



## **Remuneration Report**

**in accordance with Art. 123-ter of the Consolidated Law on Finance and Art. 84-quater of the Issuers' Regulation**

Date of approval: 11 September 2015

**Digital Bros S.p.A.**  
Via Tortona, 37 – 20152 Milan, Italy  
VAT and tax identification no. 09554160151  
Share capital: 5,644,334.80 euro fully paid-in  
Reg. of Co. Court of Milan 290680 - Vol. 7394 Chamber of Commerce 1302132

The report is available from the website [www.digitalbros.com](http://www.digitalbros.com)  
in the Investors section

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This Remuneration Report (the “**Report**”) has been prepared in accordance with Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998 (the “**Consolidated Law on Finance**”) and with Article 84-*quater* of the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended (the “**Issuers’ Regulation**”).

The Report has two sections:

- section I, which describes the policy adopted on the remuneration of the administrative bodies and the key managers, together with the procedures used to adopt said policy;
- section II, which provides an analytical, itemised explanation of the parts making up the remuneration of the members of the Board of Directors and the auditing bodies, as well as the remuneration of key managers, highlighting consistency with the Remuneration Policy.

The tables envisaged by the Issuers’ Regulation have been attached to the Report. Tables 2 and 3A, envisaged by Annex 3A to the Issuers’ Regulation have not been attached, insofar as there are no resolved stock option plans.

## **SECTION I**

The first section of the Report describes the Remuneration Policy guidelines adopted by the Company (hereinafter the “**Remuneration Policy**”). This defines the principles and guidelines adopted by the Digital Bros Group in determining and monitoring the application of the remuneration practice of board members and key managers.

The Remuneration Policy was approved by the Board of Directors in the meeting held on 11 September 2015, on the proposal of the Remuneration Committee, in application of the recommendation of the Self-Regulatory Code of listed companies, as adopted by the Company with reference to the presentation to the Shareholders’ Meeting of a report on the Remuneration Policy adopted by the Company. The Remuneration Report will be submitted for the examination and advisory vote of the Shareholders’ Meeting.

The related party transactions procedure (hereinafter the “**Procedure**”) adopted by the Company particularly in accordance with the Regulation pursuant to CONSOB Resolution no. 17221/2010 as subsequently amended (available for consultation on the website [www.digital-bros.net](http://www.digital-bros.net)) establishes that resolutions concerning the remuneration of directors assigned key tasks and other key managers (considered as such by the Procedure) are exempt from the application of said Procedure, except as regards any possible disclosures to be made in period financial-economic reports, as specified therein, as long as:

- i) the Company has adopted a Remuneration Policy;
- ii) a committee has been involved in defining the Remuneration Policy, consisting exclusively of directors or non-executive directors, the majority of whom are independent;

- iii) a report has been submitted for the approval or advisory vote of the Shareholders' Meeting, explaining the Remuneration Policy;
- iv) the remuneration assigned is consistent with said policy.

During the year as at 30 June 2015, the Company adopted a formal Remuneration Policy.

In preparing remuneration proposals, the Remuneration Committee did not consider it necessary to seek direct assistance from independent experts. Analyses were in any case also carried out with reference to the market benchmark.

Without prejudice to matters for which the Shareholders' Meeting is directly competent in accordance with the law and the Articles of Association, the implementation of the Remuneration Policy is the responsibility of the Board of Directors as regards the definition of the remuneration for the office of Managing Director, and of the Managing Director himself with reference to the remuneration to be assigned to other key managers (also by way of indication and proposal to the competent bodies of subsidiaries).

## **1. Subjects involved in the preparation and approval of the Remuneration Policy**

The main subjects and bodies involved in the preparation and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Auditors.

### **1.1 Board of Directors**

The Board of Directors:

- establishes an internal Remuneration Committee;
- determines the remuneration of directors assigned specific duties, having consulted with the Board of Auditors, and on the proposal of the Remuneration Committee;
- on the proposal of the Remuneration Committee, defines the Remuneration Policy;
- approves the Remuneration Report;
- prepares any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including key managers, submitting them for the approval of the Shareholders' Meeting in accordance with Article 114-bis of the Consolidated Law on Finance and ensuring their implementation.

### **1.2 Remuneration Committee**

The Company's Remuneration Committee, established within the Board of Directors in accordance with the provisions of the Self-Regulatory Code, consists entirely of non-executive and independent directors.

The Remuneration Committee has the task of:

- presenting proposals to the Board of Directors for the remuneration of the Managing Director and other directors assigned specific duties, monitoring the relevant application;
- regularly reviewing the criteria adopted for the remuneration of key managers and assisting the Board of Directors with the identification of key managers;
- monitoring the application of said criteria on the basis of the information supplied by the Managing Directors;
- providing the Board of Directors with general recommendations on remuneration, as well as determining the performance objectives related to the variable component of the remuneration, verifying that the objectives are effectively achieved;
- assisting the Board of Directors with the preparation and implementation of any share- or financial instrument-based remuneration plans;
- assisting the Board of Directors with the preparation of the Remuneration Report.

The Remuneration Policy has therefore been outlined by the Remuneration Committee and approved by the Board of Directors.

### **1.3 Shareholders' Meeting**

As regards remuneration, the Shareholders' Meeting:

- determines the remuneration of the members of the Board of Directors and the Board of Auditors in accordance with Article 2364, paragraph 1, no. 3) of the Italian Civil Code;
- expresses a recommendation and opinion on the Remuneration Report, defined by the Board of Directors (on the proposal of the Remuneration Committee);
- resolves on any remuneration plans based on shares or other financial instruments intended for directors, employees and collaborators, including key managers, in accordance with Article 114-bis of the Consolidated Law on Finance.

As at the date of this Report, the members of the Remuneration Committee are as follows:

Guido Guetta – independent director - chairman

Elena Morini – independent director - member

Bruno Soresina – independent director - member.

## **1.4 Board of Auditors**

The Board of Auditors expresses an opinion on the proposed remuneration of directors and directors assigned specific duties, verifying the consistency of the proposals with the Remuneration Policy.

## **2. Principles and purpose of the Remuneration Policy**

The remuneration of directors, general managers and key managers is defined in such a way as to ensure an overall remuneration structure that is able to acknowledge the professional value of the subjects involved and enable a suitable balancing of fixed and variable components, with the aim of creating value that is sustainable in the medium- and long-term, and guaranteeing a correlation between remuneration and specific performance objectives.

The policy intends to motivate resources who can carry out their duties and fulfil the responsibilities assigned them in an excellent manner, also guaranteeing a suitable balance of the variable component of the remuneration with respect to the fixed part, and establishing a balance between the short- and medium/long-term criteria, so as to ensure the sustainability of the policy in the long-term.

The guidelines inspiring the Remuneration Policy are based on the following criteria:

- the fixed component is sufficient to remunerate the performance of the subject concerned if the variable component should not be assigned due to failure to achieve the relevant objectives;
- the short- and long-term variable component is quantitatively limited and only accrued upon achieving certain objectives (“ON/OFF” mechanism);
- the short-term variable component is measured mainly according to annual profitability objectives;
- the medium/long-term variable component considers the strategic objectives and related business risks assumed by the Company and the accrual is connected with the achievement of the objectives set out in the 2014-2017 strategic plan.

The performance objectives are:

- priority, insofar as they are connected directly with the Company’s medium/long-term strategy;
- specific, insofar as they are clear and concrete in terms of the results expected;
- measurable, insofar as they are assessed using clear, predefined indicators;
- realistic, insofar as they are considered as able to be achieved, albeit challenging and ambitious;
- defined in terms of time.

The variable component will only be distributed if the expected results are achieved. The amount of the incentive to be paid to each subject involved is determined according to the achievement of the results effectively pursued. Although the risk management policy has been formalised, no provision has been made to assign related performance objectives.

The variable component is divided up into a short-term component and a medium/long-term component. The first has not changed from previous years and envisages the disbursement of a variable portion of up to 15% for the two Managing Directors and up to 30% for the key manager. The accrual mechanism is linked exclusively to period profitability benchmarks and is disbursed after Board approval of the draft financial statements.

Starting from this year, for Managing Directors and key managers, a second variable medium/long-term objective has been introduced, in the amount of 12% of the annual gross remuneration. This incentive is accrued annually, according to objectives connected with the trend of the gross average debt, as envisaged in the 2014-2017 strategic plan approved by the Board of Directors during the meeting held on 12 September 2014. The incentive is disbursed after approval of the draft financial statements as at 30 June 2017.

If the Company should carry out any exceptional transactions, in terms of their strategic importance and effects on the Company's results, the Board of Directors, on the proposal of the Remuneration Committee, has the faculty to assign, at its discretion, specific bonuses to executive directors and key managers.

No insurance cover, social security and/or pension plans have been stipulated over and above compulsory ones. The only non-monetary benefits disbursed to Managing Directors and key managers consist of the private and work-related use of a company car.

The Company may envisage incentive and fidelity plans based on shares or other financial instruments intended for directors, employees and collaborators, including key managers, in accordance with Article 114-bis of the Consolidated Law on Finance. No share-based plans (stock options) and/or options or other financial instruments are envisaged. There are therefore no vesting periods or clauses for keeping financial instruments in the portfolio.

The Remunerations Policy does not envisage the stipulation of any agreements regulating *ex ante* the economic aspects in the event of resignation from office or in relation to any early termination of the contract of employment by the Company or party concerned, nor indeed in favour of directors or key managers.

In defining the Remuneration Policy, the Company did not use the remuneration policies implemented by other companies as reference, nor did it seek the collaboration of independent experts.

The remuneration of non-executive directors is not connected with the economic results achieved by the Company. Non-executive directors are not assigned share-based incentive plans. The remuneration of non-executive directors is determined in a fixed amount when the board resolves to assign remuneration, allocating the amount specified by the Shareholders' Meeting. The Remuneration Policy does not envisage any non-monetary benefits.

**SECTION II Remuneration paid to members of the administrative and auditing bodies, general managers and other key managers**

The remuneration of the members of the Board of Directors was resolved by the Board of Directors during the meeting held on 14 November 2014, having consulted with the Board of Auditors and on the proposal of the Remuneration Committee.

The table below shows the emoluments received by the Board of Directors and key managers during the year, according to the criteria laid down in Annex 3A of the Issuers' Regulation.

The table includes all subjects who held, during the year, even if only for part of the period, the office of member of the Administrative Body or General Manager.

As at the date of this Remuneration Report, the Company has not appointed any key managers, apart from the executive directors on the Board of Directors.

***Executive directors' fees***

The Chairman and Managing Director, Abramo Galante, and the Managing Director, Raffaele Galante, each receive the same annual remuneration:

<i>Amounts in euros</i>	30 June 2014	30 June 2015
Fixed remuneration for the office	370,000	366,700
Variable remuneration for the office	62,450	112,450
<b>Total remuneration for the office</b>	<b>432,450</b>	<b>479,150</b>
Fixed remuneration for the managerial role	59,360	59,360
Variable remuneration for the managerial role	0	0
Fringe benefits (car)	3,962	3,917
Non-competition agreement	0	0
<b>Total remuneration for the managerial role</b>	<b>63,322</b>	<b>63,277</b>
Total remuneration of other subsidiaries	0	0
<b>Total remuneration</b>	<b>495,772</b>	<b>542,427</b>

The variable remuneration consists of 50,000 euro in bonuses on medium/long-term objectives and 62,450 euro in bonuses on short-term objectives.

There are no agreements envisaging indemnity in the event of the early termination of the contracts of employment.

The executive director Stefano Salbe does not receive any specific remuneration for the office of director as this is included in his salary as manager of the company Digital Bros. Total remuneration was:

<i>Amounts in euros</i>	30 June 2014	30 June 2015
Fixed remuneration for the office	0	0
Variable remuneration for the office	0	0
<b>Total remuneration for the office</b>	<b>0</b>	<b>0</b>
Fixed remuneration for the managerial role	181,391	181,391
Variable remuneration for the managerial role	64,685	90,810
Fringe benefits (car)	3,824	3,713
Non-competition agreement	34,225	34,823
<b>Total remuneration for the managerial role</b>	<b>284,125</b>	<b>310,737</b>
Total remuneration of other subsidiaries	0	0
<b>Total remuneration</b>	<b>284,125</b>	<b>310,737</b>

The variable remuneration consists of 25,946 euro in incentives on medium/long-term objectives and 64,864 euro in incentives on short-term objectives.

There are no agreements envisaging indemnity in the event of the early termination of the contract of employment. If the contract of employment and/or office should be terminated early, on the initiative of the employee or on the initiative of the Company due to gross misconduct, the right to receive medium/long-term variable remuneration will be lost, even if already accrued.

#### **Non-executive directors' fees**

The non-executive director Dario Treves is assigned an annual remuneration for the office of 6,600 euro; for his professional work in contracts and the legal office, on behalf of the Group, he received 199,950 euro.

The non-executive director Davide Galante received 72,000 euro as remuneration for his office as director, due to some specific duties assigned him by the Board of Directors.

The non-executive director Lidia Florean received 6,600 euro as remuneration for her office as director; for her work carried out on behalf of the subsidiary 505 Games S.r.l., she received 60,000 euro.

Non-executive directors do not receive variable remuneration nor are there any agreements envisaging indemnity in the event of the early termination of the contract.

### Independent directors' fees

The independent directors Guido Guetta, Elena Morini and Bruno Soresina receive the following amounts for their office:

<b>Amounts in euros</b>	Guido Guetta	Elena Morini	Bruno Soresina
Fixed remuneration for the office	10,000	10,000	10,000
Fixed remuneration for the Control and Risks Committee	10,500	3,500	3,500
Fixed remuneration for the Remuneration Committee	5,000	2,000	2,000
<b>Total independent directors' fees</b>	<b>25,500</b>	<b>15,500</b>	<b>15,500</b>

The Director Guido Guetta receives 7,000 euro as Chairman and 3,000 euro as Chairman of the Committee, in addition to the 3,500 euro and 2,000 euro respectively received by the other two independent directors in their capacity as members respectively of the Control and Risks Committee and the Remuneration Committee.

Independent directors do not receive variable remuneration nor are there any agreements envisaging indemnity in the event of the early termination of the contract.

## Board of Directors and key managers

Name and surname	Office	Period for which the office was covered	End of term	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Indemnity for the termination of office or employment
						Bonuses and other incentives	Profit share					
<b>Abramo Galante</b>	Chairman/MD	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives	Profit share					
				426,060		112,450		3,917		542,427		
				426,060		112,450		3,917		542,427		
<b>Raffaele Galante</b>	MD	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives	Profit share					
				426,060		112,450		3,917		542,427		
				426,060		112,450		3,917		542,427		
<b>Stefano Salbe</b>	CFO	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives	Profit share					
				216,214		90,810		3,713		310,737		
				216,214		90,810		3,713		310,737		

Davide Galante	Director	Since 01/07/2014	Approval of 2017 financial statements	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Indemnity for the termination of office or employment
						Bonuses and other incentives	Profit share					
(I) Remuneration in the company drafting the financial statements				72,000						72,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				72,000						72,000		
Bruno Soresina	Independent director	Since 01/07/2014	Approval of 2017 financial statements	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Indemnity for the termination of office or employment
						Bonuses and other incentives	Profit share					
(I) Remuneration in the company drafting the financial statements				10,000	5,500					15,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				10,000	5,500					15,500		
Guido Guetta	Independent director	Since 01/07/2014	Approval of 2017 financial statements	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Indemnity for the termination of office or employment
						Bonuses and other incentives	Profit share					
(I) Remuneration in the company drafting the financial statements				10,000	15,500					25,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				10,000	15,500					25,500		

<b>Elena Morini</b>	Independent director	Since 01/07/2014	Approval of 2017 financial statements	5,500	10,000	Bonuses and other incentives	Profit share				
(I) Remuneration in the company drafting the financial statements											
(II) Remuneration from subsidiaries and associates											
(III) Total				5,500	10,000				15,500		
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<b>Dario Treves</b>	Director	Since 01/07/2014	Approval of 2017 financial statements	5,500	10,000	Bonuses and other incentives	Profit share				
(I) Remuneration in the company drafting the financial statements											
(II) Remuneration from subsidiaries and associates											
(III) Total				5,500	10,000				15,500		
<hr/>											
<b>Lidia Florean</b>	Independent director	Since 01/07/2014	Approval of 2017 financial statements	6,600	6,600	Bonuses and other incentives	Profit share				
(I) Remuneration in the company drafting the financial statements											
(II) Remuneration from subsidiaries and associates											
(III) Total				6,600	6,600				6,600		

## Board of Auditors:

Name and surname	Office	Period for which the office was covered	End of term	Fixed remuneration	Remuneration for participation in committees	Variable non-equity remuneration	Non-monetary benefits	Other remuneration	Total	Fair value of the equity remuneration	Indemnity for the termination of office or employment
<b>Sergio Amendola</b>	Chairman	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives Profit share					
(I)	Remuneration in the company drafting the financial statements			27,000					27,000		
(II)	Remuneration from subsidiaries and associates			10,000					10,000		
(III)	Total			37,000					37,000		
<b>Paolo Villa</b>	Standing auditor	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives Profit share					
(I)	Remuneration in the company drafting the financial statements			22,000					22,000		
(II)	Remuneration from subsidiaries and associates			10,000					10,000		
(III)	Total			32,000					32,000		
<b>Laura Guazzoni</b>	Standing auditor	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives Profit share					
(I)	Remuneration in the company drafting the financial statements			22,000					22,000		
(II)	Remuneration from subsidiaries and associates										
(III)	Total			22,000					22,000		
<b>Emanuela Maria Conti</b>	Alternate auditor	Since 01/07/2014	Approval of 2017 financial statements			Bonuses and other incentives Profit share					
(I)	Remuneration in the company drafting the financial statements										
(II)	Remuneration from subsidiaries and associates										
(III)	Total										

Simone Luigi Dalledonne	Alternate auditor	Since 01/07/2014	Approval of 2017 financial statements	Bonuses and other incentives		Profit share	
(I) Remuneration in the company drafting the financial statements							
(II) Remuneration from subsidiaries and associates							
(III) Total							

**Monetary incentive plans in favour of members of the administrative body, general managers and other key managers:**

A	B	(1)	(2)			(3)		(4)
			Office	Plan	Year bonus		Previous years' bonuses	
Surname and name	Chairman/ MD		(A)	(B)	(C)	No longer able to be disbursed	Able to be disbursed/Disbursed	Still deferred
(I) Remuneration in the company drafting the financial statements			Able to be disbursed/Disbursed	Deferred	Reference period			
		Plan A (date of related resolution)	62,450.00	50,000.00	3 years			
		Plan B (date of related resolution)						
(II) Remuneration from subsidiaries and associates		Plan C (date of related resolution)						
		Plan A (date of related resolution)						
		Plan B (date of related resolution)						
(III) Total								

<b>Galante Raffaele MD</b>		(A) Able to be disbursed/Disbursed	(B) Deferred	(C) Reference period	No longer able to be disbursed	Able to be disbursed/Disbursed	Still deferred
(I) Remuneration in the company drafting the financial statements	Plan A (date of related resolution)	62,450.00	50,000.00	3 years			
	Plan B (date of related resolution)						
	Plan C (date of related resolution)						
(II) Remuneration from subsidiaries and associates	Plan A (date of related resolution)						
(III) Total	Plan B (date of related resolution)						

Salbe Stefano	CFO/Executive director	(A) Able to be disbursed/Disbursed	(B) Deferred	(C) Reference period	No longer able to be disbursed	Able to be disbursed/Disbursed	Still deferred
(I) Remuneration in the company drafting the financial statements	Plan A (date of related resolution)	64,864.00	25,946.00	3 years			
	Plan B (date of related resolution)						
	Plan C (date of related resolution)						
(II) Remuneration from subsidiaries and associates	Plan A (date of related resolution)						
	Plan B (date of related resolution)						
(III) Total							

**Table 7-ter envisaged by Annex 3A of the Issuers' Regulation**

Shares of members of the administrative and auditing bodies and general managers						
Surname and name	Subsidiary	No. of shares held as at 30/06/2014	No. of shares purchased	No. of shares sold	No. of shares held as at 30/06/2015	
Galante Abramo	Digital Bros S.p.A.	4,904,267	-	-	4,904,267	
Galante Davide	Digital Bros S.p.A.	253,728	-	-	253,728	
Galante Raffaele	Digital Bros S.p.A.	4,678,736	-	-	4,678,736	

The same table is not provided for key managers as there are no others apart from those who are members of the Board of Directors.