

ERG S.p.A.
Ordinary Shareholders' Meeting
of 20/21 April 2017

Report of the Board of Directors

*pursuant to Article 125-ter of Legislative Decree 58 of 24 February 1998,
(the Consolidated Finance Law) and Article 73 of the Regulation implementing
the Consolidated Finance Law adopted by the Italian Securities and Exchange
Commission (CONSOB) with Resolution 11971 of 14 May 1999
with its subsequent amendments (the Issuers' Regulations)*



Ordinary Shareholders' Meeting of 20/21 April 2017

Agenda

1. Annual Financial Statements for the period ended 31 December 2016 of the merged ERG Services S.p.A. and the Report on Operations; resolutions related and consequent thereto
2. Annual Financial Statements for the period ended 31 December 2016 of ERG S.p.A. and Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2016
3. Allocation of the year's result of ERG S.p.A.; resolutions related and consequent thereto
4. Determination of the remuneration of the members of the Board of Directors for the year 2017
5. Determination of the remuneration of the members of the Control and Risk Committee for the year 2017
6. Determination of the remuneration of the members of the Nominations and Remuneration Committee for the year 2017
7. Authorisation for the purchase and disposal of treasury shares subject to prior revocation of the previous authorisation approved by the Shareholders' Meeting on 3 May 2016
8. Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998.

Dear Shareholders,
We submit the following for your attention.

1. Annual Financial Statements for the period ended 31 December 2016 of the merged ERG Services S.p.A. and the Report on Operations; resolutions related and consequent thereto

It is recalled that in view of the merger by incorporation of ERG Services S.p.A. with ERG S.p.A., effective from 1 January 2017, it is necessary for the Ordinary Shareholders' Meeting be called to approve the Annual Financial Statements for the period ended 31 December 2016 of the merged company ERG Services S.p.A.

Reference is made therefore to the Annual Financial Statements for the period ended 31 December 2016 of the merged company ERG Services S.p.A., the Report on Operations, the Independent Auditors' Report and the Statutory Auditors' Report, which will be fully available to the public at the Company's registered office at Via De Marini 1, Genoa, on the Company's website (www.erg.eu) in the "Corporate Governance/2017 Shareholders' Meeting" section, at the offices of Borsa Italiana S.p.A. and on the authorised storage platform eMarket Storage (www.emarketstorage.com), no later than 30 March 2017.

Dear Shareholders,
You are invited to adopt the following resolution:

"The Ordinary Shareholders' Meeting

resolves

- to approve the Annual Financial Statements for the period ending 31 December 2016 of the merged ERG Services S.p.A. which closed with a profit of 385,891.49 euros;*
- to allocate 19,294.57 euros to the legal reserve;*
- to carry forward the remaining balance of net profit, amounting to 366,596.92 euros."*

2. Annual Financial Statements for the period ended 31 December 2016 of ERG S.p.A. and the Report on Operations; resolutions related and consequent thereto. Presentation of the Consolidated Financial Statements at 31 December 2016

Reference is made therefore to the Annual Financial Statements for the period ended 31 December 2016 of ERG S.p.A., which contain the ERG S.p.A. Annual Financial Statements, the Consolidated Financial Statements and the Report on Operations, together with the Report on corporate governance and ownership structure and

the statement under Article 154-bis, Paragraph 5, of the Consolidated Finance Law, as well as the Independent Auditors' Report and the Statutory Auditors' Reports that will be fully available to the public at the Company's registered office at Via De Marini 1, Genoa, on the Company's website (www.erg.eu) in the "Corporate Governance/2017 Shareholders' Meeting" section, at the offices of Borsa Italiana S.p.A. and on the authorised storage platform eMarket Storage (www.emarketstorage.com) no later than 30 March 2017.

Dear Shareholders,
You are invited to adopt the following resolution:

"The Ordinary Shareholders' Meeting

resolves

- *to approve the Annual Financial Statements for the period ended 31 December 2016 of ERG S.p.A. which closed with a profit of 11,472,639.75 euros."*

3. Allocation of the year's result of ERG S.p.A.; resolutions related and consequent thereto

Dear Shareholders, in relation to the results achieved, we invite you to adopt the following resolution:

"The Ordinary Shareholders' Meeting

resolves

- *the payment to Shareholders of a dividend of 50 eurocents per share. The dividend will be paid in respect of each share having dividend rights outstanding as of the ex-date, excluding treasury shares, in accordance with Article 2357-ter of the Italian Civil Code, by distribution of the year's earnings and for the residual part by the use of retained earnings;*
- *to release part of the unavailable portion of the "IAS transition reserve and retained earnings" for an amount of 11,181,413.00 euros in relation to the annulment of the positive value of an option linked to the minority shares of ERG Renew S.p.A. which were then acquired in October 2016. Note that at the time of approval of the 2015 Annual Financial Statements the year's result and part of the "IAS transition reserve and retained earnings" were allocated to a restricted reserve, pursuant to Article 6, Paragraph 1 a) of Legislative Decree 38/2005, for a total amount of 11,181,413.00 euros corresponding to the unrealised profit arising from recognition of the positive value of the aforementioned option;*
- *commissioning payment of dividends as of 24 May 2017, after ex-dividend as of 22 May 2017 and record date 23 May 2017."*

4. Determination of the remuneration of the members of the Board of Directors for the year 2017

Under the provisions of Article 2389, Paragraph 1, of the Civil Code, the remuneration paid to the members of the Board is established at the time of appointment or by the Shareholders' Meeting.

This meeting is therefore called on to vote on the remuneration payable to each member of the Board of Directors to apply until the Shareholders' Meeting called to approve the Annual Financial Statements for the period ended 31 December 2017, based on the proposals made in accordance with the applicable legislative, regulatory and statutory provisions.

Please note that the Shareholders' Meeting, in practice, determines annually for each financial year the remuneration for each member of the Board of Directors. For the year 2016, the Shareholders' Meeting approved a remuneration of 60,000.00 euros for the members of the Board of Directors.

The Board of Directors recommends that this remuneration be consistent with the professional commitment required of the position as well as with its related responsibilities.

The Board of Directors also recommends that the proposals for remuneration be submitted to shareholders (if required in accordance with Article 126-bis of the Consolidated Finance Law) so that they may be disclosed to the public sufficiently in advance of the Shareholders' Meeting convened to resolve upon them.

5. Determination of the remuneration of the members of the Control and Risk Committee for the year 2017

This Shareholders' Meeting is called to vote on the remuneration of the directors who are not employees of the Group, who do not occupy positions on the Board of Directors, and who are members of the Control and Risk Committee of ERG S.p.A. until the Shareholders' Meeting called to approve the Annual Financial Statements for the period ended 31 December 2017, on the basis of proposals formulated in accordance with the applicable legislative, regulatory and statutory provisions.

Please note that the Shareholders' Meeting, in practice, determines annually for each financial year the remuneration for each member of the Committee.

For the year 2016, the Shareholders' Meeting approved a remuneration of 45,000.00 euros for members of the Control and Risk Committee.

The Board of Directors recommends that this remuneration be consistent with the professional commitment required of the position as well as with its related responsibilities.

The Board of Directors also recommends that the proposals for remuneration be submitted to shareholders (if required in accordance with Article 126-bis of the Consolidated Finance Law) so that they may be disclosed to the public sufficiently in advance of the Shareholders' Meeting convened to resolve upon them.

6. Determination of the remuneration of the members of the Nominations and Remuneration Committee for the year 2017

This Shareholders' Meeting is called to vote on the remuneration of the Directors who are not employees of the Group, who do not occupy positions in the Board of Directors, and who are members of the Nominations and Remuneration Committee of ERG S.p.A. until the Shareholders' Meeting called to approve the Annual Financial Statements for the period ended 31 December 2017, on the basis of proposals formulated in accordance with the applicable legislative, regulatory and statutory provisions.

Please note that the Shareholders' Meeting, in practice, determines annually for each financial year the remuneration for each member of the Committee.

For the year 2016, the Shareholders' Meeting had approved a remuneration of 35,000.00 euros for the members of the Nominations and Remuneration Committee.

The Board of Directors recommends that this remuneration be consistent with the professional commitment required of the position as well as with its related responsibilities.

The Board of Directors also recommends that the proposals for remuneration be submitted to shareholders (if required in accordance with Article 126-bis of the Consolidated Finance Law) so that they may be disclosed to the public sufficiently in advance of the Shareholders' Meeting convened to resolve upon them.

7. Authorisation for the purchase and disposal of treasury shares subject to prior revocation of the previous authorisation approved by the Shareholders' Meeting on 3 May 2016

In previous years, the Shareholders' Meeting adopted structured resolutions regarding the purchase and disposal of treasury shares, the last of which had a validity of 12 months with effect from 3 May 2016 and is therefore due to expire on 3 May 2017.

In anticipation of this meeting, the Board of Directors agreed on the need to propose a new resolution authorising the purchase and disposal of treasury shares, subject to revocation of the remaining period of the previous authorisation approved by the Shareholders' Meeting of 3 May 2016.

This having been said, the reasons justifying the adoption of a new authorisation resolution on the part of the Shareholders' Meeting are set out below.

Regarding purchase

It is considered appropriate to be able to carry out purchase transactions on ERG's ordinary shares in order to optimise the equity structure with a view to maximising value creation for Shareholders, in relation to the liquidity available and for any further purposes permitted by applicable laws and regulations.

Regarding disposal

It is considered appropriate to be able to use the treasury shares held in portfolio in order to optimise financial leverage and in all other circumstances where the possibility to dispose of the shares appears, in the opinion of the Board, to be in keeping with the interests of the Company and the Shareholders.

This having been said, we submit for your approval our request for authorisation both for the purchase and disposal of treasury shares, as follows:

- 1) authorisation, for a period of 12 months from the date on which the relevant resolution is adopted, in accordance with Article 2357 of the Civil Code, to purchase treasury shares up to a revolving limit (intending thereby the maximum number of treasury shares from time to time held in portfolio) of 30,064,000 (thirty million, sixty-four thousand) ERG ordinary shares, with a par value of 10 eurocents each, at a unit price, including additional purchase charges, to be no more than 30% lower in minimum and no more than 10% higher in maximum with respect to the reference price recorded by the share during the stock exchange trading session on the day prior to each individual transaction.

Purchases must be made in compliance with Article 132 of the Consolidated Finance Law and with the provisions of Article 144-bis, Paragraph 1 b) of the Issuers' Regulations, namely "on regulated markets according to operating procedures established in the organisation and management rules of such markets, which do not permit the direct matching of buy orders with predetermined sell orders";

- 2) authorisation, for a period of 12 months from the date on which the relevant resolution is adopted, in accordance with Article 2357-ter of the Civil Code, to dispose of treasury shares, in one or more stages, at a unit price no more than 10% lower in minimum with respect to the reference price recorded by the share during the stock exchange trading session on the day prior to each individual sale.

With regard to the procedures for the disposal of treasury shares, we propose that the authorisation allows the adoption of whatever procedures may seem appropriate in relation to the actual objectives to be pursued by the disposal.

* * *

Dear Shareholders,

You are therefore invited to adopt the following resolution:

“the Ordinary Shareholders' Meeting,

- having reviewed the Explanatory Report of the Board of Directors;*
- having regard to the contents of the latest approved Annual Financial Statements,*

resolves

- 1) to revoke, for the time left, the previous authorisation for the purchase and disposal of treasury shares resolved by the Shareholders' Meeting of 3 May 2016*
- 2) to authorise the Board of Directors, under Article 2357 of the Civil Code, for a period of 12 months from the date of this resolution, to purchase treasury shares up to a revolving limit (intending thereby the maximum number of treasury shares from time to time held in portfolio) of 30,064,000 (thirty million, sixty-four thousand) ERG ordinary shares with a nominal value of 10 eurocents each, at a unit price, including additional purchase charges, to be no more than 30% lower in minimum and no more than 10% higher in maximum with respect to the reference price recorded by the share in the stock exchange trading session prior to each individual transaction, in order to optimise the equity structure with a view to maximising value creation for shareholders, in relation to the available liquidity and for any other purposes permitted by applicable laws and regulations.
The purchase must be made through the use of distributable profits and available reserves from the latest approved Annual Financial Statements, in compliance with Article 132 of the Consolidated Law on Finance and with the provisions of Article 144-bis, Paragraph 1 b) of the Issuers' Regulations, namely "on regulated markets according to operating procedures established in the organisation and management rules of such markets, which do not permit the direct matching of buy orders with predetermined sell orders";*
- 3) to authorise the Board of Directors, under Article 2357-ter of the Civil Code, for a period of 12 months from the date of this resolution, to sell treasury shares, in one or more stages and adopting any procedure deemed appropriate in relation to the actual objectives to be pursued by the disposal of treasury shares at a unit price no more than 10% lower in minimum with respect to the reference price recorded by the share during the stock exchange trading session on the day prior to each individual sale.*
- 4) to authorise the Board of Directors to delegate, also to authorised operators, the power to perform the purchase and disposal transactions of treasury shares to be carried out under this resolution.”*

8. Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998

In accordance with the provisions of Article 123-ter of the Consolidated Law on Finance, the Board of Directors is required to approve a Remuneration Report, which, specifically, a) in the first section: (i) explains the company's policy concerning remuneration of the directors, general managers and executives with strategic responsibilities with reference to at least the year 2017, (ii) describes the procedures used to adopt and implement this policy; b) in the second section: (i) provides an adequate representation of each of the items comprising the remuneration, including the benefits envisaged in case of retirement from office or termination of employment, drawing attention to the consistency thereof with the Company's remuneration policy as approved in the previous year; (ii) gives a detailed account of the remuneration paid during the reference period (i.e. 2016).

The Company's Board of Directors, at its meeting of 9 March 2017, approved the above Remuneration Report, which will be fully available to the public at the Company's registered office at Via De Marini 1, Genoa, on the Company's website (www.erg.eu) in the "Corporate Governance/2017 Shareholders' Meeting" section, at the offices of Borsa Italiana S.p.A. and on the authorised storage platform eMarket Storage (www.emarketstorage.com), no later than 30 March 2017.

In accordance with the above-mentioned provisions, the Shareholders' Meeting is called upon to decide in favour of or against the first section of the Remuneration Report.

Dear Shareholders,

You are therefore invited to adopt the following resolution:

"The Ordinary Shareholders' Meeting

resolves

in favour of the first section of the Remuneration Report, which illustrates the Company's policy on remuneration of members of the board of directors, general managers and executives with strategic responsibilities and the procedures used for the adoption and implementation of this policy."

Genoa, 9 March 2017

ERG S.p.A.

The Chairman of the Board of Directors

Edoardo Garrone



ERG S.p.A.

Torre WTC
via De Marini, 1
16149 Genoa
Phone + 39 01024011
Fax + 39 0102401859
www.erg.eu

Registered office:
via De Marini, 1
16149 Genoa

Share Capital Euro 15.032.000 fully paid
Company Register
Genoa/Fiscal Code 94040720107
R.E.A. Genoa n. 354265
VAT 10122410151

