

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING, PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/98 AND WITH ARTICLE 2429 OF THE ITALIAN CIVIL CODE

To the Shareholders' Meeting of ERG S.p.A.

The Board of Statutory Auditors, in office at the date of this report, was appointed by the Shareholders' Meeting of 23 April 2013 and its term of office shall expire upon approval of the Financial Statements as at 31 December 2015; the appointment took place in accordance with the applicable provisions of the laws, regulations and articles of incorporation, and the composition of the Board fulfils the gender parity criteria per Article 148 of Italian Legislative Decree no. 58/98.

The Shareholders' Meeting of 15 April 2014 appointed Mr. Mario Lamprati as Alternate Auditor of the company, replacing the Alternate Auditor Mr. Stefano Remondini, who had resigned.

The statutory auditors acknowledge that the appointment took place on the basis of the proposal submitted by the majority Shareholder, in accordance with the applicable provisions of the laws, regulations and articles of incorporation.

The Board of Statutory Auditors undertakes that, during the year, it assessed, for all statutory auditors, on the basis of the statements by the statutory auditors themselves and of the available information, both the lack of grounds for invalidation, ineligibility and incompatibility prescribed by Articles 2382 and 2399 of the Italian Civil Code and by Article 148 of Italian Legislative Decree no. 58/98, as well as compliance with the independence requirements prescribed by law, on the basis of the criteria prescribed by the Standards of Behaviour of the Board of Statutory Auditors, prepared by the National Board of Chartered Accountants, and by the Corporate Governance Code of listed companies with reference to independent directors, assigning more relevance to substance (assurance of independent judgement) than to form. No events have occurred which may invalidate the independence requirement with respect to the verification carried out at the time of the appointment.

The Board of Statutory Auditors notified the outcome of these assessments, in accordance with Article 144-novies, Paragraph 1-ter of CONSOB Regulation no. 11971, to the Board of Directors for the consequent disclosure to the public.

During the year, the Statutory Auditors carefully evaluated the effort and time required for diligent performance of the assigned duties and compliance with the limit to the accumulation of offices which may be held in other companies, established by the law (Article 148-bis of the Consolidated Finance Act and related implementing rules, Articles 144-duodecies to 144-quinquiesdecies of the Issuers' Regulations), fulfilling their disclosure obligations to the CONSOB and the public as prescribed, respectively, by Articles 148 of the Consolidated Finance Act and 144-terdecies of the Issuers' Regulations.

The Board of Statutory Auditors, lastly, reports that no statutory auditor had interests, on its own or on third parties' behalf, in a determined transaction during the year.

Supervisory activity: legal, regulatory and ethical sources

The supervisory activity required on the part of the Board of Statutory Auditors was carried out in accordance with the law and, in particular, with Article 149 of Italian Legislative Decree no. 58/98 (Consolidated Finance Act or "TUF"), with the recommendations of the CONSOB with regard to corporate controls and activities of the Board of Statutory Auditors (in particular, communication no. DAC/RM 97001574 of 20 February 1997), with the indications contained in the Corporate Governance Code, and with the Standards of Behaviour of the Board of Statutory Auditors of listed companies issued by the National Board of Chartered Accountants, 2012 edition, with the additions made in the 2014 version (currently undergoing public consultation).

In preparing this report, due consideration was given to CONSOB communications no. 1025564 of 6 April 2001, no. 3021582 of 4 April 2003 and no. 6031329 of 7 April 2006, pertaining to the content of the reports of the Boards of Statutory Auditors to the Shareholders' Meetings of companies with shares listed on the stock market.

Lastly, the Board of Statutory Auditors undertakes that on 15 April 2014 it delivered to CONSOB, in compliance with CONSOB Communication no. 6031329 of 7 April 2006, the "Summary of oversight activities" referred to financial year 2013, according to the form provided for this purpose by the same authority.

Attendance at the meetings of corporate bodies

The Board of Statutory Auditors undertakes that:

- in the course of financial year 2014, the Board of Statutory Auditors held thirteen meetings and attended the Shareholders' Meeting and the eight meetings of the Board of Directors.
From the closing date of the Financial Statements to the date of this report, the Board of Statutory Auditors met five times;
- the Internal Control and Risk Committee met eight times (of which five times in joint session with the Board of Statutory Auditors, in view of the issues to be discussed) and the Nominations and Remuneration Committee met six times.

The Board of Statutory Auditors attended all meetings of the Internal Control and Risk Committee and, with reference to the Nominations and Remuneration Committee, through the participation of its own Chairman or of another Auditor designated by him.

Supervision of compliance with the law, with the articles of incorporation and with regulations and of the enforcement of proper administration standards

By attending the Shareholders' Meetings and the meetings of the Board of Directors, the Board of Statutory Auditors supervised compliance with the articles of association, the laws and regulations that govern the operation of the Company's bodies and the enforcement of proper administration standards. The frequency of the meetings of the Board of Directors, the Directors' average attendance rate and the duration of the meetings were adequate and no significant resolutions were passed without providing sufficient information to the directors and statutory auditors. The Board of Statutory Auditors verified that all resolutions were in accordance with the best interest of the company and were supported by suitable documentation and by expert opinions pertaining to the economic-financial congruity of transactions, when necessary.

The Board of Statutory Auditors acknowledges that the Board of Directors receives adequate information from the Chief Executive Officer and from the Internal Control and Risk Committee; it supervises the general operating performance, periodically comparing the results achieved with those planned; it scrutinises and approves transactions with significant relevance and it is aware of the risk and of the effects of the transactions carried out. The disclosure obligations pertaining to information that is regulated, privileged or required by the Supervisory Authorities.

Information about the overall activity carried out by the Company and by its subsidiaries

The Board of Statutory Auditors acquired from the directors, at least once per quarter, adequate information on the overall activity carried out by the Company, in the various businesses where it operated, also through subsidiaries and associates, and about the transactions with the greatest economic and financial relevance. On the basis also of the flows of information acquired during its supervisory activity, the Board of Statutory Auditors ascertained that the actions resolved and carried out were compliant with the law and with the articles of incorporation and were not manifestly imprudent or foolhardy, in potential conflict of interest or in contrast with the resolutions passed by the corporate bodies or such as to compromise the integrity of the company's capital. The Board of Statutory Auditors also supervised compliance with the Guidelines, Standards of behaviour and Procedures in force within the Group, and adherence to the processes whose outcome is brought to the directors' attention for decision-making.

Additional information about the investees of ERG S.p.A. was obtained from the Independent Auditors and from the statutory auditors of the companies themselves.

The Board of Statutory Auditors acquired knowledge and supervised, for matters under its competence, compliance with proper administration standards, also through the information received directly from the heads of the various company functions and from representatives of the Independent Auditors.

On the basis of the information acquired in the supervisory activity, it emerged that the transactions of greatest relevance in economic and financial terms carried out by the company, also through direct or indirect investees, are the following:

- corporate reorganisation with particular regard to the transfer of the business units to ERG Services S.p.A., ERG Supply & Trading S.p.A. and ERG Power Generation S.p.A. (formerly ERG Nuove Centrali S.p.A.);
- early termination of the CIP 6/92 Convention (ISAB Energy S.r.l.);
- acquisition of the minority interests in ISAB Energy S.r.l. and ISAB Energy Services S.r.l.;
- sale to the LUKOIL Group of business units of ISAB Energy S.r.l. and ISAB Energy Services S.r.l., consisting mainly of the IGCC production plant and of the personnel for its operation and maintenance;
- sale of the interest in ERG Oil Sicilia S.r.l.;
- reserved share capital increase of the subsidiary ERG Renew S.p.A., underwritten by UniCredit S.p.A.;
- acquisition of wind farms (ERG Renew S.p.A.);
- declaration of the non retroactive unconstitutionality of the IRES surtax (Robin Tax) and its impact on the Financial Statements.

All the above transactions were adequately illustrated in the meetings of the Board of Directors held to pass the related resolutions and comprehensively discussed in the explanatory notes to the Financial Statements as well as in the Report on Operations of financial year 2014, which also provides a complete update on the evolution of the reference regulatory framework.

With reference in particular to the transfers of business units, the Board of Statutory Auditors supervised compliance with the conditions prescribed by the law and with the applicable regulations, verifying both the regular and punctual execution of legal formalities and the technical correctness of the criteria applied in determining the value of the transferred business units.

Transactions on treasury shares

In 2014 the Board of Directors did not utilise the Shareholders' Meeting's authorisation to purchase treasury shares, which therefore remained unchanged compared to the previous year.

Replies given to shareholders during the general meeting (Article 127-ter of the Consolidated Finance Act)

The Board of Statutory Auditors verified the completeness of the replies given during the shareholders' meeting of 15 April 2015 to the questions submitted by a shareholder in accordance with Article 127-ter of the Consolidated Finance Act.

Exercise of the option to waive the public disclosure obligation

The Company has selected the option, introduced by CONSOB with its resolution no. 18079 of 20 January 2012, of waiving the obligation to make available to the public an information document upon carrying out significant transactions, i.e. mergers, demergers, capital increase by transfer in kind, acquisition and sale. Disclosure of this decision is provided in the Annual Financial Report, as required by Article 70 of the Issuers' Regulation.

"Market abuse" and "Protection of savings" regulations

The Board of Statutory Auditors supervised the discharge of the obligations related to the "Market abuse" and "Protection of savings" regulations pertaining to corporate disclosure and "Internal Dealing", with particular reference to the treatment of privileged information and to the procedure

for disseminating notices and information to the public. In particular, the Board of Statutory Auditors monitored compliance with the provisions of Article 115-bis of the Consolidated Finance Act and in articles from 152-bis to 152-quinques of the Regulation about updates to the Register of persons with access to privileged information.

Request for information pursuant to Article 115, Paragraph 1 of Italian Legislative Decree no. 58/98

With reference to the request for information, pursuant to Article 115, Paragraph 1 of Italian Legislative Decree no. 58/98, received from CONSOB on 23 December 2013, with regard to the warrant by the Prosecutor's Office issued within the scope of an investigation for alleged tax irregularities on the part of TotalErg S.p.A., the Board of Statutory Auditors, as stated in the Board of Statutory Auditors' Report to the shareholders' meeting of 14 April 2014, replied on 14 January 2014 to the request for information, subsequently transmitting, on 7 February 2014, the minutes of the meeting of the Board of Statutory Auditors of 12 December 2013, at CONSOB's specific request. At the date of this Report, the Company has not been served with notices of a tax nature in connection with the aforementioned investigation and TotalERG S.p.A. was served a Report on Findings for the years 2008, 2009 and 2010. The Board of Statutory Auditors reports that it receives timely updates on the matter. Also in light of the inspections carried out by the Audit, Risk & Compliance function, no elements have emerged which may lead to suspect the Company's non-compliance with the laws on these matters or profiles that may potentially pertain to the enforcement of the provisions per Italian Legislative Decree no. 231/2001.

Supervisory activity on relations with subsidiaries

The instructions given to the subsidiaries are adequate for the purpose of assuring their timely compliance with the disclosure obligations prescribed by law.

The Board of Statutory Auditors reviewed and assessed the document for the verification and update both of the areas where the parent company exercises management and control and of the companies on which said powers are exercised, verifying compliance with the provisions of Article 2497 et seq. of the Italian Civil Code.

Supervisory activity on intra-group and related party transactions

Concerning intra-group transactions, the Directors highlighted, in the Notes to the Financial Statements and in the Report on Operations, as in past years, the existence of relationships of a commercial and financial nature between the companies of the ERG group, specifying that such transactions are included among ordinary operations and are carried out at arm's length.

Related party transactions refer almost entirely to transactions carried out for streamlining and economisation purposes with subsidiaries and associates; they are part of ordinary operations, are regulated at market conditions and are illustrated in the Report on Operations and in the Notes to the Financial Statements. In particular, the Board of Statutory Auditors reviewed and approved the document containing the main income data of the intercompany service agreements for the year 2014, deeming adequate the analysis in the identification of the criteria for charging back to individual companies the services set out therein, according to the services used.

With regard to transactions with related Parties, as defined in IAS 24 and also illustrated in the Notes to the Financial Statements, the Board of Statutory Auditors was able to verify, by attending the meetings of the Control and Risk Committee, compliance with procedures capable of assuring that related Parties are correctly identified and that transactions with them are carried out transparently and in compliance with criteria of substantial and procedural correctness, assessing the adequacy of the thresholds per the Procedure for transactions with related Parties and whether the transactions are in the best interests of the company and the adequacy of the information provided by the directors in the Report on Operations and in the Notes to the Financial Statements.

Opinions issued by the Board of Statutory Auditors

A. The Board of Statutory Auditors, agreeing with the determinations of the Nominations and

Remuneration Committee, expressed, in the course of the year, its favourable opinion in accordance with Article 2389 of the Italian Civil Code, in relation to the resolutions of the Board of Directors, pertaining to:

- the allocation of the annual remuneration for Directors tasked with specific duties, commensurate to their effort and defined (with the advice of specialised firms) through a process of market benchmarking with listed companies;
- the payment of an extraordinary bonus to the persons – including the Executive Deputy Chairman and the Chief Executive Officer – who gave a decisive contribution to the completion of the set of transactions involving ISAB Energy S.r.l. and ISAB Energy Services S.r.l., described in detail above - including the Executive Deputy Chairman and the Chief Executive Officer - quantified taking into account the strategic value of the transaction, the contribution actually provided by each person and the total amount of annual remuneration received.

The Board of Statutory Auditors verified that the above decisions, made by the Board of Directors, at the proposal of the Nominations and Remuneration Committee, complied with the Group's current Guidelines and were consistent with the recommendations of the Corporate Governance Code, with the prescriptions set out both in the Procedure for Related Party Transactions and in the Remuneration Policy, contained in the Remuneration Report, submitted to the consultative vote of the Shareholders' Meeting.

The information about the nature and entity of this compensation is provided in the Remuneration Report (in accordance with Article 123-ter of Italian Legislative Decree no. 58/98), whose approach was examined by the Board of Statutory Auditors and shared with the Control and Risk Committee.

B. The Board of Statutory Auditors, agreeing with the determinations of the Nominations and Remuneration Committee, also expressed its favourable opinion in relation to the resolutions of the Board of Directors, pertaining to:

- the allocation to the Chief Audit, Risk and Compliance Officer, of variable remuneration for the year 2013 and of the partly fixed and partly variable remuneration for the year 2014 defined by the Board of Directors at the proposal of the Director in charge of the Internal Control and Risk Management System, with the favourable opinion of the Internal Control and Risk Committee; the expression of the Board of Statutory Auditors' opinion is explicitly required by the Corporate Governance Code, criterion 7;
- the appointment of the Manager responsible for preparing the company's financial reports and the allocation of his/her remuneration, as required by Article 154-bis, Paragraph 1 of the Consolidated Finance Act.

C. The Board of Statutory Auditors also verified:

- the analysis of the corporate goal of the MBO System in 2013 and the fulfilment of the on/off conditions prescribed by the regulations;
- the revision of the values and of the thresholds of the corporate indicator of the MBO System for 2014;
- the revision of the target value of the EVA and of the EVA differential and of the related thresholds, in accordance with the Regulations of the medium-long term incentive (LTI) system.

The information about the Remuneration Policy is provided in the Remuneration Report, whose approach was examined by the Board of Statutory Auditors and shared with the Control and Risk Committee.

Concrete implementation of the corporate governance rules

The Board of Statutory Auditors concretely ascertained the actual and correct application of the corporate governance rules implementing the Corporate Governance Code, published in December 2011, which the company adopted, as adequately represented in the Report on Corporate Governance and Ownership, in compliance with Article 124-ter of the Consolidated Finance Act of with Article 89-bis of the CONSOB Regulation.

The Board of Statutory Auditors acknowledged that in 2014 the Corporate Governance Committee, applying the European Commission Recommendation no. 208 of 9 April 2014, amended and supplemented the guiding principles no. III and no. IV of the Corporate Governance Code (calling for greater focus on the adequacy and more in general on the quality of the information provided through the report on Corporate Governance).

The Board of Statutory Auditors, upon examining the additions and amendments proposed in the new text of the Guiding Principles of the Corporate Governance Code, deemed that the impact of the changes on corporate governance is not significant.

The Board of Statutory Auditors verified, in accordance with Article 3, Paragraph 5 of the Corporate Governance Code, within the scope of its oversight on the manner of concrete implementation of corporate governance rules, the correct enforcement of the assessment criteria and procedures adopted by the Board of Directors, concerning the positive evaluation of Directors' independence, both with reference to the provisions of Article 148, third paragraph, of the Consolidated Finance Act, and with reference to the contents of the Corporate Governance Code, assigning more relevance to substance (assurance of independent judgement) over form.

The Board of Statutory Auditors agreed with the positive assessment expressed by the Nominations and Remuneration Committee and endorsed by the Board of Directors as required by application standard no. 1. Paragraph 1, Letter g) of the Corporate Governance Code, on the size and composition of the Board of Directors and its operation as well as on the size, composition and operation of the board committees. To carry out the assessment, the Board employed the assessment criteria already used in the past year, on the basis of the results of a self-assessment questionnaire prepared by the Nominations and Remuneration Committee and filled in by all members of the Board of Directors and of the Board of Statutory Auditors.

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Supervision on the adequacy of the organisational structure

The Board of Statutory Auditors was adequately informed on the organisational structure of the ERG Group, developed according to the principles of consistency between form and substance, of the sole responsibility of the entire Administration, Finance and Control world and of the system of Internal Committees to assist Board Committees.

The Board of Statutory Auditors verified that the decision-making structure of the company matches the vested powers.

Compliance with the provisions of Italian Legislative Decree 231/2001

With reference to the organisational and procedural activities performed in accordance with Italian Legislative Decree no. 231/2001, for the administrative liability of Entities for the offenses prescribed by the regulations, the Board of Statutory Auditors acknowledged, both in the meeting with the Supervisory Committee and in the periodic reports prepared by the aforesaid Body on the activity it carried out, that no significant critical issues were observed for the purposes of the implementation and effectiveness of the organisation, management and control Model.

For the matters under its competence, the Board of Statutory Auditors:

- assessed whether the members of the Supervisory Committee meet the professional requirements prescribed by the Model in accordance with Italian Legislative Decree no. 231/2001;
- noted the adequacy of the powers and financial resources allocated to the Supervisory Committee for the proper performance of its institutional duties;
- verified consistency between the reports it received and the disclosure provisions of the Model;
- examined the schedule of activities and the budget of the Supervisory Committee for 2015.

Health, Safety, Environmental regulations

The Board of Statutory Auditors was periodically informed about the Group's activities pertaining to health, safety, environment and quality, as well as about the training and updating activity in relation to the regulations promulgated on these matters from time to time and it noted the

constant attention of the corporate bodies and of the Management with regard to these issues, whose policy is an integral part of the Code of Ethics. In particular, the attention dedicated to constant training, updating and improvement activities is readily apparent, along with the existence of a formalised system of delegation of authority, with the precise definition of duties and responsibilities.

The Board of Statutory Auditors acknowledged that consistently with the Sustainability Policy, of which health, safety and environmental issues are an integral part:

- ISAB Energy Services S.r.l. renewed its certification for the activities carried out at the sites of the ISAB Energy and ERG Power plants and pertaining to ERG Power, as owner of the assets comprising the CCGT Plant, the certification relating to environmental management in accordance with ISO 14001;
- ERG Renew completed the group certification process of the Integrated Management Systems according to the standard ISO14001, ISO9001 and OHSAS 18001, for all Subsidiaries, including ERG Renew Operations & Maintenance (excluding only companies within the LUKERG perimeter).

Privacy regulations

During the year, the ERG Group upgraded its security policies in order to assure an adequate level of protection of personal data subject to processing in compliance with the Privacy Code (Italian Legislative Decree no. 196/2003) and of the Instructions issued by the Supervisory Authority.

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Supervision on the adequacy of the internal control system

The Board of Statutory Auditors assessed and monitored the adequacy of the Internal Control System, compliant with the principles set out in the Corporate Governance Code and, more in general, with best practices, both in its design and operation.

Attending the meetings of the Internal Control and Risk Committee enabled both the timely exchange of relevant information for the performance of the respective duties and coordination with the activities of the Committee in carrying out the function, assigned to the Board of Statutory Auditors by Article 19 of Italian Legislative Decree no. 39/2010, of Committee for Internal Control and Audit, aimed, in particular, at overseeing the process pertaining to financial disclosure and the effectiveness of the internal control, internal audit and risk management systems.

The Board of Statutory Auditors acknowledges that it verified the most significant activities carried out by the whole internal control and risk management system by attending the meetings of the Control and Risk Committee and of the Nominations and Remuneration Committee and examining the reports of the Internal Audit, Risk & Compliance function.

Within the scope of this activity, in particular, the Board of Statutory Auditors received and examined:

- the periodic reports on activities prepared by the Control and Risk Committee and by the Internal Audit, Risk and Compliance Division;
- the reports prepared, at the conclusion of the audit and monitoring activities, by the Internal Audit, Risk and Compliance Division, with the related findings, recommended actions and follow up;
- the quarterly updates on the development of the risk management process, the outcome of the monitoring and assessment activities carried out by the Internal Audit, Risk and Compliance Division and the objectives achieved.

Neither the periodic reports nor the meetings with the Internal Audit, Risk and Compliance Division brought to light any deficiencies in the available resources or any restrictions imposed on the monitoring activity.

The Board of Statutory Auditors expressed its favourable opinion, as expressly required by the Corporate Governance Code, with respect to the plan of activities and to the budget of the Internal Audit, Risk & Compliance Division for 2015, with reference also the adequacy of the resources employed.

With regard to risk management, the Board of Statutory Auditors noted that, in compliance with

the guidelines, transactions are carried out to minimise commodity price risks and financial risks (foreign exchange and interest rate risk), solely for hedging purposes, without taking speculative positions; derivative financial instruments, as defined by Article 2427-bis of the Italian Civil Code (options, swaps, futures and forward contracts), were used. The Notes to the Financial Statements provide, in accordance with Article 2427-bis of the Italian Civil Code, the market values, on the basis of the mark to market values of the reference market, verifying their fairness through evaluation instruments and models.

Lastly, the Board of Statutory Auditors examined and shared with the Control and Risk Committee the proposals to the Board of Directors for the revision:

- of the Code of Ethics;
- of the administrative-accounting organisational Model (Italian Law no. 262/2005);
- of the Guidelines of the Internal Control and Risk Management System;
- of the Internal Audit Mandate;
- of the corporate governance documents (Code of Conduct for Directors, Code of Conduct for Internal Dealing, Guidelines for identifying and carrying out significant transactions, Procedure for handling and processing privileged information and for the public dissemination of statements and information, Procedure for Related Party transactions).

As a result of the activity carried out during the year, as described in detail above, the Board of Statutory Auditors agreed with the positive evaluation expressed by the Control and Risk Committee with regard to the adequacy of the internal control and risk management System.

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Supervision of the adequacy of the administrative-accounting system

With reference to the activity of overseeing the adequacy of the administrative-accounting system and its reliability in correctly representing operations, the Board of Statutory Auditors received adequate information about the monitoring of company processes with administrative-accounting impact within the scope of the internal control system, performed both during the year in relation to periodic reports on operations and upon closing the accounts for the preparation of the Financial Statements, in compliance with the monitoring and certification obligations ERG S.p.A. must fulfil in accordance with Law 262/05.

In this regard, the Board of Statutory Auditors reviewed the proposed updates to the Model per Italian Law no. 262/2005, as a result of the organisational and corporate changes made to the Group, the risk assessment and the results of the test activities, taking into account the outcomes of the test activities on the checks made and the plan of scheduled activities.

No particular critical issues and elements were found that would prevent the issue of the certification by the Manager responsible for preparing the company's financial reports and by the Chief Executive Officer on the adequacy of the administrative and accounting procedures for the drafting of the Financial Statements of ERG S.p.A. and of the Consolidated Financial Statements both for the year 2013 and for the year 2014.

The adequacy of the administrative-accounting system was also assessed through the acquisition of information from the heads of the respective functions and the analysis of the results of the work carried out by the Independent Auditors.

The Board of Statutory Auditors oversaw compliance with regulations on the preparation and publications of the Half-yearly Financial Report and on Interim Reports on Operations, as well as their manner of drafting and the correct application of accounting standards, using also the information obtained from the Independent Auditors.

The Board of Statutory Auditors verified the adequacy of the instructions issued by ERG S.p.A to its subsidiaries, both with reference to the flows of data necessary for the preparation of the Financial Statements and the Interim Reports, and to compliance with public disclosure obligations pursuant to Article 114, Paragraph 2 of Legislative Decree no. 58/98.

Omissions or objectionable facts

As a result of the supervision and control activity carried out during the year, the Board of Statutory Auditors can certify and note that:

- during the activity carried out, no omissions, irregularities or objectionable or otherwise significant facts emerged, such as would require notification to the supervisory bodies or mention herein;
- the Board of Statutory Auditors did not receive any reports in accordance with Article 2408 of the Italian Civil Code or complaints by third parties;
- no transactions were identified, either with third parties or intra-group and/or with related parties, that appeared atypical or unusual by their contents, nature, dimensions and timing.

Supervision of the auditing of accounts

During the year, the Board of Statutory Auditors communicated regularly with the Independent Auditors, both through formal meetings attended also by the administrative managers of the Company, and through informal meetings between individual members of the Board and representatives of the Independent Auditors, for the purposes of the mutual exchange of significant data and information, in compliance with Article 150 of Legislative Decree 58/98. The utmost collaboration was always provided, also with regard to work on the preparation of the Financial Statements, and no critical issues of any significance emerged.

As prescribed by Article 19 of Italian Legislative Decree no. 39/2010, in which the Board of Statutory Auditors is qualified as the Internal Control and Audit Committee, the Independent Auditors illustrated the 2014 Audit Plan to the Board of Statutory Auditors.

On 23 March 2015, the Independent Auditors delivered to the Board of Statutory Auditors, in its capacity as the “Internal control and audit committee in accordance with Article 19 of Italian Legislative Decree 39/2010” the report on the fundamental issues emerged in the course of the regulatory audit, which did not denounce any significant deficiencies in the internal control system in relation to the financial disclosure process.

Taking into account the “Annual transparency report” prepared by Deloitte & Touche S.p.A., published on its Website and delivered to the Board of Statutory Auditors, as well as the formal confirmation of its own independence issued by the aforesaid company and of the communication of the duties assigned, also through entities belonging to the network, by ERG S.p.A. and by the consolidated companies, acknowledging that no appointments were made for services that may compromise the Independent Auditors’ independence in accordance with Article 17 of Legislative Decree 39/2010, the Board of Statutory Auditors does not deem that there are any critical aspects with respect to the independence of Deloitte & Touche S.p.A.

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For the full audit of the Separate Financial Statements and of the Consolidated Financial Statements and for the limited audit of the Half-yearly financial report, the Independent Auditors Deloitte & Touche S.p.A. received total compensation of EUR 160 thousand.

Additionally, ERG S.p.A. contracted Deloitte & Touche S.p.A. for additional services amounting to EUR 234 thousand for the following work:

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| – Agreed audit procedures on periodic reports | EUR 212 thousand |
| – Certification services for pertaining to the conformity review of the separate yearly accounts for the purposes of AEEG resolution no. 11/2007 | EUR 21 thousand |
| – Other minor services | EUR 1 thousand |

The Board of Statutory Auditors verified the revision of the consideration, consistently with the contractual conditions of the original proposal, deeming fair the measure of the revision according to the number of hours expended.

Companies connected to the Deloitte & Touche network (Deloitte ERS) were contracted to perform services to determine the GAP Analysis for the purposes of the sustainability report, for EUR 53,000. The Board of Statutory Auditors reviewed the proposals for professional advisory services and verified that the activity is not incompatible with the auditing activity, in accordance with Article

160 of the Issuers' Regulations, as confirmed by CONSOB in the document "outcome of the consultation" of 4 May 2007.

For complete disclosure, it is hereby also reported that Deloitte & Touche S.p.A. received from ERG S.p.A. and from subsidiaries (excluding ERG Renew S.p.A., which appointed Reconta Ernst & Young) auditing appointments for total fees of EUR 695 thousand and additional appointments, other than auditing Financial Statements, for a total amount of EUR 328 thousand, for the following activities:

- Certification services pertaining to the conformity review of the separate yearly accounts for the purposes of AEEG resolution no. 11/2007 EUR 51 thousand
- Agreed audit procedures on periodic reports EUR 212 thousand
- Agreed audits (covenants, assets, sale of business units and signing of tax returns) EUR 65 thousand

In addition, companies connected with the network of the Independent Auditors received appointments for the total amount of EUR 702 thousand, of which EUR 389 thousand for tax advice in relation to the Wind Group

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Supervisory activity pertaining to the separate Financial Statements and to the Consolidated Financial Statements

Concerning the Separate Financial Statements, the following is reported:

- the Board of Statutory Auditors ascertained, through direct checks and information obtained from the Independent Auditors, compliance with the laws that regulate the drafting and organisation of the Financial Statements and of the Report on Operations, of the financial statement models adopted, certifying the correct utilisation of the accounting standards, described in the Notes to the Financial Statements and the Company's Report on Operations.
- in accordance with CONSOB Resolution no. 15519/2006, the Financial Statements expressly indicate the effects of transactions with related parties.
- the Notes to the Separate Financial Statements provide the information prescribed by International Accounting Standards with regard to asset impairment. The compliance of the impairment test procedure with the prescriptions of IAS 36 and of the Bank of Italy/ CONSOB/Isvap joint Document no. 4 of 3 March 2010 was subjected to the formal approval of the Board of Directors in the meeting of 24 February 2015, autonomously and in advance with respect to the time of approval of the financial reports, as recommended by the aforesaid Document. The Board of Statutory Auditors has analysed and discussed, in a joint meeting with the Internal Control and Risk Committee, the document prepared and illustrated by an independent expert, which describes the analyses made and the results obtained in the impairment test activity.

The Board of Statutory Auditors, after analysing on one hand the consistency with the schemes adopted previously and on the other hand the reasons for change relative to the previous year, deemed the procedure correct and the main assessment hypotheses reasonable, and therefore approved the results thereof.

The outcomes of the impairment tests, supported by broker consensus evaluations, are adequately illustrated in the Notes to the Financial Statements and they are set out below:

- a) in the Separate Financial Statements:
 - Equity investment in TotalErg S.p.A.: the carrying value of the equity investment was maintained.
 - Equity investment in ERG Renew S.p.A.: the carrying value was restored by the amount of the write-down applied in previous periods for the portion still remaining at 31 December 2014.
 - Equity investment in ERG Power Generation S.p.A.: the carrying value of the equity investment was maintained.
- b) in the Consolidated Financial Statements:
 - CCGT plant of ERG Power S.r.l.: the carrying value of the asset was maintained.
 - Equity investment in TotalErg S.p.A.: the carrying value of the equity investment was maintained.

The Chief Executive Officer and the Manager responsible for preparing the company's financial reports issued the certification, in accordance with Article 81-ter of CONSOB Regulation no. 11971/1999 as amended and with Article 154-bis of Italian Legislative Decree 58/1998 (Consolidated Finance Act).

The Financial Statements match the facts and information of the Board of Statutory Auditors became aware in the performance of its supervisory duties and in the exercise of its oversight and inspection powers.

The Report on Operations meets law-mandated requirements and it is consistent with the data and results of the Financial Statements; it provides ample disclosure about the business and about relevant transactions, of which the Board of Statutory Auditors had punctually been informed, and about the main risks of the company and of its subsidiaries and on intra-group transactions and transactions with related parties, as well as about the process of upgrading the corporate organisation in accordance with the standards of governance, consistently with the Corporate Governance Code for listed companies.

In accordance with Article 123-ter of Legislative Decree 58/1998 (Consolidated Finance Act), the Report on Remuneration, which the Board of Statutory Auditors reviewed, agreeing with the approach followed in its preparation, in a joint meeting with the Internal Control and Risk Committee, is submitted to the Shareholders' Meeting.

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On 23 March 2015, the Independent Auditors issued the report in accordance with Articles 14 and 16 of Italian Legislative Decree 39/2010, declaring that the Financial Statements as at 31 December 2014 are in accordance with the International Financial Reporting Standards – IFRS – adopted by the European Union, and with the regulations promulgated to implement Article 9 of Italian Legislative Decree no. 38/2005, and they are prepared clearly and they represent truthfully and fairly the financial situation, the income and expenses and the cash flows of ERG S.p.A. for the year that ended on that date.

The audit report expresses the judgements on the consistency with the Financial Statements of the Report on Operations and of the information of the Report on Corporate Governance, per Article 123-bis of Italian Legislative Decree no. 58/98.

In view of the contents of this report, the Board of Statutory Auditors has no observations to formulate with respect to the approval of the Financial Statements as at 31 December 2014 and to the proposal of the Board of Directors and on the payment of dividends using the earnings from the year 2014 and, for the residual part, using retained earnings.

Genoa, Italy, 23 March 2015

The Board of Statutory Auditors
(Dott. Mario Pacciani)



(Dott.ssa Elisabetta Barisone)



(Dott. Lelio Fornabaio)

