



**DANIELI & C. – OFFICINE MECCANICHE S.p.A.**

Headquarters: Buttrio (UD), via Nazionale 41

Fully paid-up share capital of euro 81,304,566

Tax and Registration Number with the Register of Companies of Udine: 00167460302.

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**REMUNERATION REPORT**

*In accordance with article 123-ter of Legislative Decree n.58 dated February 24, 1998*

Approved by the Board of Directors on September 24, 2015

This document is available on the Company's website [www.danieli.com](http://www.danieli.com), "Investors" section.

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## **1. Remuneration Report (Schedule N. 7-bis)**

### Preamble and Regulatory Framework

The Danieli Group is a world leader in the manufacture and sale of plants for the steelmaking industry (Plant Making) and one of the major producers of special steels in Europe (Steel Making).

Danieli & C. - Officine Meccaniche S.p.A. (DANIELI), the Parent Company, owns the subholding company Industrielle Beteiligung SA with headquarters in Luxembourg, which in turn holds shares in all the Group's operating companies.

This report on remuneration complies with article 123-ter of Legislative Decree n.58 of February 24, 1998 (Consolidated Law on Finance) and falls under the regulatory framework specified in art. 2389 of the civil code, in order to:

- align the remuneration system with market requirements;
- ensure the company's competitiveness through suitable remuneration policies;
- keep and attract highly professional resources to ensure the company's growth.

This report, approved by DANIELI's Board of Directors on September 24, 2015, is divided into two sections:

- the first section aims to explain the company's policy for fiscal 2015/2016, concerning the remuneration of the members of the Board of Directors and executives with strategic responsibilities, as well as the procedures applied to adopt and implement this policy (these policies and procedures will be submitted to the shareholders for approval during the upcoming meeting);
- the second section lists the single elements making up the fees paid to each member of the governing and control bodies, and to executives with strategic responsibilities, verifying their consistency with the policy adopted in this respect by the company and its subsidiaries and affiliates, based on what was approved by the shareholders in the previous tax year. This section also analytically shows all the payments made to these members for whatever reason or purpose by the company and its subsidiaries during the reference year (2014/2015).

Finally, the last table (Schedule 7-ter) shows the number of shares held - in the company and in companies it controls - by the members of the governing and control boards and by executives with strategic responsibilities, as well as by subjects with close connections to the latter.

It should be noted that the company's current organizational and management structure has two *Chief Operating Officers* to head the "*Plant Making*" and "*Steel Making*" operating segments, who are also on the board of directors of the Parent Company; that the role of general manager is not required – and lastly - that there is no executive with strategic responsibilities, as defined by Consob Regulations.

The adoption of a Remuneration Policy subject to the approval of the shareholders exonerates the company from applying the provisions of the Consob regulations and of the internal regulations on transactions with related parties as regards the remuneration of directors with particular responsibilities and executives with strategic responsibilities, if any.

The meeting called to approve the financial report for the 2014/2015 tax year is asked to express an opinion, in a non-binding resolution, on the first section of this report (art. 123-ter paragraph 6 of Legislative Decree n. 58/1998).

The outcome of the vote is made public in the manner specified in the applicable regulations.

## **SECTION I**

### Remuneration policy for fiscal 2015/2016 and procedures used to adopt and implement the policy

The remuneration policy that the Board of Directors submits to the shareholders on a yearly basis is the result of collective action involving the department of Human Resources and the Chief Executive Officer, for the purpose of bringing transparency to the various types of remuneration and simplifying their application.

The total remuneration of the directors is determined by the shareholders, while the Board of Directors establishes how it is to be distributed, as well as the remuneration of the Chairman of the Board and of the other members of the board.

The remuneration of the members of DANIELI's Board of Directors is a fixed amount and is not linked to the company's financial performance or to the achievement of specific targets.

The company's remuneration policy, which is periodically reviewed, has not undergone any significant changes over the years and is expected to be confirmed for next year as well, together with the renewal of the company boards. The sole exception is the increase in remuneration of the Independent Director – who is required to perform increasingly demanding tasks – that will have to be adjusted to the commitment required.

As for the directors who hold special positions:

- The remuneration of the CEO (who in this case is also the Chairman of the Board), is included in the total remuneration approved by the shareholders for the governing body, and decided by the Board of Directors (after being examined by the independent director, who also has the role of “monitoring” transactions between related parties), and in any case with the agreement of the Board of Statutory Auditors. The current remuneration, set at euro 650,000 per annum by the Board of Directors on October 25, 2012, is based on and declared to be consistent with the commitment, availability and competence of the CEO. However, the Board of Directors, with the agreement of the Board of Statutory Auditors, has the power to pay the Chairman and CEO a one-time bonus, in appreciation of his substantial commitment; his remuneration and any bonuses paid to him are subject to the approval of the shareholders (as was the case in fiscal 2013/2014);
- the remuneration of the executive director (who is also *Chief Operating Officer* of the Group's Plant Making segment) is based on the National Employment Agreement for Industry Executives (as is the case for the remuneration of the other executives). The Board of Directors decided not to additionally remunerate the Executive Committee directors (the only committee on the Board of Directors).

Considering the streamlined composition of the board of directors, made up of five members – where the Chairman and CEO represents the majority shareholder – with only one independent director, the Board of Directors decided not to set up a Remuneration Committee, or to avail itself of independent experts to draw up a remuneration policy. The CEO has the power to award monetary bonuses to executives, which are based on merit and aimed at rewarding both commitment and results obtained.

The remuneration of personnel holding positions with greater responsibility is generally subject to review on a yearly basis in order to ensure that it is in line with the market situation and with the remuneration policy implemented by companies of comparable size operating in the same field.

The variable element of the remuneration of executives (determined only by short-term decisions) is linked to actual results (total company results or the results of a single product line, compared to budget figures) and does not exceed 30% of the remuneration itself. Any exceptions are subject to deliberation by the Board of Directors.

The company's remuneration policy does not pursue long-term interests nor is it affected by risk management strategies.

There is no remuneration policy that provides for non-monetary benefits.

There are no incentive plans based on shares or other financial instruments in favor of directors (including executive directors) or executives.

There are no vesting periods or deferred payment mechanisms or *ex post* correction mechanisms; there are no clauses to keep financial instruments in the portfolio after they are purchased by directors or executives.

There are no collective agreements or *erga omnes* practices requiring that executives who have ceased to hold office automatically receive compensation in exchange for non-competition or other commitments.

The remuneration policy does not provide for additional pay for directors or executives in case of cessation of office, resignation, dismissal or early termination of employment; only the provisions of the National Employment Agreement for Industry Executives are applicable.

Other than the mandatory coverage or the coverage specified in the National Employment Agreement for Industry Executives, there is no additional insurance, social security or pension coverage for directors and executives, with the exception of insurance to cover accidents resulting in death and/or permanent disability for members of the Board of Directors, and "D&O" (Directors and Officers) professional liability insurance.

No reference whatsoever is made to the policies of others in determining the company's remuneration policy.

## **SECTION II**

### **Part One**

#### **BOARD OF DIRECTORS**

##### Fees

Payments made to the members of the governing and control bodies were determined by the shareholders during the meeting of October 25, 2012; the yearly fees paid to directors are a total, fixed amount, and distributed equally among them by the Board of Directors.

##### Remuneration

The remuneration for the CEO is an additional, set amount decided by the Board of Directors on October 25, 2012.

The remuneration of the executive director (who is also Chief Operating Officer of the *Plant Making* segment), an employee of the company, is based – as is the case of the remuneration of the other executives - on the National Employment Agreement for Industry Executives.

The total remuneration of the executive director who also holds the position of Chief Operating Officer for the *Steel Making* segment includes the fees received as Chairman of the Board of Directors of Acciaierie Bertoli Safau S.p.A. (ABS), operating in the field of special steel production.

No additional remuneration is paid to the directors on the Executive Committee.

##### Extra bonuses

The board of directors in office on September 25, 2014, did not pay out any additional bonuses to the CEO.

##### Non-monetary benefits

There is an insurance policy to cover accidents resulting in death and/or permanent disability for members of the Board of Directors, as well as a “D&O” (Directors and Officers) professional liability insurance policy.

#### Cessation of office or termination of employment

Notwithstanding the provisions of the national collective bargaining system (National Collective Employment Agreement for the Metalworking and Mechanical Engineering Industry, and National Collective Employment Agreement for Industry Executives), DANIELI has not entered into any collective agreements or company practices that provide for additional compensation in case of cessation of office or termination of employment without just cause.

The amount of compensation is proportional to the person's seniority within the company and the position he/she holds.

#### **EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

The company does not employ executives with strategic responsibilities, as defined in the Consob regulations.

However, the salary of the company's executives is in line with market figures; the variable element, if any, of the above-mentioned remuneration (determined exclusively by short-term decisions) is linked to actual results (total company results or the results of a single product line, compared to budget figures) and does not exceed 30% of the remuneration itself. The decision as to whether or not to award bonuses for particular commitments or results is made by the CEO.

**The following tables show: the first one lists the items making up the fees paid to directors and auditors during the reference year for whatever reason or purpose, by the company or its subsidiaries or affiliates, confirming the continuity and consistency of the company's remuneration policy (which is also implemented by its subsidiaries and affiliates), adopted and approved by the shareholders on October 28, 2014; the second one shows the shares held by these directors and auditors in the company.**



Part two

**TABLE 1:**

**AMOUNTS PAID TO THE BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES, BY DANIELI & C. OFFICINE MECCANICHE SPA AND ITS SUBSIDIARIES UP TO 30.6.2015**

(Amounts in thousands of Euro)

First name and surname	Office held	Period in Office	Expiry of Term	Fixed remuneration	Committee membership remuneration	Variable non-equity remuneration		Non-monetary benefits	Other compensation	Total	Fair value of equity remuneration	Indemnity for termination of office or termination of employment	
						Bonuses and other incentives	Profit sharing						
<b>Directors</b>													
GIANPIETRO BENEDETTI	Chairman	01.07.2014 - 30.06.2015	30.6.2015										
	Chief Executive Officer												
	Remuneration from the company drawing up the financial statements:												
	- remuneration decided by the shareholders					14						14	
	- remuneration for the position of CEO			650		0				650			
	Total			664		0				664			
CARLA DE COLLE	Vice-Chairman and Director	01.07.2014 - 30.06.2015	30.6.2015										
	Remuneration from the company drawing up the financial statements:												
	- remuneration decided by the shareholders					14						14	
	Remuneration from subsidiaries and affiliates							70		305		375	
	Total			14		70		305		389			
FRANCO ALZETTA	Director	01.07.2014 - 30.06.2015	30.6.2015										
	Remuneration from the company drawing up the financial statements:												
	- remuneration decided by the shareholders					14						14	
	- employment income					357		0		5		362	
	Total			371		0		5		376			
GIACOMO MARESCHI DANIELI	Director	01.07.2014 - 30.06.2015	30.6.2015										
	Remuneration from the company drawing up the financial statements:												
	- remuneration decided by the shareholders					14						14	
	Remuneration from subsidiaries and affiliates								0	146		146	
	Total			14			0	146		160			
AUGUSTO CLERICI BAGOZZI	Director	01.07.2014 - 30.06.2015	30.6.2015										
	Remuneration from the company drawing up the financial statements:												
	- remuneration decided by the shareholders					14						14	
	Total					14						14	
<b>Total remuneration</b>				<b>1.077</b>		<b>70</b>		<b>5</b>	<b>451</b>	<b>1.603</b>			
<b>Statutory Auditors</b>													
RENATO VENTURINI	Chairman	01.07.2014 - 30.06.2015	30.6.2015										
	Remuneration from the company drawing up the financial statements:												
	Remuneration from subsidiaries and affiliates					55				64		64	
	Totale					55				64		119	
GAETANO TERRIN	Standing auditor	01.07.2014 - 30.06.2015	30.6.2015	35						35			
CHIARA MIO	Standing auditor	01.07.2014 - 30.06.2015	30.6.2015	35						35			
<b>Total remuneration</b>				<b>125</b>				<b>64</b>		<b>189</b>			

There are no managers with strategic responsibilities.

**2. Information on shares held by members of the governing and control bodies, general managers and other executives with strategic responsibilities for the year ended June 30, 2014 (Schedule N. 7-ter)**

**TABLE 1: Shares held by members of governing and control bodies**

Surname and Name	Position held	Company in which shares are held	Number of shares held at the end of the previous tax year (30.6.2014)	Number of shares purchased	Number of shares sold	Number of shares held at the end of the tax year (1.7.2014-30.6.2015)
Sind International S.p.A. (*)	Controlling company	DANIELI & C.SpA				
		Ordinary	27,461,013			27,461,013
		Savings	0			0
Benedetti Gianpietro	President and CEO	DANIELI & C.SpA				
		Ordinary	68,537			68,537
		Savings	17,000			17,000
De Colle Carla	Vice-Chairman	DANIELI & C.SpA				
		Ordinary				
		Savings	7,000			7,000
Alzetta Franco	Director	DANIELI & C.SpA				
		Ordinary	40,000		8,000	32,000
		Savings				
Mareschi Danieli Giacomo	Director	DANIELI & C.SpA	0	2,500		2,500
		Ordinary				
		Savings				
Ravasio Giuliano	Alternate auditor	DANIELI & C.SpA				
		Ordinary	1,000			1,000
		Savings				

(\*) Company controlled jointly by Gianpietro Benedetti and the heirs of Cecilia Danieli.

The people indicated above are owners of their shares.



Danieli & C. Officine Meccaniche S.p.A.

Via Nazionale, 41 – 33042 Buttrio (UD)

Fully paid-up share capital of euro 81,304,566

Tax number, VAT registration number and number of registration with the Register of Companies of Udine: 00167460302

REA (Index of Economic and Administrative Information): 84904 UD

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Financial statements and publications are available  
at the company's headquarters,  
on the authorized storage mechanism SDIR&STORAGE [www.emarketstorage.com](http://www.emarketstorage.com)  
and on the company's Web Site: [www.danieli.com](http://www.danieli.com), *Investors* section