related to an annual constant premium of an amount equalling the amount of the post-employment benefit, in favour of the Chairman and the Chief Executive Officer, or other Executive Directors.

The Board may approve an indemnity in the case of the advanced conclusion of mandate or where the Chairman and the Chief Executive Officer are not re-appointed.

The Board of Directors may sign non-competition agreements with Executive Directors for a period subsequent to the conclusion of mandate, establishing a fee for this commitment.

There is no link between such benefits and the Company performance.

n. Insurance coverage, social security or pension payments, other than obligatory payments.

Insurance coverage, social security or pension payments, other than the obligatory payments, are not provided for, with the exception of any benefits represented by life or health policies for a number of Executive Directors.

o. Remuneration policy in relation to: (i) Independent Directors;(ii) Committee attendance and (iii) the discharge of particular positions (Chairman, Vice Chairman).

The remuneration of the Board of Directors is established by the Shareholders' AGM and is allocated equally among Directors.

Non-executive Directors called to the Internal Control and Risks Committee and the Remuneration Committee are allocated, on the approval of the Board of Directors and with the favourable opinion of the Board of Statutory Auditors, a fixed annual fee based on the commitment required.

Directors assigned particular roles or responsibilities (Chairman of the Board of Directors, Chief Executive Officer, Executive Directors) are allocated a remuneration, on the proposal of the Remuneration Committee, based on a motion of the Board of Directors, with the favourable opinion of the Board of Statutory Auditors. This remuneration takes account of any employee-based component, in addition to remuneration concerning offices held in subsidiary companies, which in some cases may be reversed to BasicNet S.p.A..

p. Remuneration policy established using the policies of other companies as a benchmark, and the criteria utilised for the choice of these companies.

Not applicable.

Section 2

The items comprising the remuneration of Directors, Corporate Boards and Senior Management of the Company is outlined below. The structure of the Group does not incorporate General Managers or Senior Management who are not members of the Board of Directors of BasicNet S.p.A. or BasicItalia S.p.A..

The remuneration structure of the members of the Board of Directors of BasicNet S.p.A. provides:

- **Fixed Remuneration**

- for all Directors: an annual fee of Euro 20 thousand, approved by the Shareholders' AGM of April 29, 2013;
- for Directors assigned specific roles a fixed fee approved, as per Article 2389 of the Civil Code, by the Board of Directors on the proposal of the Remuneration Committee, having consulted with the Board of Statutory Auditors and the independent director Mr. Gianni Crespi, in the meeting of April 29, 2013.
This remuneration was established taking account also that the Chief Executive Officer Franco Spalla and the Executive Directors Paola Bruschi, Paolo Cafasso and Elisabetta Rolando are also Senior Managers of BasicNet S.p.A. and of their roles held on the Board of Directors of other subsidiaries;
- the Executive in charge of the preparation of the financial statements: a fixed fee, approved by the Board of Directors, on the proposal of the Remuneration Committee, having consulted with the Board of Statutory Auditors, on the date of appointment on April 29, 2013.

The remuneration of the members of the Board of Statutory Auditors was approved by the Shareholders' AGM at April 29, 2013.

- **Committee Remuneration:**

each member of the Control and Risks Committee and the Remuneration Committee a fixed fee determined on the appointment of the Board of Directors on April 29, 2013;

- **Bonuses and other incentives:**

For the year 2014, the Board of Directors, in the Board meeting held on October 31, 2014, in accordance with the recommendations of the Remuneration Committee, and after consulting with the independent director Mr. Gianni Crespi, and the favourable opinion of the Board of Statutory Auditors, approved a one-off tantum bonus payment to the top management of the company, to be paid on the confirmation of the results. In the Board meeting of February 10, 2015, having reviewed the proposal of the Remuneration Committee in view of the preliminary results presented, with the favourable opinion of the Board of Statutory Auditors approved the payment of a one-off tantum bonus to the executive directors, both in relation to Basicnet S.p.A. and the subsidiary BasicItalia S.p.A., broken down as illustrated in the column "Bonus and other incentives" in the table below. The amounts refer to the year 2014. There is no deferred remuneration.

- **Non-monetary benefits:**

- in the Board meeting April 29, 2013, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, a benefit was conferred to the Chairman of the Board of Directors Marco Boglione and to the Chief Executive Officer Franco Spalla comprising a "Term life constant capital" insurance policy;
- at the meeting of February 18, 2014, the Board of Directors confirmed, with the approval of the Board of Statutory Auditors and of the Independent Directors, on the proposal of the Remuneration Committee, that the Chairman of the Board of Directors would receive, for the period of his mandate, the use of a property unit called "Foresteria – loft People on the move", located within the "BasicVillage", valued at Euro 85 thousand per year, in addition to annual remuneration of Euro 76 thousand equal to the tax charge on the benefit.

- **Post-employment benefits:**

the remuneration also provides for, in relation to the Chairman Marco Boglione and the Chief Executive Officer Franco Spalla, an annual allocation to the Post-Employment Benefit provision, respectively of Euro 500 thousand for the Chairman and Euro 100 thousand for the Chief Executive Officer, through provision by a leading insurance Company, on behalf of the

company, of an insurance policy, linked to a constant annual premium equal to the portion of post-employment benefit allocated, set by the Board of Directors, on the indication of the Shareholders' Meeting, on their appointment;

Indemnity of the Directors in case of dismissal or termination of employment following a public purchase offer.

The Board of Directors, in the meeting of April 29, 2013, and on the proposal of the Remuneration Committee, and with the favourable opinion of the Board of Statutory Auditors, decided that on conclusion of office or of the duties conferred for just cause or revocation without just cause, the following is allocated:

- to the Chairman:
 - an all-inclusive indemnity, which according to the time of interruption of mandate (the "Event") during the three-year period, will amount to: (i) an amount equal to the difference between the overall remuneration devolving, matured at the date of the Event, and the overall remuneration indicated above on an annual basis, in addition to a fixed sum of Euro 2 million, gross of withholding taxes, where the Event takes place during 2013; (ii) an amount equal to the overall remuneration devolving, matured at the date of the Event, in addition to a fixed sum of Euro 1.750 million, gross of withholding taxes, where the Event occurs during 2014; and (iii) an amount equal to the overall remuneration devolving, matured at the date of the Event, in addition to a fixed sum of Euro 1.5 million, gross of withholding taxes, where the Event occurs during 2015 or on a subsequent date until the conclusion of mandate;
- to the Chief Executive Officer
 - an all-inclusive indemnity (which must include, or be reduced by, all post-employment indemnity in accordance with the applicable contract which the Chief Executive Officer has with the Company), which according to the time of interruption of mandate (the "Event"), during the three-year period will amount to: (i) an amount equal to the difference between the overall remuneration devolving, matured at the date of the Event, and the overall remuneration indicated above on an annual basis, in addition to a fixed sum of Euro 1.5 million, gross of withholding taxes, where the Event takes place during 2013; (ii) an amount equal to the overall remuneration devolving, matured at the date of the Event, in addition to a fixed sum of Euro 1.250 million, gross of withholding taxes, where the Event occurs during 2014; and (iii) an amount equal to the overall remuneration devolving, matured at the date of the Event, in addition to a fixed sum of Euro 1 million, gross of withholding taxes, where the Event occurs during 2015 or on a subsequent date until the conclusion of mandate.
 - In addition, on the same date, the Board accepted the contractual provision which stipulates that against the obligation of the Chief Executive Officer Mr. Franco Spalla to abstain from carrying out, directly or indirectly, activities in competition with the Company or the BasicNet Group, throughout the European Union for a period of 3 (three) years from conclusion of the office of Director, or the substantial reduction of the duties conferred to him, or a change of role – except in the case of termination of mandate or employment for just cause – from the time of the latter of these events if not contemporaneous, the Company will pay an amount of Euro 1.5 million, in three equal annual instalments, the first of which on the verification of any of the events listed above and the two successive instalments on the anniversary of this date. In the case of his passing, the entire sum or any residual instalments will be paid to the heirs of Mr. Franco Spalla. The agreement establishes also that, where on the conclusion of office or the reduction of duties, Mr. Franco Spalla intends not to undertake this obligation, the corresponding commitment of the company would also lapse.

Table 1 – Remuneration paid to Directors, Statutory Auditors, General Managers and other Senior Management.

The following table breaks down the remuneration of Directors, Statutory Auditors, General Managers and, at an aggregate level, other Senior Management.

Separate indication is provided of remuneration received from subsidiaries and/or associated companies, with the exception of that renounced or reversed to the company. All parties which during the year have held the above offices are included, even if for a portion of the year. Specifically:

- in the column “Fixed remuneration”, on an accruals basis, the fixed emoluments and the remuneration of employees in the year are reported separately, gross of social security and tax charges relating to the employee; the repayment of expenses and attendance fees are not indicated, as such are not provided for;
- in the column “Fees for attendance of Committee meetings”, on an accruals basis, the remuneration of Directors for attendance at the Committee meetings of the Board is reported;
- The column “Non-equity variable remuneration” reports, in the account “Bonuses and other incentives” the one-off tantum, even if not paid, matured in the year for the objectives achieved; There are no deferred bonuses;
- in the column “Profit participation” no figures are reported as no form of profit participation is provided for;
- in the column “Non-monetary benefits”, on an accruals and tax assessable basis, the value of the allocated fringe benefits is reported;
- in the column “Other remuneration” no figures are reported as such is not provided for;
- In the column “Total” the sum of the previous accounts is indicated;
- in the column “Fair value of equity remuneration” no figures are indicated as there are no stock option;
- in the column “Post-employment indemnity” the indemnity matured is indicated, even if not paid, for those concluding employment during the year or for those reaching the end of mandate and/or contract.

SECTION 2 Remuneration of the members of the Board of Directors and Control Boards, General Managers and other Senior Management

Name	Office	Period of office	Expiry of office	Fixed Remuneration	Fees for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Marco BOGLIONE	Chairman	1.1-31.12	2016									
- Emoluments approved by the Shareholders' AGM				20,000								
- Article 2389 of the Civil Code				<u>876,000</u>								
(I) Emoluments for office in company				896,000	-	200,000	-	107,069		1,203,069	-	
(II) Remuneration from subsidiary and associates				-	-	-	-	-		-	-	-
(III) Total				896,000	-	200,000	-	107,069		1,203,069	-	
Daniela OVAZZA	Vice Chairman & Member of the Remuneration Committee	1.1--31.12										
- Emoluments approved by the Shareholders' AGM				<u>20,000</u>								
(I) Emoluments for office in company				20,000	5,000	-	-	-		25,000	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-		-	-	-
(III) Total				20,000	5,000	-	-	-		25,000	-	-
Franco SPALLA	CEO	1.1--31.12										
- Emoluments approved by the Shareholders' AGM				20,000								
- Article 2389 of the Civil Code				450,000								
- Senior management remuneration				<u>54,410</u>								
(I) Emoluments for office in company				524,410	-	150,000	-	13,534		687,944	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-		-	-	-
(III) Total				524,410	-	150,000	-	13,534		687,944	-	-
Paola BRUSCHI	Director and Executive in charge of the internal control & risks system	1.1--31.12	2016									
- Emoluments approved by the Shareholders' AGM				20,000								
- Director in charge of the internal control and risks system				5,000								
- Senior management remuneration				<u>80,217</u>								
(I) Emoluments for office in company				105,217	-	20,000	-	-		125,217	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-		-	-	-
(III) Total				105,217	-	20,000	-	-		125,217	-	-

Name	Office	Period of office	Expiry of office	Fixed Remuneration	Fees for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Paolo CAFASSO	Director	1.1--31.12	2016									
				20,000								
				35,000								
				<u>88,751</u>								
				143,751	-	20,000	-	-	-	163,751	-	-
				70,000	-	-	-	-	-	70,000	-	-
				213,751	-	20,000	-	-	-	233,751	-	-
Giovanni CRESPI	Director and Chairman of the Control and Risks Committee	1.1--31.12	2016									
				<u>20,000</u>								
				20,000	5,000	-	-	-	-	25,000	-	-
				50,000	-	-	-	-	-	50,000	-	-
				70,000	5,000	-	-	-	-	75,000	-	-
Alessandro GABETTI	Director and member of the Control and Risks Committee	1.1-4-31.12	2016									
				<u>20,000</u>								
				20,000	5,000	-	-	-	-	25,000	-	-
				-	-	-	-	-	-	-	-	-
				20,000	5,000	-	-	-	-	25,000	-	-
Adriano MARCONETTO	Director and member of the Remuneration Committee and of the Control and Risks Committee	1.1-31.12	2016									
				<u>20,000</u>								
				20,000	10,000	-	-	-	-	30,000	-	-
				-	-	-	-	-	-	-	-	-
				20,000	10,000	-	-	-	-	30,000	-	-

Name	Office	Period of office	Expiry of office	Fixed Remuneration	Fees for committee attendance	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing					
Carlo PAVESIO	Director & Chairman of the Remuneration Committee	1.1--31.12	2016									
- Emoluments approved by the Shareholders' AGM				20,000								
(I) Emoluments for office in company				20,000	5,000	-	-	-	-	25,000	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-	-
(III) Total				20,000	5,000	-	-	-	-	25,000	-	-
Elisabetta Rolando	Director	1.1--31.12	2016									
- Emoluments approved by the Shareholders' AGM				20,000								
- Senior management remuneration				80,217								
(I) Emoluments for office in company				100,217	-	-	-	-	-	100,217	-	-
(II) Remuneration from subsidiary and associates				120,000	-	150,000	-	-	-	270,000	-	-
(III) Total				220,217	-	150,000	-	-	-	370,217	-	-

Name	Office	Period of office	Expiry of office	Fixed Remuneration	Fees for committee attendance	Non-equity variable remuneration		Other remuneration	Total	Fair Value of equity remuneration	Post-employment benefits
						Bonuses and other incentives	Profit sharing				
Massimo BOLDI	Chairman of Board of Statutory Auditors	1.1-31.12	2016								
(I) Emoluments for office in company				35,684					35,684		
- Remuneration for the office of the Chairman of the Board of Statutory Auditors of BasicItalia Spa				17,682							
- Remuneration for the office of Statutory Auditor of BasicVillage				<u>4,134</u>							
				21,816	-	-	-	-	21,816	-	-
(II) Remuneration from subsidiary and associates											
(III) Total				57,500	-	-	-	-	57,500	-	-
Carola ALBERTI	Standing Auditor	1.1-31.12	2016								
(I) Emoluments for office in company				24,135	-	-	-	-	24,135	-	-
- Remuneration for the office of Statutory Auditor of BasicItalia Spa				11,882							
- Remuneration for the office of Statutory Auditor of Basic Village SpA				<u>4,028</u>							
				15,910	-	-	-	-	15,910	-	-
(II) Remuneration from subsidiary and associates											
(III) Total				40,045	-	-	-	-	40,045	-	-
Maurizio FERRERO	Standing Auditor	1.1-31.12	2016								
(I) Emoluments for office in company				23,835	-	-	-	-	23,835	-	-
(II) Remuneration from subsidiary and associates				-	-	-	-	-	-	-	-
(III) Total				23,835	-	-	-	-	23,835	-	-

Investments held by the members of the Board of Directors and Control Boards and by Senior Management

Name	Office	Company	Number of shares held at the end of the previous year	Number of shares acquired	Number of shares sold	Number of shares held at the end of the present year
Marco BOGLIONE	Chairman	BasicNet	22,250,000 (*)		-	22,250,000 (*)
Giovanni CRESPI	Director	BasicNet	28,200		-	28,200
Alessandro GABETTI	Director	BasicNet	785,050 (**)	11,300	-	796,350 (**)
Carlo PAVESIO	Director	BasicNet	100,000		-	100,000

(*) of which 22,071,666 through the subsidiary BasicWorld Srl and 178,334 directly

(**) of which 225,000 held by spouse

for the Board of Directors

The Chairman

Signed By Mr. Marco Daniele Boglione