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Remuneration of Executive Directors

Introduction

The level and structure of the remuneration of the Executive Directors will be determined by the Company's Board of Directors at the recommendation of the Compensation Committee within the scope of the Policy and taking into account the scenario analyses made. It will furthermore be based on compensation levels offered in the market in general and for the sector.

The Company periodically benchmarks its executive compensation program and the compensation offered to executive directors against peer companies and monitors compensation levels and trends in the market.

Remuneration elements

On such basis, the compensation of executive directors consists, inter alia, of the following elements:

Fixed component

The primary objective of the base salary (the fixed part of the annual cash compensation) for executive directors is to attract and retain well qualified senior executives. The Company's policy is to periodically benchmark comparable salaries paid to other executives with similar experience in its compensation peer group.

Variable components

The Company's Chairman is not eligible to receive variable compensation while the CEO is eligible to receive variable compensation, subject to the achievement of pre-established financial and other designated performance targets. The variable components of the CEO's remuneration, both the short and the long-term components, are linked to predetermined, assessable targets.

Annually, scenario analyses are carried out with respect to the possible outcomes of the variable remuneration components and how they may affect the remuneration of the executive directors. Such analysis was also carried out for the financial year 2014.

Short-Term Incentives

The primary objective of performance based short-term variable cash based incentives is to focus on the business priorities for the current or next year. The CEO's short-term variable incentive is based on achieving short-term (annual) financial and other designated objectives proposed by the Compensation Committee and approved by the non-executive directors each year.

In regards to the CEO's annual performance bonus determination, the Compensation Committee and the non-executive directors:

- approve the executive directors' target and maximum allowable bonus,
- select the choice and weighting of metrics,
- set the stretch objectives,
- review any unusual items that occurred in the performance year to determine the appropriate overall measurement of achievement, and approve the final bonus determination.

The annual objectives for the CEO are comprised of three equally weighted metrics, Trading Profit, Net Income, and Net Industrial Debt. The target achievement for target incentive (which is 100% of base salary) corresponds to the Board approved targets each year and is consistent with the Company's five year business plan and external guidance to investors. The threshold for any incentive earned is 90% of target and maximum payout of 2.5 x base salary is set at achieving 150% of the objectives or greater. Results and achievement are reviewed by the Compensation Committee each year typically in the January Board meeting.

Long-Term Incentives

The primary objective of the performance based long-term variable equity based incentives is to reward and retain well qualified senior executives over the longer term while aligning their interests with those of shareholders.

FCA's long-term variable incentives consists of a share-based incentive plan that links a portion of the variable component to the achievement of pre-established performance targets consistent with the Company's strategic

horizon.

As typical with the objective of using equity based awards, these awards help align the executive directors' interests with shareholder interests by delivering greater value to the executive director as shareholder value increases.

On 4 April 2012, Fiat S.p.A. General Shareholders Meeting adopted a Long Term Incentive Plan (the "Retention LTI"), in the form of stock grants. As a result of the Shareholders' resolution the Group attributed the Chief Executive Officer with 7 million rights, representative of an equal number of Fiat S.p.A. ordinary shares. The rights vested ratably, one third on 22 February 2013, one third on 22 February 2014 and one third on 22 February 2015, subject to the requirement that the Chief Executive Officer remained in office.

On October 29, 2014, in connection with the formation of FCA and the presentation of the new five year business plan, the Board of Directors of FCA approved an equity incentive plan ("EIP") and a new long term incentive program, covering a five year performance period, 2014-2018, consistent with the Company's strategic horizon and under which equity awards can be granted to eligible individuals. The award vesting under the program is conditional on meeting two independent metrics, Net Income and Relative Total Shareholder Return weighted 50/50 at target. The awards have three (3) vesting opportunities, one-third after three years' cumulative results, one-third after four years' cumulative results and the final third after the full five years' results. Half of the target award that is subject to the Net Income metric's performance begins a payout at 80% of the target achieved and the maximum payout is at 100% of target. With respect to the other half of the award, the Relative Shareholder Return metric has a partial vesting if ranked 7th or better among an industry specific peer group of 11 and a maximum pay-out of 150% if ranked 1st among the 11 peers. The peer group includes FCA, Volkswagen AG, Toyota Motor, Daimler AG, General Motors, Ford Motor, Honda Motor, BMW AG, Hyundai Motor, PSA Peugeot Citroen, and Renault SA. Awards to the CEO of performance share units under this program are subject to the approval of the shareholders at the next general meeting of shareholders and are described in the relevant materials.

Extraordinary Incentives

In addition, upon proposal of the Compensation Committee, the non-executive directors retain authority to grant periodic bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effect on the Company's results, with the form of any such bonus (cash, common shares of the Company or options to purchase common shares) to be determined by the non-executive directors.

In 2014, the non-executive directors exercised this authority and approved a €24.7 million (US\$ 30 million) cash award, a one-time grant of 1,620,000 restricted shares (which is subject to the approval of the Company's general meeting of shareholders and will vest upon approval) and a €12 million (US\$ 15 million) post-mandate award for the CEO, who was instrumental in major strategic and financial accomplishments for the Group. Most notably, through the CEO's vision and guidance, FCA was formed, creating enormous value for the Company, its shareholders, employees and stakeholders.

Pension Provisions and Severance Payments

Both executive directors have a post-mandate benefit in an amount equal to five times their last annual base

compensation. The award is payable quarterly over a period of 20 years commencing three months after the conclusion of employment with the Company, with an option for a lump sum payment. In addition, the CEO participates in Company sponsored pension schemes and is eligible for the post-mandate benefit mentioned in the previous paragraph. In 2014 the Company booked in connection with all these benefits an amount of € 12.9 million. For the CEO, an amount of two (2) times the prior year fixed and variable compensation is provided in the event of an involuntarily termination except for reason of termination for cause¹.

Other Benefits

Executive directors may also be entitled to usual and customary fringe benefits such as personal use of aircraft, company car and driver, personal/home security, medical insurance, accident and disability insurance, tax preparation and financial counseling. The Compensation Committee may grant other benefits to the executive

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