

**ERG S.p.A.**  
**Ordinary Shareholders' Meeting on 24/27 April 2015**

**Remuneration Report**

*pursuant to Article 123-ter of Legislative Decree no. 58 dated 24 February 1998*



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## Introduction

In accordance with Article 123-ter of the CFA, the Report is composed of two sections.

### I. Section one

The first section illustrates the 2015 Remuneration Policy and the procedures used for its adoption and implementation.

### II. Section two

Section two provides the following, individually by name for the members of the Board of Directors, the Board of Statutory Auditors, as well as in aggregated form<sup>1</sup>, for Executives with strategic responsibilities:

- a) an adequate description of each of the items making up the remuneration, including the benefits envisaged in case of retirement from office or termination of the employment relationship, drawing attention to the consistency thereof with the 2014 Remuneration Policy.
- b) a detailed account of the fees paid in 2014, for any reason and in any form, by ERG and its subsidiaries or associated companies.

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<sup>1</sup> Pursuant to the provisions of Table 7-bis of Annex 3A to the Issuers Regulations, the fees will be illustrated for Executives with strategic responsibilities, naming those Executives who received during 2014 total compensation (obtained by summing the monetary fees and compensation based on financial instruments) that are higher than the highest total compensation assigned to the members of the Board of Directors and the Board of Statutory Auditors in the same year.

## Glossary

In addition to the definitions set out in other articles, capitalised terms and expressions used in the Report have the meaning given them herein. Said meaning shall be valid both for the singular and plural:

**2012-2014 LTI System:** 2012-2014 Medium/Long-Term Monetary Incentive System.

**2014 Remuneration Policy or 2014 Policy:** ERG's Policy for the remuneration of members of the Board of Directors and Executives with strategic responsibilities for the year 2014.

**2015 Remuneration Policy or 2015 Policy:** ERG's Policy for the remuneration of members of the Board of Directors and Executives with strategic responsibilities for the year 2015.

**2015-2017 LTI System:** 2015-2017 Medium/Long-Term Monetary Incentive System.

**Board of Directors:** the Board of Directors of ERG S.p.A.

**Board of Statutory Auditors:** the Board of Statutory Auditors of ERG S.p.A.

**CARCO:** Chief Audit, Risk & Compliance Officer.

**CEO:** Chief Executive Officer.

**CFA:** Legislative Decree no. 58 dated 24 February 1998, as amended (Consolidated Finance Act)

**CHCO:** Chief Human Capital Officer.

**Corporate Governance Code:** the Italian Corporate Governance Code for listed companies in force, promoted by Borsa Italiana S.p.A. (version published in July 2014) which the Board of Directors resolved to comply with on 12 November 2014.

**CRC:** Control and Risk Committee, a board committee comprising three independent directors.

**DCICRMS:** Director in Charge of the Internal Control and Risk Management System.

**EDC:** Executive Deputy Chairman.

**ERG or the Company:** ERG S.p.A.

**EVA:** Economic Value Added, i.e. "residual" monetary value after all production factors have been remunerated, including the cost of capital employed.

**Executives with strategic responsibilities:** parties that hold the functions/ offices indicated in Annex 1 to the Procedure for transactions with Related Parties of the ERG Group in force (except for the members of the Board of Directors and the Board of Statutory Auditors of ERG S.p.A.), available on the Company's website ([www.erg.it](http://www.erg.it)) in the section "Corporate Governance/Governance documents".

**IR:** Regulation implementing Legislative Decree no. 58 dated 24 February 1998, as amended (Issuers Regulations).

**MBO System:** Short-Term Monetary Incentive System.

**NRC:** Nominations and Remuneration Committee, a board committee comprising three independent directors.

**Policy or Remuneration Policy:** the Policy for the remuneration of members of the Board of Directors and of Executives with strategic responsibilities.

**Procedure:** Procedure for transactions with Related Parties, adopted by the Board of Directors, with its resolution of 11 November 2010, with the favourable opinion of the Internal Control and Risk Committee and with the input of the Board of Statutory Auditors, most recently updated on 1 July 2014.

**Report:** Report on remuneration of the members of the Board of Directors and Executives with strategic responsibilities, approved by the Board of Directors on 11 March 2015.

**Shareholders' Meeting:** Shareholders' Meeting of ERG S.p.A.

**TSR:** Total Shareholder Return, i.e. the overall return on investment for shareholders, which is calculated by summing the increase in price of the share in a specific time interval with the effect of dividends per share paid in the same period.

## Section I: 2015 Remuneration Policy

### 1. Evolution of Approach

In line with the provisions of the Corporate Governance Code<sup>2</sup>, on 20 December 2011, the Board of Directors of ERG **adopted**, upon recommendation by the NRC<sup>3</sup>, its own Remuneration Policy, effective from 2012. The Policy's structure was independently defined by ERG at the time, without using as reference remuneration policies pertaining to other companies.

The Policy underwent an **initial revision** by the Board of Directors, on proposal of the NRC, on 18 December 2012, to take account the powers assigned by the Board of Directors – appointed by the Shareholders' Meeting of 20 April 2012 – and the adoption of the LTI System 2012-2014. To that end, ERG availed of the consulting firm The European House – Ambrosetti.

As part of said revision of the Policy, several remuneration policies of non-financial FTSE Mib index companies were used as reference, since these were considered most representative of Italian best practices, as well as a peer group of parties (comparable to ERG based on their size and operating in sectors where the ERG Group is active) proposed by consulting firm The European House – Ambrosetti.

The Policy was subject to a second revision by the Board of Directors, upon recommendation by the NRC, on 11 March 2015, to take account, effective from 2015, of the Company's acceptance of the version of the Corporate Governance Code in force and the general principles of the 2015-2017 LTI System, to guarantee greater alignment of the management's interest to the priority goal of creating value for shareholders over the medium/long-term, in line with the strategic guidelines of the ERG Group. To that end, the Company is availing of the consulting firm The European House – Ambrosetti.

For the purposes of the second revision of the Policy, in line with the previous actions, the Company used several remuneration policies of non-financial FTSE Mib index companies as reference, since these were considered most representative of Italian best practices, as well as a peer group of parties (comparable to ERG based on their size and operating in sectors where the ERG Group is active) proposed by consulting firm The European House – Ambrosetti.

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<sup>2</sup> This was the version of the Corporate Governance Code published in December 2011.

<sup>3</sup> Further information regarding bodies and persons involved in the preparation and approval of the Policy and the NRC's composition, competences and working procedures is set out in the Report on Governance and Ownership drawn up pursuant to Article 123-bis of the Consolidated Finance Act (CFA).

- **Changes deriving from acceptance of the July 2014 version of the Corporate Governance Code**

In line with the provisions of the Corporate Governance Code in force, which the Company has accepted, the Policy was modified in order to introduce a clause which expressly recognises the Company's right to request the return of the variable remuneration (or to withhold deferred amounts) where said remuneration is found to have been disbursed based on data what was subsequently deemed clearly incorrect (**clawback clause**).

- **Changes deriving from the general principles of the 2015-2017 LTI System currently being approved**

The main changes in the 2015-2017 LTI System, currently being approved, in the advanced development phase in continuity with the 2012-2014 LTI System, include the introduction of a performance target linked to the performance of the ERG share in the three years of the reference period and the amount of dividends per share paid in the same period (Total Shareholder Return). The purpose is to align the interests of the beneficiaries with the interests of shareholders, which is thus added to the performance target expressed using the indicator EVA (Economic Value Added), a parameter previously used in the 2012-2014 LTI System.

As the general principles of the 2015-2017 LTI System currently being approved require that said System be linked to the performance of the ERG share, it shall be submitted for voting at the Shareholders' Meeting to be convened to approve the financial statements as at 31 December 2014. To that end, the System will be described in the information document to be made available to the public at the registered office of the Company in Genoa, Via De Marini 1, on the Company's website ([www.erg.it](http://www.erg.it)) in the

section "Corporate Governance/Shareholders' Meeting 2015", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

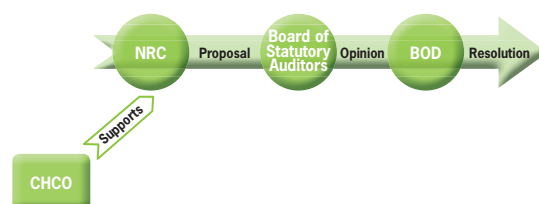
## 2. Parties involved

In keeping with relevant legislative and regulatory provisions in force and the recommendations of the Corporate Governance Code, the decisions behind the implementation of the 2015 Remuneration Policy and the responsibility for its correct application are the result of a joint process involving numerous parties:

a) The Shareholders' Meeting, as regards the *Directors fees* and those of the Directors called upon to sit on the NRC or the CRC;

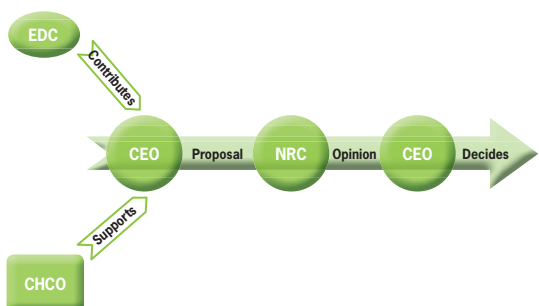


b) The Board of Directors, upon recommendation by the NRC, with the support of the CHCO and having consulted the Board of Statutory Auditors, as regards the *remuneration of Executive Directors* or Directors holding specific offices as well as, if necessary, the Directors called upon to sit on the Strategic Committee, where these are not employees of the Group and do not hold offices on the Board of Directors;

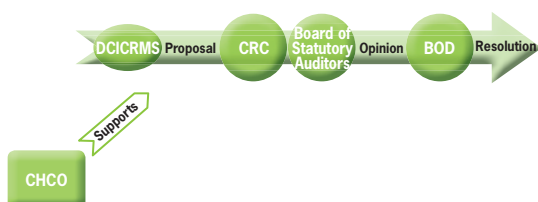


c) The Chief Executive Officer, jointly with the Executive Deputy Chairman and with the support of the CHCO, having consulted the

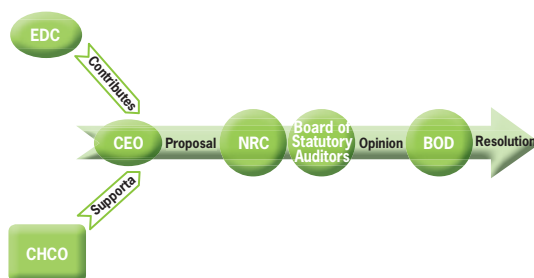
NRC, concerning the *remuneration of Executives with strategic responsibilities*;



d) The Board of Directors, upon recommendation by the Direct responsible for the Internal Control and Risk Management System, based on a favourable proposal by the CRC and the support of the CHCO, having consulted the Board of Statutory Auditors, for the *remuneration of the Chief Audit, Risk & Compliance Officer*, who is also an Executive with strategic responsibilities;



e) The Board of Directors, upon recommendation by the Chief Executive Officer, jointly with the Executive Deputy Chairman and with the support of the CHCO, having consulted the NRC and the Board of Statutory Auditors, for the remuneration of the Manager Responsible for Preparing the Company's Financial Reports, also an Executive with strategic responsibilities.



## Elements of the Remuneration Policy

Component	Purposes and characteristics	Conditions for disbursement	Relative weight
<b>Fixed remuneration</b>	Assigns value to the responsibilities, skills and contribution required by the role. Remunerates activities performed in the event that the variable component is not disbursed. Ensures retention through continuous market benchmarking.	Not subject to conditions.	Differentiated based on the role covered, with the following ranges <ul style="list-style-type: none"> <li>• CEO, from 50% to 60% of Total Annual Remuneration.</li> <li>• Executives with strategic responsibilities, from 50% to 60% of Total Annual Remuneration.</li> </ul>
<b>Short-term variable remuneration (MBO)</b>	Aimed at the achievement of pre-set economic-financial and strategic targets that can be measured and are consistent with the budget.	Disbursement based on the achievement of the targets for the year, broken down into <ul style="list-style-type: none"> <li>• 1 Group target with a minimum threshold of 50% and a maximum of 150%</li> <li>• additional targets. (maximum of 3) to assign value to the business performance and the area of responsibility of the role, with a minimum threshold of 80% and a maximum of 120%.</li> </ul>	Target amounts differentiated based on the characteristics and functions of the role <ul style="list-style-type: none"> <li>• Executives with strategic responsibilities, from 15% to 35% of Total Annual Remuneration*.</li> </ul>
<b>Medium/long-term variable remuneration (LTI)</b>	Aimed at aligning the management's interests with those of shareholders, supporting the improvement in performance in creating sustainable value for the Company.	Performance measured in terms of improvement in the EVA index and in TSR.	Target amounts differentiated based on the characteristics and functions of the role <ul style="list-style-type: none"> <li>• CEO, from 40% to 50% of Total Annual Remuneration*.</li> <li>• Executives with strategic responsibilities, from 25% to 30% of Total Annual Remuneration*.</li> </ul>
<b>Non-monetary benefits</b>	These supplement the remuneration package from a <i>Total Reward</i> point of view, through primarily pension and healthcare benefits.	Conditions envisaged in the national collective labour agreement and supplementary company agreements.	<ul style="list-style-type: none"> <li>• Supplementary pension plans.</li> <li>• Supplementary healthcare benefits.</li> <li>• Insurance coverage.</li> <li>• Vehicle for business and personal use.</li> </ul>

\* If the minimum performance is not achieved, no compensation is paid

## 2.1 Nominations and Remuneration Committee

The Nominations and Remuneration Committee comprises three independent directors qualified as independent pursuant to both the related provisions set forth by the CFA and those set forth by the Corporate Governance Code, who have adequate accounting and financial experience.

The Committee meets on a quarterly basis. The Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors, the Executive Deputy Chairman and Chief Executive Officer take part in the Committee's work. No directors participate in the meetings of the NRC where recommendations are formulated to the Board of Directors relating to Directors' remuneration. Employees of ERG Group companies, representatives of the independent auditor, members of the Board of Statutory Auditors and, in general, persons whose presence is deemed necessary or appropriate for the discussion of the agenda items may be invited to attend Committee meetings.

On the issue of remuneration of members of the Board of Directors, the Committee:

- periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy and report to the members of the Board of Directors;
- submits recommendations or expresses opinions to the Board of Directors as regards the remuneration of Executive Directors or Directors holding specific offices as well as, if necessary, the remuneration of the Directors called upon to sit on the Strategic Committee, where these are not employees of the Group and do not hold offices on the Board of Directors;
- submits proposals or expresses opinions to

the Board of Directors on the setting of performance targets linked to the variable component of the medium/long-term incentive systems;

- monitors the application of the decisions taken by the Board of Directors, verifying the actual achievement of the performance targets.

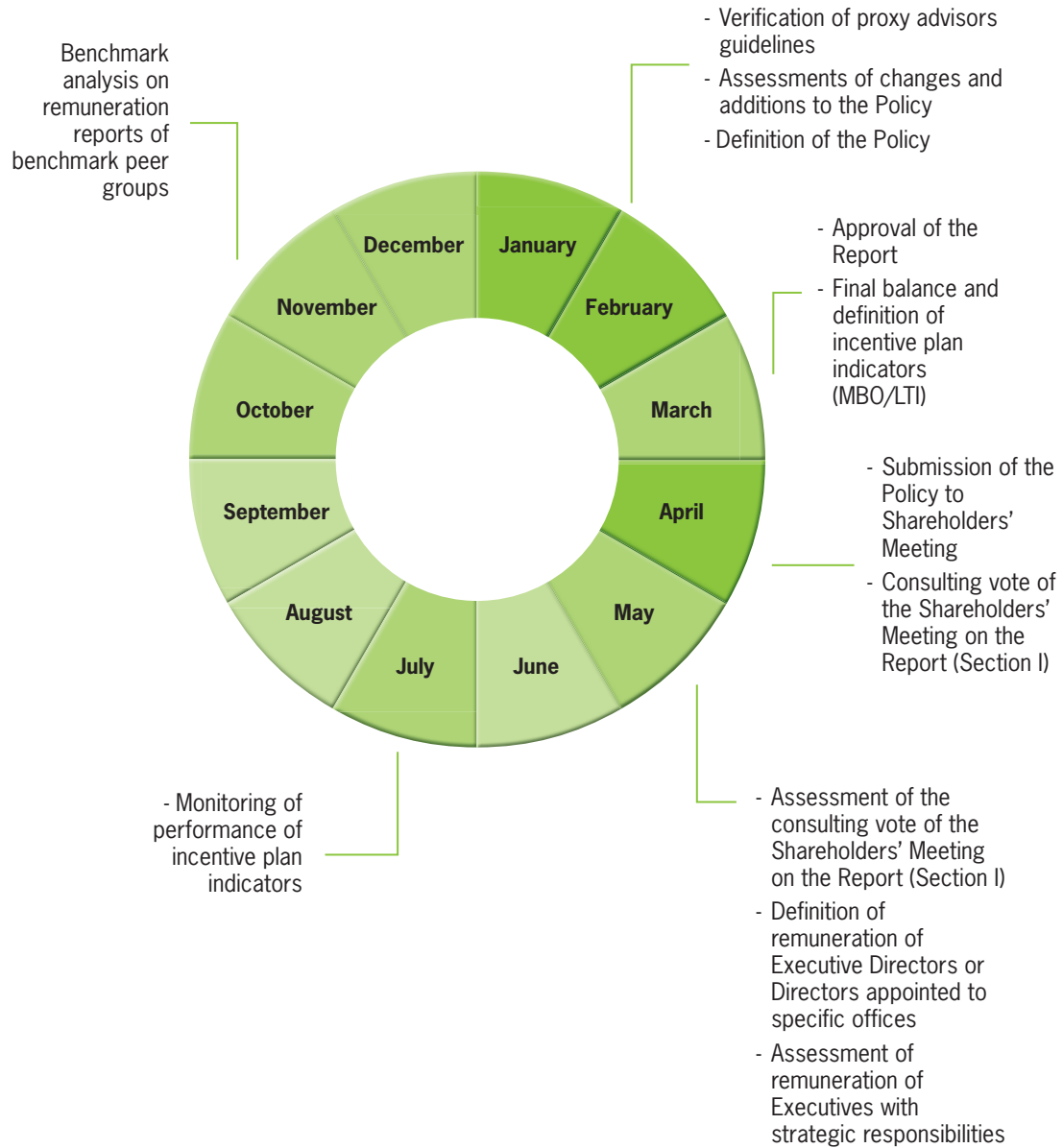
As regards the remuneration of Executives with strategic responsibilities:

- periodically assesses the adequacy, overall consistency and concrete application of the Remuneration Policy;
- expresses opinions to the Chief Executive Officer on their remuneration;
- submits proposals or expresses opinions on the setting of performance targets of the Group linked to the variable component of the short-term incentive systems;
- verifies the actual achievement of the performance targets of the Group.

The Committee actively participates in defining the short and medium/long-term variable incentive systems.

In particular, the Committee has been actively involved in the process of preparation and subsequent adoption of the MBO System, the 2012-2014 LTI System and the general principles of the 2015-2017 LTI System.

## Schedule of work of the Nominations and Remuneration Committee



### 3. Structure of the 2015 Remuneration Policy

The 2015 Policy sets general guidelines for determining the remuneration of Board of Directors members and Executives with strategic responsibilities, in the course of their business, with a view to attracting, retaining and motivating highly qualified managers and aligning their interests to the pursuance of the priority objective of creating sustainable value for shareholders over a medium/long-term horizon.

The company is defining, in the 2015-2017 Strategic Plan being approved, its policy for managing the risk that will be associated with the targets that will be given, the achievement of which will be linked to the part of incentive comprising the 2015-2017 LTI System which, once approved, will be an integral and essential part of the 2015 Policy.

Where, in exceptional cases, the Board of Directors considers it necessary to deviate from the Policy previously approved and subjected to the vote of the shareholders' meeting, any decisions on the matter shall be fully subject to the Procedure for transactions with Related Parties and information on such decisions shall be provided to the market, pursuant to regulations and said Procedure.

The 2015 Policy is structured differently according to whether the remuneration in question is intended for Board Members or Executives with strategic responsibilities.

#### 3.1 Board of Directors

##### 3.1.1 Fees

The Shareholders' Meeting is called upon annually to resolve, upon recommendation by the Shareholders, the assignment of fixed annual compensation for all members of the Board of Directors.

The Shareholders' Meeting is also called upon annually to resolve, upon recommendation by the Shareholders, the assignment of additional fixed annual compensation for independent directors called upon to sit on the NRC or the CRC.



The Board of Directors recommends that these fees be consistent with the professional commitment required by the office, as well as with the relative responsibilities.

The Board of Directors also recommends that the relative fee proposals be presented to the Shareholders (also pursuant to art. 126-bis of the CFA) so that they may be disclosed to the public sufficiently in advance with respect to the Shareholders' Meeting convened to resolve upon them.

It is noted that starting from 2013 the majority shareholder began submitting proposals in line with the above recommendations, which were therefore communicated to the public suitably in advance of the Shareholders' Meeting called upon to resolve on such recommendations.

#### 3.1.2 Remuneration

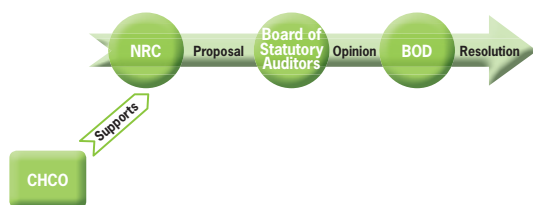
The remuneration paid to Executive Directors or Directors appointed to specific offices shall be suitable to attracting, retaining and motivating highly qualified individuals and aims at assigning a value to their skills, in line with the contribution required by the role.

##### Fixed component

The Board of Directors, upon recommendation by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, resolves to assign annual fixed

remuneration to Executive Directors or Directors holding specific offices.

The Board of Directors, also upon recommendation by the NRC, with the support of the CHCO and having consulted the Board of Statutory Auditors, may assign annual fixed remuneration to the Directors called upon to sit on the Strategic Committee, where these are not employees of the Group and do not hold offices on the Board of Directors. Their remuneration is thus not linked to the Company's income statement results.



The Board of Directors may, in the interest of the Company, provide for the fixed component to be established still using the same criteria but on a three-year basis.

The amount of the annual fixed remuneration is measured in proportion to the commitment required of each beneficiary for their relative offices, and is defined (based on the opinion of specialised consulting firms) through market benchmarking with listed companies. The comparison is made considering, within the ambit of the reference stock market, firms that are similar in terms of their type, size and complexity and by comparing individual roles.

### Variable component

The Board of Directors, upon recommendation by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, resolves to assign variable remuneration of the Chief Executive Officer in the form of a monetary incentive linked to the achievement of specific performance targets correlated to the creation of sustainable value

over the medium/long term, indicated in advance and determined based on the general principles of the 2015-2017 LTI System, currently being approved.

The beneficiaries do not include Executive Directors whose interests are deemed to be intrinsically aligned with the pursuit of the priority objective of creating value for all shareholders. At the approval date of the Report, these individuals are the Chairman and the Executive Deputy Chairman.

The target value bonus is determined taking account of external salary benchmarks (relating to the long-term variable component of the salary) and the forecast value creation.

### General principles of the 2015-2017 LTI System currently being approved

The objective of the 2015-2017 LTI System is to stimulate maximum alignment, in terms of objectives, of the interests of the beneficiaries with pursuit of the priority goal of creating sustainable value for Shareholders over the medium/long-term.

The performance targets which will be concurrently applied to each beneficiary of the plan are the **Economic Value Added** of the ERG Group and the **Total Shareholder Return**.

- Economic Value Added of the ERG Group is a performance target that represents the “residual” monetary value after all production factors have been remunerated, including the cost of capital employed. Thus by expressing income net of the cost of capital, the EVA considers the equity and financial components alongside the income component;
- Total Shareholder Return is a performance target linked to the performance of the ERG share in the reference three-year period and the amount of dividends per share paid in the same period.

The performance targets may vary within the range of values indicated below: all'interno dei valori di seguito indicati:

% weight of parameters	TSR	ΔEVA
Risorse Corporate	40%–60%	60%–40%

The compensation paid in the event of outstanding performance cannot exceed a **pre-set cap**.

If the **minimum performance** is not achieved, no compensation is paid.

The entire compensation, where accrued, will be fully **settled at the end of the 2015-2017 Three-Year Plan**.

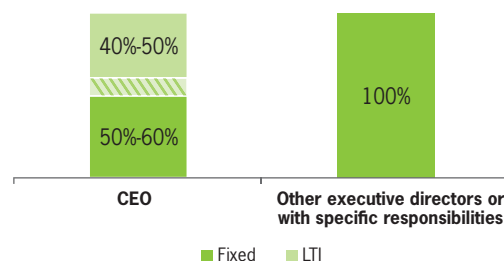


The System also envisages the following:

- the Company has the right to exercise the clawback clause, i.e. the option to request the partial or total return of the LTI compensation paid (or to withhold deferred amounts), within 3 years from its accrual, where the incentive is found to have been determined based on data that was subsequently deemed clearly incorrect;
- specific clauses that govern the consequences of termination of employment while the LTI System is in force <sup>4</sup>.

### 3.1.2 Balancing remuneration

Balancing the fixed and variable components of remuneration aims to align the interest of the specific beneficiaries with the Company's medium/long-term strategic objectives and the sustainable creation of value for Shareholders in compliance with the risk management policy of the ERG Group. The weight of the fixed component of the Chief Executive Officer's remuneration, on an annual basis, may vary in the range of 50% to 60% of his total target remuneration. The variable component of the Chief Executive Officer's remuneration, on a three-year basis, considering its annualised amount, has a weight of 40% to 50%<sup>5</sup> of his total target remuneration. The fixed component of remuneration is sufficient to remunerate the services of the Chief Executive Officer in cases where the variable component is not paid owing to failure to achieve the objectives.



### 3.1.3 Non-recurring remuneration

Non-recurring remuneration may be assigned through a highly rigorous procedure involving the various boards and committees, such as the NRC and the Board of Statutory Auditors, fully composed of independent directors and statutory auditors, respectively<sup>6</sup>.

<sup>4</sup> Illustrated in detail in the information document that will be made available to the public at the registered office of the Company in Via De Marini 1, Genoa on the Company's website ([www.erg.it](http://www.erg.it)) in the section "Corporate Governance/Shareholders' Meeting 2015", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

<sup>5</sup> This refers to the target value of the bonus.

<sup>6</sup> Deemed independent in accordance with the provisions of the CFA and the Corporate Governance Code as well as referring to the statutory auditors pursuant to the standards of behaviour of Boards of Statutory Auditors prepared by the National Board of Chartered Accountants.

In particular, upon recommendation by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, in the case of extraordinary transactions that result in significant transformation of the Group while creating considerable value for the Company and shareholders, the Board of Directors may decide to pay non-recurring remuneration to the Executive Directors that participated in the transaction.

The amount of said remuneration is proportionate to:

- the economic benefit and strategic importance of the transaction;
- the contribution effectively given by each individual Director.

Note that in the three-year period 2012-2014, in accordance with the guidelines of the 2012-2014 Business Plan, the Company continued the transformation process which began in 2008 with the sale of 49% of the ISAB refinery in Sicily, which gradually resulted in the ERG Group positioning itself on more profitable operations which have less exposure to the volatility of scenarios.

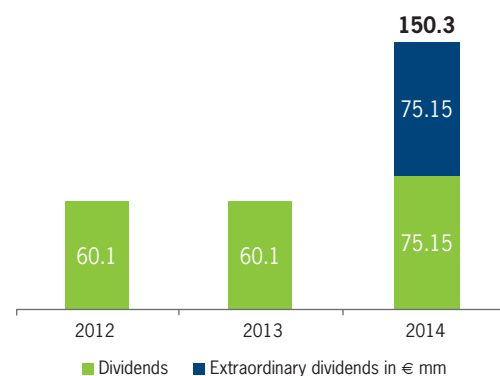
That process, which created significant value for the Company and shareholders, was only made possible due to the completion of the extraordinary transactions indicated below, for which non-recurring remuneration was assigned to the Executive Directors that played a key role in the execution of such transactions.

- **Progressive exit from refining:** begun in 2008 and completed in 2013, with the sale of the last equity investment of 20%.
- **Acquisition of IP Maestrle Investments Ltd.:** in February 2013, ERG Renew acquired 80% of the capital of IP Maestrle Investments Ltd, thus increasing its installed power by 636 MW, of which 550 MW in Italy and 86 MW in Germany, and, as a result, becoming the leading wind power operator

in Italy and among the top ten in Europe. ERG Renew thus reached a suitable industrial size and financial level to autonomously continue in its growth process.

- **Sale of the IGCC of ISAB Energy plant:** in June 2014, ERG sold to ISAB (LUKOIL) the business units ISAB Energy and ISAB Energy Services, mainly comprising the IGCC generation plant. The operation, in line with the definitive exit from refining, is an additional fundamental step forward in the strategy to reposition the asset portfolio. It concurrently strengthened the Group's capital structure to support future development plans.

During the three-year period 2012-2014, also owing to these extraordinary operations and the consequent strategic repositioning of the Group, the ERG share had a TSR of 32% and distributed dividends of EUR 270 million in the same period.



### 3.1.4 Non-monetary benefits

The Shareholders' Meeting may decide, upon recommendation by the Shareholders, that all members of the Board of Directors are entitled to receive certain non-monetary benefits (health and life insurance policies) the amount of which is withheld from the fixed annual compensation also approved by the Shareholders' Meeting. The Board of Directors, upon recommendation

by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, may resolve to assign benefits such as cars and living accommodation to Executive Directors or Directors holding specific offices, not withheld from the fixed annual compensation or remuneration.

### 3.1.5 Indemnity for early termination or non-renewal of the office

The Board of Directors, upon recommendation of NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, may resolve to assign the Chief Executive Officer, as a non-employee of the Company, indemnity in the event of early termination or non-renewal of his office. The amount of said indemnity usually and save for exceptional cases, may not exceed the total amount of related fixed remuneration paid to said party under the relationship over a period of 24 months. The indemnity must be determined in advance along with the overall remuneration and the related resolution must be taken in line with the strategy, values and medium/long-term interests of the ERG Group.

### 3.1.6 Severance indemnities

The Board of Directors, upon recommendation of NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, may resolve to assign the Chief Executive Officer severance indemnities as a non-employee of the Company. The amount of said indemnities usually and save for exceptional cases, may not exceed a total equal to 40% of the related total fixed remuneration paid to said party over his term of office. The indemnities must be determined in advance along with the overall remuneration and the related resolution must be taken in line with the strategy, values and medium/long-term interests of the ERG Group.

## 3.2 Executives with strategic responsibilities

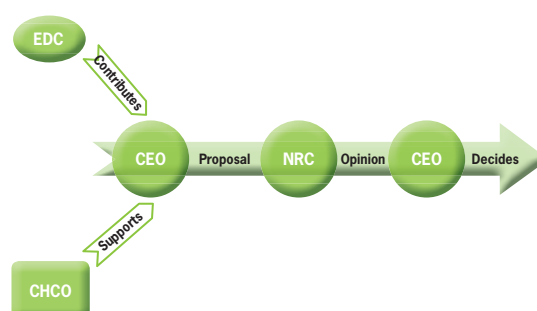
### 3.2.1 Remuneration

The remuneration paid to Executives with strategic responsibilities shall be suitable to attracting, retaining and motivating highly qualified individuals and aims at assigning a value to their skills, in line with the contribution required by the role, as well as to align their interests with the priority objective of creating sustainable value for Shareholders over the medium/long-term.

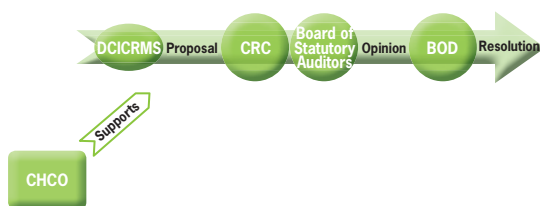
The remuneration is broken down into two components, a fixed and a variable component; The variable remuneration is, in turn, broken down into two components, in the form of a monetary incentive linked to the achievement of specific performance targets, indicated and determined in advance, correlated to the creation of value over the short-term (based on the rules of the MBO System) and the medium/long-term (according to the general principles of the 2015-2017 LTI System, currently being approved).

The following parties are involved in defining the overall remuneration of Executive with strategic responsibilities (as previously indicated in Chapter 2):

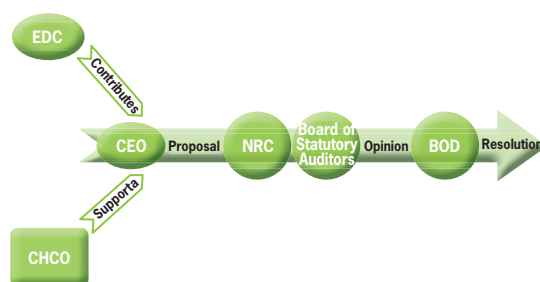
- the Chief Executive Officer, jointly with the Executive Deputy Chairman and with the support of the CHCO, having consulted the NRC, determines the remuneration to be assigned to Executives with strategic responsibilities;



- the Board of Directors, based on recommendation by the Director responsible for the Internal Control and Risk Management System and having obtained the favourable opinion of the CRC<sup>7</sup> and the support of the CHCO, having consulted the Board of Statutory Auditors, determines the remuneration of the Chief Audit, Risk and Compliance Officer;



- the Board of Directors, upon recommendation by the Chief Executive Officer, jointly with the Executive Deputy Chairman and supported by the CHCO, having consulted the NRC and the Board of Statutory Auditors, determines the remuneration of the Manager Responsible for Preparing the Company's Financial Reports.



### Fixed component

The amount of the fixed remuneration is measured in proportion to the commitment required of each beneficiary for their relative offices, and is defined (based on the opinion of specialised consulting firms) through market benchmarking with listed companies. The comparison is made considering, within the

ambit of the reference stock market, firms that are similar in terms of their type, size and complexity and by comparing individual roles.

### Short-term variable component

The short-term variable component is aimed at the achievement of pre-set economic/financial and strategic targets and is governed by the MBO System. The variable component assigned to the Chief Audit, Risk & Compliance Officer is linked to targets not correlated to economic performance indicators and is parameterised on the implementation of the annual audit plan. The target value bonus is determined taking account of external salary benchmarks.

### Main characteristics of the MBO System

The MBO system is designed to encourage participants to achieve annual objectives. The system envisages assigning participants in the scheme performance targets structured as follows:

- 1 Group target, equivalent for all participants, with a weight corresponding to 30% of the incentive target amount and is measured using the indicator "Consolidated IAS result before tax at adjusted replacement cost";
- additional individual targets (maximum of 3) linked to the role held have, with a weight corresponding to 70% of the incentive target amount and measured according to quantitative indicators linked to economic/financial and/or project parameters.

Associated with each objective is a weight and a relative share of the overall monetary incentive. The compensation paid in the event of outstanding performance cannot exceed a pre-set cap - i.e. 150% of the target value for the company target and 120% of the target value for individual targets.

<sup>7</sup> As the body assigned by the Corporate Governance Code to monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit function.

If the **minimum performance** is not achieved, i.e. 80% of the target value for individual targets and 50% of the target value for the company target, no compensation is paid.

Based on the system, the Company has the right to exercise the **clawback clause**, i.e. the

option to request the partial or total return of the MBO compensation paid (or to withhold deferred amounts), within 3 years from its accrual, where the incentive is found to have been determined based on data that was subsequently deemed clearly incorrect.

### Operation of the MBO Scheme

Type	Definition	Breakdown of target incentive	Level of target achieved	Incentive Paid
<b>Company Target</b>	Consolidated IAS result before tax at adjusted replacement cost	30%	< Threshold Indicator = Threshold Indicator ≥ Outstanding Indicator	0% target value 50% target value 150% target value
<b>Individual Target</b>	Individual targets linked to the business and differentiated for each Executive with strategic responsibilities, based on their functions and responsibilities	70%	< Threshold Indicator = Threshold Indicator ≥ Outstanding Indicator	0% target value 80% target value 120% target value

### Medium/long-term Variable Component

The medium/long-term variable component is structured in such a way as to align the interests of the beneficiaries with pursuit of the priority goal of creating sustainable value for Shareholders over the medium/long-term.

The Chief Audit, Risk & Compliance Officer does not participate in the 2015-2017 LTI System.

The target value bonus is determined taking account of external salary benchmarks (relating to the long-term variable component of the salary) and the forecast value creation.

### General principles of the 2015-2017 LTI System currently being approved

The objective of the 2015-2017 LTI System is to stimulate maximum alignment, in terms of objectives, of the interests of the beneficiaries with pursuit of the priority goal of creating sustainable value for Shareholders over the medium/long-term.

The performance targets which will be concurrently applied to each beneficiary of the plan are the **Economic Value Added** of the ERG Group and the **Total Shareholder Return**.

- Economic Value Added of the ERG Group is a performance target that represents the “residual” monetary value after all production factors have been remunerated, including the cost of capital employed. Thus by expressing income net of the cost of capital, the EVA considers the equity and financial components alongside the income component;
- Total Shareholder Return is a performance target linked to the performance of the ERG share in the reference three-year period and the amount of dividends per share paid in the same period.

The performance targets set may vary within the range of values indicated below:

% weight of parameters	TSR	ΔEVA
Corporate Resources	40%–60%	60%–40%
Business Resources	10%–40%	90%–60%

The compensation paid in the event of outstanding performance cannot exceed a **pre-set cap**.

If the **minimum performance** is not achieved, **no compensation is paid**.

The entire compensation, where accrued, will be fully **settled at the end of the 2015-2017 Three-Year Plan**.



The System also envisages the following:

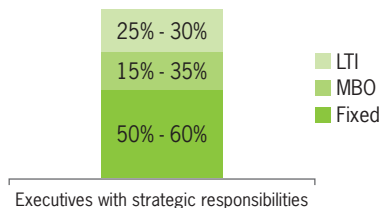
- the Company has the right to exercise the clawback clause, i.e. the option to request the partial or total return of the LTI compensation paid (or to withhold deferred amounts), within 3 years from its accrual, where the incentive is found to have been determined based on data that was subsequently deemed clearly incorrect;
- specific clauses that govern the consequences of termination of employment while the LTI System is in force<sup>8</sup>.

### 3.2.2 Balancing remuneration

Balancing the fixed and variable components of remuneration aims to align the interest of the specific beneficiaries with the Company's

medium/long-term strategic objectives and the sustainable creation of value for Shareholders in compliance with the risk management policy of the ERG Group.

The weight of the fixed component of remuneration for each Executive with strategic responsibilities, on an annual basis, amounting to 50% to 60% of his overall remuneration. The annual variable component (MBO) of the remuneration considering its annualised amount, has a weight of 15% to 35%<sup>9</sup> of the total target remuneration, while the medium/long-term variable component (LTI), considering its annualised amount, has a weight of 25% to 30%<sup>10</sup> of the total target remuneration.



The fixed portion is sufficient to remunerate the services of the Executive with strategic responsibilities in cases where the variable portion is not paid owing to failure to achieve the performance targets

### 3.2.3 Non-recurring remuneration

Non-recurring remuneration may be assigned through a highly rigorous procedure involving the NRC, fully composed of independent directors both in accordance with the provisions of the CFA and the Corporate Governance Code.

In particular, the Chief Executive Officer, jointly with the Executive Deputy Chairman, with the

<sup>8</sup> Illustrated in detail in the information document that will be made available to the public at the registered office of the Company in Via De Marini 1, Genoa on the Company's website ([www.erg.it](http://www.erg.it)) in the section "Corporate Governance/Shareholders' Meeting 2015", at Borsa Italiana S.p.A. and on the authorised storage platform Nis-Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

<sup>9</sup> This refers to the target value of the bonus.

<sup>10</sup> This refers to the target value of the bonus.

support of the CHCO, having consulted the NRC, in the case of extraordinary transactions that result in significant transformation of the Group while creating considerable value for the Company and shareholders, may resolve to pay non-recurring remuneration to the Executives with strategic responsibilities that participated in the transaction.

The amount of said remuneration is proportionate to:

- the economic benefit and strategic importance of the transaction;
- the contribution effectively given by each individual Executive with strategic responsibilities.

### 3.2.4 Non-monetary benefits

The Chief Executive Officer, jointly with the Executive Deputy Chairman and with the support of the CHCO, having consulted the NRC, may decide to assign benefits such as insurance policies (health and life insurance), pension benefits, cars and living accommodation to Executives with strategic responsibilities, not withheld from remuneration. The Board of Directors, based on recommendation by the Director responsible for the Internal Control and Risk Management System and having obtained the favourable opinion of the CRC and the support of the CHCO, having consulted the Board of Statutory Auditors, may decide to assign benefits such as insurance policies (health and life insurance), pension benefits, cars and living accommodation to the Chief Audit, Risk & Compliance Officer, not withheld from remuneration.

The Board of Directors, upon recommendation by the Chief Executive Officer, jointly with the Executive Deputy Chairman, with the support of the CHCO, having consulted the NRC and the Board of Statutory Auditors, may decide to assign benefits such as insurance policies (health and life insurance), pension benefits,

cars and living accommodation to the Manager Responsible for Preparing the Company's Financial Reports, not withheld from remuneration.

### 3.2.5 Resignation from office or termination of the employment relationship

Insofar as concerns Executives with strategic responsibilities, as employees, in the event that employment is terminated for justified motive or just cause, the terms and conditions of the national collective agreement for industrial managers of companies producing goods and services shall apply.

### 3.3 Incentive plans based on financial instruments

It should be noted that the current Policy does not provide for incentive plans based on financial instruments.

The general principles of the 2015-2017 LTI System (monetary incentive system) establish the introduction of a performance target linked to the performance of the ERG share in the reference three-year period and the amount of dividends per share paid in the same period (Total Shareholder Return)

## SECTION II: 2014 Fees and Remuneration

### 4. Implementation of the 2014 Remuneration Policy

#### 4.1 Board of Directors

##### 4.1.1 Fees

The Shareholders' Meeting of 15 April 2014, upon recommendation by the Shareholder Polcevera S.A. pursuant to Article 126-bis of the CFA, resolved to assign **fixed annual compensation** for all members of the Board of Directors. The Shareholders' Meeting of 15 April 2014, upon recommendation by the Shareholder Polcevera S.A. pursuant to Article 126-bis of the CFA, also resolved to assign additional **fixed annual compensation** for the independent directors called upon to sit on the NRC or the CRC.

The above recommendations, in accordance with the statements made by the Shareholder Polcevera S.A., were formulated in line with the professional commitment required of the offices, as well as the related responsibilities.

##### 4.1.2 Remuneration

###### Fixed component

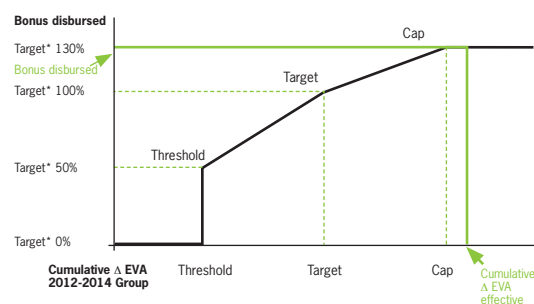
The Chief Executive Officer's fixed remuneration, for each year of his term in office, was assigned by the Board of Directors on 10 May 2012, upon recommendation by the NRC, after consulting the Board of Statutory Auditors. On 14 May 2014 the Board of Directors, also upon recommendation by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, resolved to assign annual fixed remuneration to the Chairman, the Executive Deputy Chairmen, the Director

responsible for the Internal Control and Risk Management System, as well as the Directors called upon to sit on the Strategic Committee, who are not employees of the Group and do not hold offices within the Board of Directors.

###### Variable component

The Board of Directors on 10 May 2012, upon recommendation by the NRC and having consulted the Board of Statutory Auditors, resolved to assign variable monetary remuneration for the Chief Executive Officer linked to the creation of value in the medium/long term, determined according to the rules envisaged within the scope of the 2012-2014 LTI System.

In the meeting of 11 March 2015, having assessed the performance of the Chief Executive Officer in relation to the assigned targets, upon recommendation by the NRC, with the support of the CHCO, having consulted the Board of Statutory Auditors, the Board of Directors resolved, in compliance with the provisions of the 2012-2014 LTI System, to pay the Chief Executive Officer the variable remuneration he accrued over the three-year period 2012-2014.



At its meeting of 18 December 2012, the Board of Directors, upon recommendation by the NRC and having consulted the Board of Statutory Auditors, decided not to include the Chairman and Executive Deputy Chairman among the participants in the 2012-2014 LTI System – although they hold management powers – as their interests are already considered to be intrinsically aligned to the pursuance of the priority objective of value creation for all shareholders.

### Qualification of Remuneration

The target amount of said remuneration was established in proportion to the commitment required of each party for their respective aforesaid offices, and was defined (based on the Taxis survey) through market benchmarking linking to roles of executive directors of industrial companies listed on the Italian market, excluding those in the microcap, smallcap and former bluechip segments. The sample in question did not include companies in the bancassurance sector or star companies whose size is not comparable to that of the Company.

### Non-recurring remuneration

The Board of Directors, upon recommendation by the NRC<sup>11</sup>, with the support of the CHCO and having consulted the Board of Statutory Auditors, in relation to the sale in June 2014 to ISAB (LUKOIL) of the business units ISAB Energy and ISAB Energy Services, mainly comprised of the IGCC production plant – an operation, in line with the definitive exit from refining, resulted in a fundamental step forward in the strategy to reposition the asset portfolio while strengthening the Group's capital structure also to support future development plans, assigned non-recurring remuneration to

the Chief Executive Officer and Executive Deputy Chairman who participated in the operation. The size of the non-recurring remuneration was determined in proportion to the economic benefit and strategic importance of the transaction in question, together with the contribution effectively given by each Director.

### Non-monetary benefits

For the Directors who chose to take advantage of the option to receive certain non-monetary benefits (such as health and life insurance policies), the amount of the benefits in question was deducted from the annual remuneration approved by the Shareholders' Meeting on 15 April 2014.

As regards the Executive Directors or Directors appointed to specific offices who made use of certain benefits such as a car and living accommodation, the amount of such benefits was not deducted from the fixed component.

### Resignation from office or termination of the employment relationship

In this regard, note that the current Board of Directors will expire on the date of the Shareholders' Meeting convened for approval of the Annual Financial Statements for the period ended 31 December 2014.

The Board of Directors Meeting on 10 May 2012, having obtained the opinion of the NRC<sup>12</sup> and after consulting the Board of Statutory Auditors, granted the Chief Executive Officer – who (on the same date) tendered his resignation as Corporate General Manager – entitlement to receive (i) an end-of-mandate payment accrued in keeping with the duration of his term of office based on an appropriation of Euro 420,000.00 per year, in addition to (ii) an indemnity of Euro 2,200,000.00, payable in the case of resignation for just cause or

<sup>11</sup> Also taking account of the Procedure for transactions with Related Parties.

<sup>12</sup> Also taking account of the Procedure for transactions with Related Parties.

revocation without just cause, as in certain cases of impossibility to perform, non-renewal or modification of mandate, also ascribable to changes in the ownership structure. Such indemnity will not be paid if the termination, revocation or non-renewal is due to just cause. We point out that no other agreements exist in favour of Executive Directors providing for indemnities in the case of resignation from office or termination of the employment relationship.

## 4.2 Executives with strategic responsibilities

### Fixed component

The fixed remuneration of Executives with strategic responsibilities was defined by the Chief Executive Officer, jointly with the Executive Deputy Chairman and with the support of the CHCO, in compliance with the 2014 Policy, based on market salary surveys provided by specialised firms.

For the Chief Audit, Risk & Compliance Officer the fixed (and the variable) remuneration was determined by the Board of Directors' Meeting on 14 May 2014, upon recommendation by the Director responsible for the Internal Control and Risk Management System and having obtained the favourable opinion of the CRC, with the support of the CHCO, having consulted the Board of Statutory Auditors.

The objectives relating to the variable component assigned to the Chief Audit, Risk & Compliance Officer are not tied to economic performance indicators.

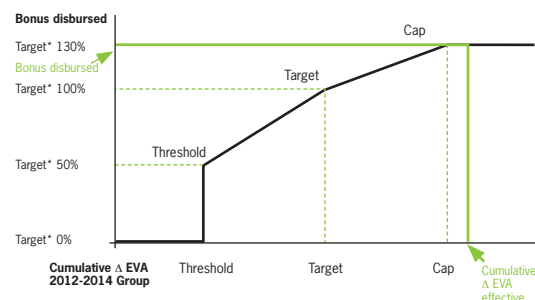
### Variable component

The variable component of remuneration as regards the Executives with strategic responsibilities, comprising short-term incentives (MBO) and medium/long-term

incentives (2012-2014 LTI)<sup>13</sup> was defined by the Chief Executive Officer, jointly with the Executive Deputy Chairman, with the support of the CHCO, in observance of the 2014 Policy. The finale balance of the 2014 company target of the MBO system was calculated as illustrated in the table below

Type	Definition	Final total incentive
<b>Company Target</b>	Consolidated IAS result before tax at adjusted replacement cost adjusted	103%

The final balance of the cumulative EVA target 2012 – 2014 relating to the LTI plan was calculated as illustrated in the charts below:



### Qualification of Remuneration

The amount of target remuneration was established in proportion to the commitment required of each party for their respective aforesaid offices, and was defined (based on the Hay Executive Italy survey) through benchmarking based on a market that includes the top management and their direct inferiors of listed and/or independent companies operating on the Italian market. The panel is composed of 245 companies, on an examined sample of 1,400 top executives.

13 The Chief Audit, Risk & Compliance Officer does not participate in the LTI System. His salary package is parameterised, inter alia, on the implementation of the annual audit plan.

**Non-recurring remuneration**

The Chief Executive Officer, upon recommendation by the NRC<sup>14</sup>, with the support of the CHCO, in relation to the sale in June 2014 to ISAB (LUKOIL) of the business units ISAB Energy and ISAB Energy Services, mainly comprised of the IGCC production plant – an operation, in line with the definitive exit from refining, resulted in a fundamental step forward in the strategy to reposition the asset portfolio while strengthening the Group's capital structure also to support future development plans, assigned non-recurring remuneration to Executives with strategic responsibilities who participated in the operation. The size of the non-recurring remuneration was determined in proportion to the economic benefit and strategic importance of the transaction in question, together with the contribution effectively given by each of these.

**Non-monetary benefits**

During the course of 2014, Executives with strategic responsibilities received certain non-monetary benefits including, by way of example, insurance coverage (health and life policies), pension benefits, car and living accommodation.

**Resignation from office or termination of the employment relationship**

Insofar as concerns Executives with strategic responsibilities, whenever an employment relationship is terminated for justified motive or just cause, the terms and conditions of the national collective agreement for industrial managers of companies producing goods and services shall apply.

**4.3 Incentive plans based on instruments**

We report that, in keeping with the 2014 Policy, no incentive plans based on financial instruments were adopted.

**5. Fees paid in 2014**

The tables 1 and 3B set out details of the remuneration paid, for whatsoever reason and in any form, during the year in question, by the Company and by subsidiary and associated companies.

**6. Equity investments held in 2014**

The Scheme 7-ter set out information on the equity investments of members of the Administrative and Control Bodies, General Managers and other with strategic responsibilities.

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14 Also taking account of the Procedure for transactions with Related Parties.

**Table 1: Fees paid to the Administrative Body Members, General Managers and other Executives with strategic responsibilities**

(A) Name and Surname	(B) Office	(C) Period in which the office was held	(D) Termination of office	(1) Fixed fees	(2) Fees for participating in committees	(3)		(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair Value of equity fees	(8) Severance indemnity
						Variable non-equity fees	Profit-sharing					
<b>Edoardo Garrone</b>												
	Chairman	01.01.2014 - 31.12.2014	30.04.2015	1,049,153.80	-	-	-	10,846.20	-	1,060,000.00	-	-
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				-	-	-	-	-	-	-	-	-
(II) Fees from subsidiaries and associates				-	-	-	-	10,846.20	-	1,060,000.00	-	-
(III) Total				1,049,153.80	-	-	-	10,846.20	-	1,060,000.00	-	-
<b>Alessandro Garrone</b>												
	Executive Deputy Chairman	01.01.2014 - 31.12.2014	30.04.2015	939,563.80	-	585,000.00 <sup>(1)</sup>	-	14,363.92	-	1,538,927.72	-	-
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				200,000.00 <sup>(2)</sup>	-	-	-	-	-	200,000.00	-	-
(II) Fees from subsidiaries and associates				1,139,563.80	-	585,000.00	-	14,363.92	-	1,738,927.72	-	-
(III) Total												
<b>Giovanni Mondini</b>												
	Deputy Chairman	01.01.2014 - 31.12.2014	30.04.2015	350,399.80	-	-	-	14,643.57	-	365,043.37	-	-
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				-	-	-	-	-	-	-	-	-
(II) Fees from subsidiaries and associates				350,399.80	-	-	-	14,643.57	-	365,043.37	-	-
(III) Total												
<b>Luca Bettonte</b>												
	Chief Executive Officer	01.01.2014 - 31.12.2014	30.04.2015	1,176,009.81	-	4,502,000.00 <sup>(3)</sup>	-	21,426.63	-	5,699,436.44	-	420,000.00 <sup>(4)</sup>
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				15,000.00 <sup>(5)</sup>	-	-	-	-	-	15,000.00	-	-
(II) Fees from subsidiaries and associates				1,191,009.81	-	4,502,000.00	-	21,426.63	-	5,714,436.44	-	420,000.00
(III) Total												
<b>Massimo Belcredi</b>												
	Director	01.01.2014 - 31.12.2014	30.04.2015	56,338.80	75,000.00 <sup>(6)</sup>	-	-	3,661.20	-	135,000.00	-	-
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				-	-	-	-	-	-	-	-	-
(II) Fees from subsidiaries and associates				56,338.80	75,000.00	-	-	3,661.20	-	135,000.00	-	-
(III) Total												
<b>Pasquale Cardarelli</b>												
	Director	01.01.2014 - 31.12.2014	30.04.2015	60,000.00	30,000.00 <sup>(7)</sup>	-	-	-	-	90,000.00	-	-
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				-	-	-	-	-	-	-	-	-
(II) Fees from subsidiaries and associates				60,000.00	30,000.00	-	-	-	-	90,000.00	-	-
(III) Total												

(A) Name and Surname	(B) Office	(C) Period in which the office was held	(D) Termination of office	(1) Fixed fees	(2) Fees for participating in committees	(3) Variable non-equity fees	(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair Value of equity fees	(8) Severance indemnity		
												Bonuses and other incentives	
												Profit-sharing	
<b>Alessandro Careri</b> <sup>(8)</sup> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				60,000.00	100,000.00 <sup>(9)</sup>	-	-	-	160,000.00	-	-		
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-		
(III) Total				60,000.00	100,000.00	-	-	-	160,000.00	-	-		
<b>Marco Costaguta</b> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				60,000.00	100,000.00 <sup>(9)</sup>	-	-	-	160,000.00	-	-		
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-		
(III) Total				60,000.00	100,000.00	-	-	-	160,000.00	-	-		
<b>Antonio Guastoni</b> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				60,000.00	45,000.00 <sup>(10)</sup>	-	-	-	105,000.00	-	-		
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-		
(III) Total				60,000.00	45,000.00	-	-	-	105,000.00	-	-		
<b>Paolo Francesco Lanzoni</b> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				53,704.87	100,000.00 <sup>(11)</sup>	-	-	6,295.13	160,000.00	-	-		
(II) Fees from subsidiaries and associates				-	49,735.18 <sup>(12)</sup>	-	-	-	49,735.18	-	-		
(III) Total				53,704.87	149,735.18	-	-	6,295.13	209,735.18	-	-		
<b>Graziella Merello</b> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				305,085.03	-	-	-	4,914.97	310,000.00	-	-		
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-		
(III) Total				305,085.03	-	-	-	4,914.97	310,000.00	-	-		
<b>Umberto Quadri</b> Director 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				60,000.00	-	-	-	-	60,000.00	-	-		
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-		
(III) Total				60,000.00	-	-	-	-	60,000.00	-	-		
<b>Mario Pacciani</b> Chairman of the Board of Statutory Auditors 01.01.2014 - 31.12.2014 30.04.2015													
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				60,000.00	-	-	-	-	60,000.00	-	-		
(II) Fees from subsidiaries and associates				17,500.00 <sup>(13)</sup>	-	-	-	-	17,500.00	-	-		
(III) Total				77,500.00	-	-	-	-	77,500.00	-	-		

(A) Name and Surname	(B) Office	(C) Period in which the office was held	(D) Termination of office	(1) Fixed fees	(2) Fees for participating in committees	(3) Variable non-equity fees		(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair Value of equity fees	(8) Severance indemnity
						Bonuses and other incentives	Profit-sharing					
<b>Leilio Fornabaio</b>												
	Standing Auditor	01.01.2014 - 31.12.2014	30.04.2015									
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				40,000.00	-	-	-	-	-	40,000.00	-	-
(II) Fees from subsidiaries and associates				76,700.00 <sup>(14)</sup>	-	-	-	-	-	76,700.00	-	-
(III) Total				116,700.00	-	-	-	-	-	116,700.00	-	-
<b>Elisabetta Barisone</b>												
	Standing Auditor	23.04.2014 - 31.12.2014	30.04.2015									
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				40,000.00	-	-	-	-	-	40,000.00	-	-
(II) Fees from subsidiaries and associates				25,000.00 <sup>(16)</sup>	-	-	-	-	-	25,000.00	-	-
(III) Total				65,000.00	-	-	-	-	-	65,000.00	-	-
<b>Executives with Strategic Responsibilities <sup>(17)</sup></b>												
		Directors in subsidiaries and division heads										
(I) Fees in the company that prepares the financial statements (ERG S.p.A.)				1,087,164.47	-	2,349,372.00 <sup>(18)</sup>	-	38,475.95	-	3,475,012.42	-	-
(II) Fees from subsidiaries and associates				-	-	-	-	-	-	-	-	-
(III) Total				1,087,164.47	-	2,349,372.00	-	38,475.95	-	3,475,012.42	-	-

#### Table 1 Notes

- (1) Non-recurring remuneration disbursed in 2014, paid by the Board of Directors, with the opinion of the Nominations and Remuneration Committee, having received the input of the Board of Statutory Auditors, on the sale to ISAB (Lukoil) of the business units ISAB Energy and ISAB Energy Services.
- (2) Fees for the office of Chairman of ERG Renew S.p.A.
- (3) Includes non-recurring remuneration of EUR 1,460,000 disbursed in 2014, paid by the Board of Directors, with the opinion of the Nominations and Remuneration Committee, having received the input of the Board of Statutory Auditors, on the sale to ISAB (Lukoil) of the business units ISAB Energy and ISAB Energy Services and the variable component of remuneration of EUR 3,042,000 linked to the achievement of the targets set out in the medium/long-term monetary incentive system referring to the period 2012-2014.
- (4) Share pertaining to the year of severance indemnities.
- (5) Fees for the office of Director of ERG Renew S.p.A.
- (6) Fees for the office of Chairman of the Internal Control and Risk Committee (EUR 45,000) and Member of the Nominations and Remuneration Committee (EUR 30,000).
- (7) Fees for the office of Member of the Nominations and Remuneration Committee.
- (8) Note that in 2014, I.E.C. S.r.l., in which Alessandro Careri is Sole Director, was paid a consulting fee of EUR 220,000 over expenses.
- (9) Fees for the office of Member of the Strategic Committee.
- (10) Fees for the office of Member of the Control and Risk Committee.
- (11) Fees for the office of Member of the Control and Risk Committee (EUR 45,000), Chairman of the Nominations and Remuneration Committee (EUR 30,000) and Chairman of the Supervisory Committee (EUR 25,000.00).
- (12) Fees for the office of Chairman of the Supervisory Committee of ERG Renew S.p.A., ERG Oil Sicilia S.r.l. (sold on 30/12/2014), ERG Power S.r.l. (sold on 21/02/2014) and ERG Power Generation S.p.A. (appointed 16/04/2014), ISAB Energy Services S.r.l., ERG Supply & Trading S.p.A. (appointed 27/01/2014) and ERG Services S.p.A. (appointed 09/05/2014).
- (13) Fees for the office of Chairman of the Board of Statutory Auditors of ERG Power S.r.l. and Statutory Auditor of ISAB Energy S.r.l.
- (14) Fees for the office of Chairman of the Board of Statutory Auditors of ERG Power S.p.A., ERG Power Generation S.p.A., ERG Services S.p.A. and Statutory Auditor of Ionio Gas in liquidazione S.r.l.
- (15) Fees for the office of Chairman of the Board of Statutory Auditors of IFaber S.p.A. and Statutory Auditor of Ionio Gas in liquidazione S.r.l.
- (16) Fees for the office of Chairman of the Board of Statutory Auditors of ERG Supply & Trading S.p.A. (appointed on 3/12/2013), Statutory Auditor of ERG Oil Sicilia S.r.l. (appointed on 18/04/2013) and ERG Services S.p.A. (appointed on 3/12/2013).
- (17) Includes 6 Key Managers.
- (18) Includes non-recurring remuneration of EUR 711,000 disbursed in 2014, approved by the Chief Executive Officer, having consulted the Nominations and Remuneration Committee, on the sale to ISAB (Lukoil) of the business units ISAB Energy and ISAB Energy Services and the variable component of remuneration of EUR 1,474,633 linked to the achievement of the targets set out in the medium/long-term monetary incentive system referring to the period 2012-2014.

Table 3B: Monetary incentive plans for Administrative Body Members, General Managers and other Executives with strategic responsibilities

A Name and Surname	B Office	(1) Plan	(2) Bonus for the year		(3) Bonus from previous years		(4) Other Bonuses		
			(A) Disbursable/ Disbursed	Deferred	(C) Deferral period	(A) Can no longer be disbursed		(B) Disbursable/ Disbursed	(C) Still deferred
(I) Fees in the company that prepares the financial statements									
Alessandro Garrone	Executive Deputy Chairman		-	-	-	-	585,000.00 <sup>(1)</sup>		
Luca Bettonte	Chief Executive Officer	Medium/long-term incentive system (Board of Directors' Resolution of 18/12/2012)	1,014,000.00		anno 2012-2014 <sup>(2)</sup>	-	2,028,000.00 <sup>(3)</sup>	-	1,460,000.00 <sup>(1)</sup>
Executives with Strategic Responsibilities	Directors in subsidiaries and division heads	Medium/long-term incentive system (Board of Directors' Resolution of 18/12/2012)	402,133.00	-	anno 2012-2014 <sup>(2)</sup>	184,600.00 <sup>(4)</sup>	795,600.00 <sup>(3)</sup>	-	-
Executives with Strategic Responsibilities	Directors in subsidiaries and division heads	Short-term incentive system (Board of Directors' Resolution of 20/12/2011)	440,639.00	-	anno 2014 <sup>(5)</sup>	-	-	-	711,000.00 <sup>(4)</sup>
(I) Totale			1,856,772.00			184,600.00	2,823,600.00		2,756,000.00

(1) Non-recurring remuneration disbursed in 2014, paid by the Board of Directors, with the opinion of the Nominations and Remuneration Committee, having received the input of the Board of Statutory Auditors, on the sale to ISAB (LUKOIL) of the business units ISAB Energy and ISAB Energy Services.

(2) Variable component of remuneration for 2014, linked to the achievement of the targets set out in the 2012-2014 medium/long-term monetary incentive system, which will be disbursed by ERG S.p.A in May 2015.

(3) Variable component of remuneration for 2012 and 2013, linked to the achievement of the targets set out in the 2012-2014 medium/long-term monetary incentive system, which will be disbursed by ERG S.p.A in May 2015.

(4) Non-recurring remuneration disbursed in 2014, paid by the Chief Executive Officer, having consulted the Nominations and Remuneration Committee, on the sale to ISAB (LUKOIL) of the business units ISAB Energy and ISAB Energy Services.

(5) Variable component of remuneration for 2014, linked to the achievement of the short-term targets, which will be disbursed by ERG S.p.A in May 2015.

(6) Forfeiture by an Executive with Strategic Responsibilities of the right to participate in the 2012-2014 LTI System, in line with the provisions of the 2012-2014 LTI Regulations.

No fees are envisaged from subsidiaries and associates.

Table 7-ter: Table relating to the information on the equity investments of members of the Administrative and Control Bodies, General Managers and other Executives with strategic responsibilities

Name and Surname	Office	Investee 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 current year
Alessandro Garrone <sup>(1)</sup>	Executive Deputy Chairman	ERG S.p.A.	2,000	-	-	2,000
Executives with Strategic <sup>(1)</sup> Responsibilities		ERG S.p.A.	1,400	-	1,400	

(1) Direct shareholders - type of holding: ownership

**ERG S.p.A.**

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