

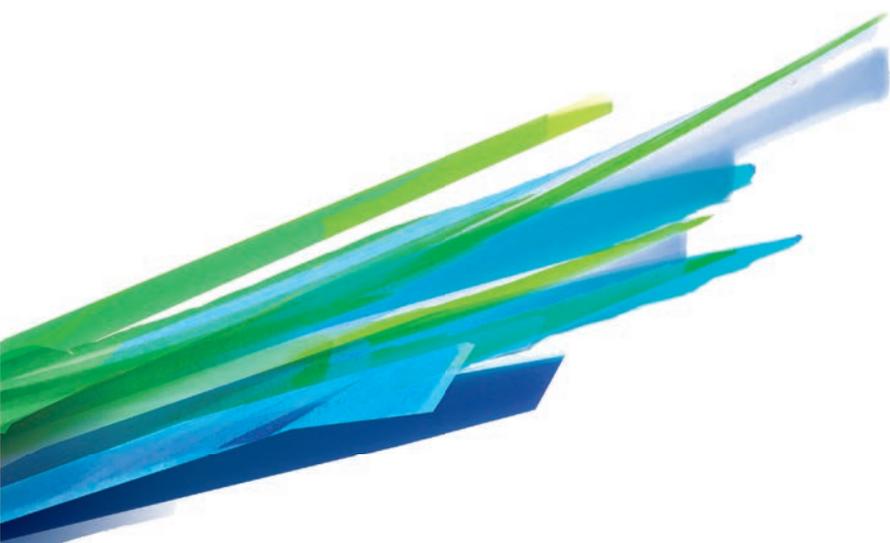


ERG S.P.A.

**PROCEDURE FOR RELATED PARTY TRANSACTIONS**

Approved by the Board of Directors of ERG S.p.A.  
on 13 July 2016 <sup>1</sup>

<sup>1</sup> Last updated on January 1, 2017



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## 1. INTRODUCTION

This Procedure (the **"Procedure"**) – without prejudice to the provisions set forth by Article 2391 of the Italian Civil Code – shall govern the related-party transactions carried out directly by ERG S.p.A. (**"ERG"** or the **"Company"**) and/or by the latter through its subsidiaries, according to the provisions laid down in the Regulations adopted by the National Commission for Companies and the Stock Exchange – CONSOB under resolution no. 17221 dated 12 March 2010, as subsequently amended and supplemented (the **"Regulations"**).

The Company's Board of Directors will periodically assess – at least once a year – the need to amend and supplement this Procedure, also taking into account any legislative and regulatory changes and future implementation practice, in addition to any changes in the organisational structure of ERG and the Group. Any amendments to the Procedure shall be approved subject to a favourable opinion from the Control and Risk Committee which has been established for this purpose and consists of two Independent Directors who are members of this Committee and another Independent Director who is a member of the Nominations and Remuneration Committee

ERG's Chief Executive Officer, having consulted the Control and Risk Committee, is furthermore authorised to introduce to the Procedure any amendments of a purely formal nature that do not materially alter the content of the Procedure, subsequently informing ERG's Board of Directors thereof during its first appropriate meeting.

Moreover, associated with the Procedure is the Related Party Transactions Manual which governs the operational activities that need to be implemented by ERG Group staff for the management of related party transactions (such as, for example: control activities; determined levels of authorisation; information flows; activities connected with updating the list of related parties).

## 2. DEFINITIONS

### 2.1

In addition to the definitions set forth in other articles, the terms and expressions used in this Procedure with an initial capital letter shall have the meaning assigned here below; it should also be noted that terms defined in the singular shall have the same meaning when used in the plural, and vice versa:

**Independent Directors:** the Directors recognised by the Company as independent pursuant to Borsa Italiana S.p.A.'s Corporate Governance Code for Listed Companies (the "**Corporate Governance Code**").

**Unrelated Directors:** the directors other than the counterparty in a certain transaction and the Related Parties thereof.

**Nominations and Remuneration Committee:** ERG's nominations and remuneration committee; with respect to the Company's Board of Directors, it has a consultative and propositive role in the matters specified in the guidelines for the committee's operations.

**Control and Risk Committee:** ERG's Control and Risk Committee; with respect to the Company's Board of Directors, it has a consultative and propositive role in the matters specified in the guidelines for the committee's operations.

**To control/Control:** the power to determine the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when a party owns, directly or indirectly through Subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute Control. Control also exists when a party owns half or less of the voting rights exercisable at shareholders' meetings, wherever it has:

- (a) control of more than half of the voting rights by virtue of an agreement with other investors;
- (b) the power to determine the financial and operating policies of the entity under a statute or agreement;
- (c) the power to appoint or remove the majority of members of the Board of Directors or equivalent governing body, and the entity is controlled by that board or body;
- (d) the power to exercise the majority of voting rights at meetings of the Board of Directors or equivalent governing body, and the entity is controlled by that board or body.

**Joint Control:** the contractually agreed sharing of Control over any economic activity.

**Executives with Strategic Responsibilities:** the parties directly or indirectly empowered and responsible for the planning, direction and control of the company's operations, including the company's (executive or non-executive) directors.

**Significant Influence:** the power to participate in the financial and operating policy decisions of an entity, without having Control thereof. Significant Influence may be gained by share ownership, through statutory clauses or agreements. If a party owns, directly or indirectly (for example, through Subsidiaries), 20% or more of the voting power at the investee's shareholders' meeting, it is presumed that such party has Significant Influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the party owns, directly or indirectly (for example, through Subsidiaries), less than 20% of the voting power at the investee's shareholders' meeting, it is presumed that the investor does not have Significant Influence, unless such influence can be clearly demonstrated. Possession of an absolute or relative majority of voting rights by a party does not necessarily preclude another party from having Significant Influence. The existence of Significant Influence is usually evidenced by the occurrence of one or more of the following circumstances, wherever one or more of the same enable participation in determining the financial and operating policies of an entity, without having control thereof:

- (a) representation on the investee's Board of Directors, or equivalent body;
- (b) participation in the decisional process, including participation in decisions concerning dividends or other forms of distribution of profits;
- (c) the existence of material transactions between the investor and the investee;
- (d) the interchange of executive personnel;
- (e) the provision of essential technical information.

**Significant Interests:** with regard to a company, merely by way of non-exhaustive example this may be construed as: (i) possession by ERG's parent company of a percentage of integrated ownership in the transaction counterparty that exceeds the percentage it holds, as appropriate, in ERG or in the Subsidiary, or Associated Company, of ERG carrying out the transaction, or, (ii) ownership by ERG's Related Party of a stake greater than 5% in the transaction counterparty's share capital, or, (iii) the company and the subsidiary or associated company share one or more directors or executives with strategic responsibilities who benefit from incentive plans based on financial instruments (or in any case from variable remunerations) directly depending, to the extent of 30% or more, on the results achieved by the subsidiaries or associated companies with which the transaction is carried out. For the purpose of Intragroup Transactions, no Significant Interests are considered to exist within the ambit of the transactions set up directly or indirectly with a Company in which ERG holds a percentage of integrated ownership corresponding to 100% of the related share capital.

**Joint Venture:** a contractual agreement whereby two or more parties undertake an economic activity subject to joint control.

**Related Party Transaction:** any transfer of resources, services or obligations between Related Parties, regardless of whether a price is charged. This includes: (a) merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if carried out with Related Parties; (b)

any decision regarding the allocation of wages and economic benefits, in whatever form, for members of the administrative and control bodies, Executives with Strategic Responsibilities and in any case the persons holding the positions listed in Annex 1.

**Transactions of Limited Value:** this refers to the Related Party transactions in which the expected maximum sum of the consideration payable by the Company or in any case the expected amount of the same does not exceed, for each transaction:

- (a) Euro 100,000.00 per year, as regards the allocation and increase in remuneration and economic benefits, in whatever form, to a member of the administrative or control body or to an Executive with Strategic Responsibilities;
- (b) Euro 100,000.00 per year, per individual Related Party Transaction with natural person Related Parties or for Related Party Transactions concluded with the same natural person Related Party insofar as the transactions are of a similar nature or carried out in execution of a single plan;
- (c) Euro 1,000,000.00 per year, per individual Related Party Transaction with corporate entity Related Parties or for Related Party Transactions concluded with the same corporate entity Related Party insofar as the transactions are of a similar nature or carried out in execution of a single plan.

In the event that the corporate entity Related Party is under the Control of a natural person Related Party the threshold as per subparagraph (b) above shall apply.

**Transactions of Greater Significance:** this refers to the Related Party Transactions in which at least one of the following indicators of significance, applicable depending on the specific transaction, exceeds the 5% threshold:

- (a) Equivalent value significance ratio: the ratio of the transaction's equivalent value to shareholders' equity as reported in the company's most recently published (consolidated, if drawn up) statement of financial position or, if higher, the company's capitalisation at the end of the last trading day included in the reporting period for the most recently published financial report (annual or half-year financial report or other interim management report). If the economic conditions of the transaction are determined, the equivalent value of the transaction shall be:
  - (i) for cash components, the amount paid to/by the contractual counterparty;
  - (ii) for components comprising financial instruments, the fair value determined, at the date of the transaction, in accordance with the international accounting standards adopted by EC Regulation 1606/2002;
  - (iii) for transactions involving the granting of loans or guarantees, the maximum amount disburseable.

If the economic conditions of the transaction depend, in whole or in part, on amounts that are not as yet known, the equivalent value of the transaction is the maximum amount receivable or payable under the agreement;

- (b) *asset significance ratio*: the ratio of the total assets of the entity involved in the transaction to the company's total assets. The data used must be taken from the company's most recently published (consolidated, if drawn up) statement of financial position; where possible, similar data should be used to determine the total assets of the entity concerned with the transaction. For transactions involving the acquisition and sale of investments in companies that have an impact on the area of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital subject to disposal. For transactions involving the acquisition and sale of investments in companies that have no impact on the area of consolidation, the value of the numerator is:
- (i) in the case of acquisitions, the value of the transaction plus any liabilities of the acquired company that may be assumed by the purchaser;
  - (ii) in the case of sales, the consideration paid for the asset sold.
- For transactions involving the purchase or sale of other assets (as opposed to the acquisition of an investment), the value of the numerator is:
- (i) in the case of purchases, the higher of the consideration paid and the book value which will be attributed to the asset;
  - (ii) in the case of sales, the book value of the asset sold;
- (c) *liability significance ratio*: this is the ratio of the total liabilities of the acquired entity to the total assets reported in the company's most recently published (consolidated, if drawn up) statement of financial position; where possible, similar data should be used to determine the total liabilities of the acquired company or business division.

**Transactions of Lesser Significance:** Related Party Transactions other than Transactions of Greater Significance and Transactions of Limited Value.

**Intragroup Transactions:** Transactions with or between Subsidiaries, even jointly, pursuant to Article 5 below, as well as with Associated Companies

**Ordinary Transactions:** Related Party Transactions which: (a) fall within the normal course of the Company's operating activity or related financing activity; and (b) are concluded at terms and conditions: (i) similar to those normally applied to transactions with unrelated parties of a similar nature, entity or risk, or (ii) based on regulated tariffs or fixed prices, or again (iii) corresponding to those offered to parties with which the Company is legally obliged to trade at a fixed price.

**Related Party:** this means:

- (a) a party which, directly or indirectly, including through Subsidiaries, trustees or intermediaries:
  - (i) Controls, is Controlled by or is under common Control with the Company;
  - (ii) has an interest in the Company such as to enable the exercise of Significant Influence over the latter;
  - (iii) has joint Control over the Company;

- (b) an Associated Company of the Company;
- (c) a Joint Venture in which the Company is a participant;
- (d) an Executive with Strategic Responsibilities of the Company or its parent entity or in any case one of the parties holding the positions listed in Annex 1;
- (e) a Close Family Member of one of the parties referred to in subparagraphs (a) o (d);
- (f) an entity over which one of the parties referred to in subparagraphs (d) or (e) exercises, directly or indirectly, Control, Joint Control or a Significant Influence or in which it directly or indirectly holds a significant stake, in any case corresponding to at least 20% of voting rights;
- (g) an Italian or overseas supplementary, collective or individual pension fund established for the employees of the Company, or of any other entity associated with it;
- (h) a party specifically indicated in Annex 2, the Procedure being applied to such party pursuant to Article 4, paragraph 2, of the Regulations.

**Issuers' Regulations:** the regulations adopted under CONSOB resolution no. 11971 dated 14 May 1999, as subsequently amended and supplemented.

**Unrelated Shareholders:** the parties holding voting rights exercisable at the Company's shareholders' meeting, other than the counterparty in a certain transaction, the Related Parties thereof and the Related Parties of the Company.

**Associated Company:** an entity, including an unincorporated entity such as a partnership, over which an investor exercises Significant Influence, but not Control or Joint Control.

**Subsidiary:** an entity, including an unincorporated entity such as a partnership, that is Controlled by another entity.

**Close Family Member:** those family members who might be expected to influence, or be influenced by, the individual concerned in their dealings with the Company. Close Family Members are considered to include at least: (a) the party's spouse, if not legally separated, or domestic partner; (b) the children and dependants of the party, the party's spouse, if not legally separated, or domestic partner.

**Consolidated Act:** Legislative Decree no. 58 dated 24 February 1998, as subsequently amended and supplemented.

## 2.2

Interpretation of the definitions of Related Party and Related Party Transaction and of the other definitions referred to therein shall be based on the international accounting standards adopted in accordance with the procedure as per Article 6 of EC Regulation 1606/2002 and prevailing at the date of entry into force of the Regulations.

### 3. SPHERE OF APPLICATION

#### 3.1

The provisions of the Regulations and this Procedure shall not apply to Transactions of Limited Value.

#### 3.2

Without prejudice to the provisions set forth by Article 5, paragraph 8 of the Regulations and paragraph 3.3 here below, the instructions contained in the Regulations and in this Procedure shall not apply:

- (a) to the shareholders' resolutions referred to in Article 13, first paragraph of the Regulations;
- (b) to compensation plans based on financial instruments approved by the shareholders' meeting in accordance with Article 114-bis of the Consolidated Act and the related executory transactions;
- (c) to the Board of Directors resolutions regarding remuneration of directors holding particular offices – other than the resolutions taken pursuant to Article 2389, paragraph 3, last sentence of the Italian Civil Code – as well as Executives with Strategic Responsibilities and in any case the persons holding the positions listed in Annex 1, provided that:
  - (i) the Company has adopted a remuneration policy;
  - (ii) the Nominations and Remuneration Committee has been involved when defining the remuneration policy;
  - (iii) a report illustrating the remuneration policy has been submitted to the shareholders' meeting for a consultative vote;
  - (iv) the remuneration allocated is in keeping with such policy;
- (d) to Ordinary Transactions;
- (e) to Intragroup Transactions, provided that in the Subsidiaries or Associated Companies which are counterparties of the transaction there are no Significant Interests of other Related Parties of the Company.

#### 3.3

Without prejudice to the provisions set forth by Article 5, paragraph 8 of the Regulations, Article 114, first paragraph of the Consolidated Act and paragraph 3.2 above, whenever a Transaction of Greater Significance constitutes an Ordinary Transaction for the purpose of this Procedure:

- (a) the Company shall communicate to CONSOB, within the term specified in Article 5, paragraph 3 of the Regulations, the counterparty, the purpose and the consideration involved in transactions benefiting from exemption;
- (b) the Company shall indicate in its interim management report and annual management report, as part of the information required by Article 5, paragraph 8 of the Regulations, which of the transactions subject to disclosure obligations as indicated in the latter provision have been concluded using the exemption contemplated in this article.

## 4. RULES GOVERNING RELATED PARTY TRANSACTIONS

### 4.1 Transactions of Lesser Significance

- (a) The board of directors or the delegated bodies shall approve the Transactions of Lesser Significance subject to the reasoned and non-binding opinion of a committee, comprising non-executive and Unrelated Directors, the majority of whom are independent, regarding the interest of the Company in carrying out the transaction as well as the suitability and substantial correctness of the related terms and conditions.
- (b) The committee referred to in subparagraph (a):
- (i) with regard to Transactions of Lesser Significance concerning the allocation or increase of wages and economic benefits, in whatever form, to a member of an administrative or control body or to an Executive with Strategic Responsibilities or in any case to one of the persons holding the positions listed in Annex 1, shall be made up of the members of the Nominations and Remuneration Committee;
  - (ii) with regard to all other Transactions of Lesser Significance, it shall be made up of the members of the Control and Risk Committee. Whenever a member of the committee from time to time competent is the counterparty of the Transaction of Lesser Significance concerned with assessment or a related party thereof, the other members of the Committee shall call upon another Unrelated Independent Director or, if one is not available, an Unrelated standing member of the board of statutory auditors to participate in the meeting.  
The committee shall pass resolution based on an absolute majority of its members.  
In cases where it is not possible to reconstitute the composition of the committee, the opinion referred to under letter (a) above shall be issued by the board of statutory auditors or, in the absence thereof, by the remaining Unrelated Independent Director(s) or, in the absence thereof, by an independent expert.
- (c) The delegated bodies shall ensure that the members of the competent committee pursuant to letter (b) above promptly receive complete and adequate information regarding the Transaction of Lesser Significance as well as, in the case of transactions at established terms and conditions that are standard or equivalent to those of the market, objective elements of confirmation to such effect. In the event that the Transaction of Lesser Significance falls within the competence of the Board of Directors, the delegated bodies shall ensure that the said information is promptly transmitted to the Directors and to the Board of Statutory Auditors. The information that must be provided shall include, in particular:
- (i) indication of the Related Party who is a counterparty in the Transaction;
  - (ii) indication as to the nature of the relationship;
  - (iii) the reasons why the transaction has been qualified as a Transaction of Lesser Significance;
  - (iv) a description of the Transaction terms and conditions, the related procedures for execution, the procedures for determining the consideration;
  - (v) a description of the Company's interest in carrying out the Transaction;
  - (vi) indication of the reasons behind the Transaction and the risks, if any, that might derive from its execution.

- (d) Based on the information reported pursuant to letter (c) above, if a member of the Committee is the counterparty of the Transaction of Lesser Significance under assessment or a Related Party thereof, the same shall immediately inform the chairman of the Board of Directors and the Committee in order to enable his replacement according to the procedure indicated under letter (b) above.
- (e) Without prejudice to the above provisions, the delegated bodies shall arrange for full information on the Transactions of Lesser Significance within the competence of the delegated bodies to be provided to all directors, in compliance with Article 2381 of the Italian Civil Code, as well as to the board of statutory auditors, in accordance with Article 150 of the Consolidated Act.
- (f) The Committee must render its opinion prior to approval of the Transaction of Lesser Significance by the Board of Directors, whenever the transaction falls within the competence of the latter. In all other cases, before the Company assumes the obligation to carry out the Transaction of Lesser Significance.
- (g) The committee shall have the right to use the assistance of one or more independent experts of its choice, at the expense of the Company.
- (h) The resolutions of the Board of Directors to approve a Transaction of Lesser Significance must be adequately motivated, taking into account the Company's interest in carrying out the transaction, as well as the suitability and substantial correctness of the related terms and conditions. Whenever the Board of Directors intends to deviate from the opinion provided by the committee, the report shall furnish a detailed account of the reasons for each decision. If the transaction falls within the competences of delegated bodies, they shall in any case be required to give adequate reasons in writing for their decisions.
- (i) The delegated bodies shall report to the Board of Directors and to the board of statutory auditors, on at least a quarterly basis, regarding the execution of Transactions of Lesser Significance.
- (j) The Company shall ensure the timely fulfilment of all public disclosure obligations set forth by each applicable legal and regulatory provision with regard to the Transactions of Lesser Significance.

#### **4.2 Transactions of Greater Significance**

- (a) The Board of Directors shall have exclusive competence for the approval of Transactions of Greater Significance and shall pass resolution on the same subject to the prior favourable opinion of a committee, made up only of Independent and Unrelated Directors, regarding the interest of the Company in carrying out the transaction as well as the suitability and substantial correctness of the related terms and conditions.
- (b) The committee referred to under the letter (a):
  - (i) regarding Transactions of Greater Significance involving the assignment or increase of remuneration or financial benefits, in any form, to a member of a governing or control body or a Key Executive or one of the individuals covering a position indicated in annex 1, this is the Nominations and Remuneration Committee which has been specifically

established for this purpose and consists of two Independent Directors who are members of the Committee itself and one additional Independent Director who is a member of the Control and Risks Committee.

- (ii) for all other Transactions of Greater Significance this is the Controls and Risks Committee which is specifically established for this purpose and consists of two Independent Directors who are members of the Committee itself and one additional Independent Director who is a member of the Nominations and Remuneration Committee. If a member of the committee which is responsible from time to time is the counterparty in the transactions of Greater Significance to be evaluated or a correlated party thereof, the other members of the Committee shall call to participate in the committee another non-correlated independent director or, if there are none, a non-correlated standing member of the Board of Statutory Auditors.

The committee will deliberate based on the absolute majority of its members. In the event that it is not possible to integrate the composition of the committee called upon to voice an opinion pursuant to "a" above, the opinion shall be provided by the board of statutory auditors or, if not available, by the remaining non-correlated Director/Directors and if the latter is/are not available, by an independent appraiser.

- (c) The delegated bodies shall ensure the involvement of the Committee having competence pursuant to letter (b) above during the negotiation and preliminary examination phases, via the receipt of complete, adequate and timely information regarding the Transaction of Greater Significance; in this connection, reference is made insofar as applicable to the information specified in subparagraph 4.1(c) above. The committee may also request information and make observations to the delegated bodies and to the persons in charge of conducting the negotiations and the preliminary examination.
- (d) The above subparagraphs 4.1(c), 4.1(d), 4.1(e), 4.1(f) (first part), 4.1(g), 4.1(h), 4.1(i) and 4.1(j) shall apply *mutatis mutandis* to the committee.
- (e) The Company shall ensure the timely fulfilment of all public disclosure obligations set forth by each applicable legal and regulatory provision concerning the Transactions of Greater Significance.

#### **4.3 Transactions within the competence of the shareholders' meeting**

- (a) Whenever a Transaction of Lesser Significance or a Transaction of Greater Significance falls within the competence of the shareholders' meeting, or requires authorisation from the same, the provisions of paragraphs 4.1 and 4.2 shall apply insofar as concerns the approval – by the Board of Directors – of the proposed resolution to be submitted to the shareholders' meeting.

#### **4.4 Framework resolutions**

- (a) The Board of Directors may approve, with a single resolution, a series of Related Party Transactions of a similar nature with the same Related Parties or with certain categories of Related Party.

- (b) In the case referred to under letter (a) above and without prejudice to the provisions set forth by Article 3 above:
- (i) the provisions of paragraphs 4.1 and 4.2 above shall apply to the administrative body's framework resolution according to the foreseeable maximum amount of the Related Party Transactions concerned with the same, considered on a cumulative basis;
  - (ii) the provisions of paragraphs 4.1 and 4.2 above shall not apply to individual Related Party Transactions concluded in execution of a framework resolution of the Board of Directors, provided that the resolution:
    - (1) has a validity of no more than one year;
    - (2) refers to sufficiently definite Related Party Transactions;
    - (3) specifies the foreseeable maximum amount of the transactions which, during the period of validity of the resolution, may be carried out in implementation thereof;
    - (4) contains an adequate description of the terms and conditions of the transactions;
  - (iii) on a quarterly basis, the delegated bodies shall provide the Board of Directors with a complete report regarding the implementation of the framework resolutions.

#### **4.5 Urgent transactions**

- (a) Insofar as expressly allowed by the Company's Articles of Association, wherever the transaction does not fall within the competence of the shareholders' meeting and does not have to be authorised by the same, in case of urgency and without prejudice to the public disclosure obligations set forth by all applicable legal and regulatory provisions, the Related Party Transactions may be concluded as a departure from the requirements set forth by paragraphs 4.1 and 4.2, provided that:
- (i) if the transaction to be carried out falls within the competences of a delegated body, the chairman of the Board of Directors is informed of the reasons for urgency prior to performance of the transaction;
  - (ii) such transactions, without prejudice to their effectiveness, are subsequently covered by a non-binding resolution on the part of the first appropriate ordinary shareholders' meeting;
  - (iii) a report is prepared by the Board of Directors calling the shareholders' meeting, setting out an adequate explanation of the grounds for urgency. The board of statutory auditors shall report to the shareholders' meeting on their considerations regarding the existence of the reasons for urgency;
  - (iv) the report and the considerations referred to in the previous subparagraph (iii) are made publicly available within the terms required by laws and regulations;
  - (v) by the day following the shareholders' meeting, the Company makes available to the public in the manners indicated in Title II, Chapter I, of the Issuers' Regulations, information concerning the outcome of the voting, with special reference to the total number of votes expressed by Unrelated Shareholders.

## 5. RELATED PARTY TRANSACTIONS CARRIED OUT BY SUBSIDIARIES

### 5.1

Without prejudice to the exemptions referred to in Article 3 above, in the case of transactions to which Subsidiaries are parties and which are subject to prior assessment by the Board of Directors or by one of the Company's Executives with Strategic Responsibilities, followed by approval of the transaction in question and the issuance of an opinion, even non-binding, addressed to the Subsidiaries' corporate bodies having competence to resolve or decide on the transaction concerned (the "Prior Assessment"), depending on the case the procedure referred to in paragraph 4.1 or paragraph 4.2 above shall apply, subject to the provisions set out below.

### 5.2

The Prior Assessment must be rendered by ERG's Board of Directors, whenever the transaction is qualified as a Transaction of greater Significance, within the meaning set forth in Article 2;

### 5.3

The Prior Assessment must be rendered having first obtained issuance of the reasoned opinion referred to in subparagraph 4.1(a) or 4.2(a) above by the competent committee pursuant to subparagraph 4.1(b) or 4.2(b) above, without prejudice to the following:

(a) the committee's reasoned opinion:

- (i) shall not be binding if the transaction is qualified as a Transaction of Lesser Significance, within the meaning set forth in Article 2, while it shall be binding for ERG's Board of Directors if the transaction is qualified as a Transaction of Greater Significance, within the meaning set forth in Article 2;
- (ii) must be addressed to the person who has competence for approving the transaction concerned or for rendering the opinion referred to in paragraph 5.1 above;

(b) the above paragraphs 4.1(f) and 4.1(g) shall apply mutatis mutandis to the committee called upon to render its opinion.

### 5.4

The party having competence for producing the Prior Assessment shall ensure compliance with subparagraphs 4.1.(c), 4.1.(h) and 4.1(i) above.

### 5.5

Without prejudice to the provisions set forth by Article 5, paragraph 8 of the Regulations, subparagraph 4.1(j) above or subparagraph 4.2(e) above shall apply, according to the foreseeable maximum amount of the consideration or the foreseeable maximum value of the obligations to be borne by the Subsidiary.

## 6. COMMUNICATIONS TO THE COMPANY

- (a) The Related Parties shall promptly communicate the information necessary to enable the Company to fulfil the obligations set forth by the Regulations and by the Procedure to the Company's Corporate Affairs Department at the following address: Via De Marini 1, 16149 Genoa.
- (b) The delegated bodies shall ensure that all the Related Party Transactions approved in accordance with the Regulations and this Procedure are promptly communicated to the manager responsible for preparing the Company's financial reports, for the purpose of compliance with the disclosure obligations referred to in Article 154-bis of the Consolidated Act.

## 7. GENERAL PROVISIONS

### 7.1 Updates

- (a) The Manager Responsible for preparing the Company's financial reports shall monitor the continuing adequacy of the significance thresholds referred to in the Procedure, reporting thereon to the Chief Executive Officer and the Control and Risk Committee;
- (b) The Corporate Affairs Department shall be responsible for periodically updating the list of Related Parties also by sending requests for information pursuant to Article 4, paragraph 8 of the Regulations.

### 7.2 Information flows

- (a) The parties responsible for setting up a transaction must first ascertain (i) whether the counterparty for such transaction is a Related Party (ii) whether the transaction in question falls within the sphere of application of the Procedure, following the operational procedures established by the Company (iii) in the case of Intragroup Transactions, whether in the Subsidiaries or Associated Companies which are counterparties of the transaction there are any Significant Interests of other Related Parties of the Company (iv) in the event that the transaction counterparty is a trust company or Controlled by a trust company, the identity of the transaction beneficiary and, in particular, whether such beneficiary is a related party.
- (b) The delegated bodies, conferring as necessary with the Chairman of the Control and Risk Committee or the Nominations and Remuneration Committee (according to their respective areas of competence), shall assess whether the proposed transaction qualifies as a Transaction of Greater Significance or Lesser Significance, based on the parameters calculated pursuant to paragraph 2.1 above.
- (c) The Company's delegated bodies shall ensure that all the Related Party Transactions approved in accordance with the Regulations and this Procedure are promptly communicated to the Manager Responsible for preparing the Company's financial reports, for the purpose of compliance with the disclosure obligations referred to in Article 154-bis of the Consolidated Finance Act.
- (d) All company departments involved in the process defined by this Procedure are required to promptly report any and all departures, violations or suspected violations of the provisions contained in this Procedure and in the Regulations to the Supervisory Committee set up in accordance with Legislative Decree 231/2001.

## 8. SANCTIONS

The provisions set out in the Procedure constitute a relevant protocol of the Organisation and Management Model adopted by the Company pursuant to Legislative Decree 231/01.

Violation of such rules shall therefore constitute a disciplinary offence, providing for application of the current Sanction System.

## 9. Annexes

Annex 1: Positions subject to the Procedure;

Annex 2: Parties to whom the Procedure is applicable pursuant to Article 4, paragraph 2 of the Regulations.



## ANNEX 1

1. **Members of the ERG S.p.A. Board of Directors**
2. **Members of the ERG S.p.A. Board of Statutory Auditors**
3. **Chief Financial Officer**
4. **Managing Director of ERG Power Generation S.p.A.**
5. **Chief Audit Officer**
6. **Manager Responsible for Preparing the Company's Financial Reports**



## ANNEX 2

## 1. Edoardo Garrone Foundation

## **ERG S.p.A.**

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