

**ERG S.p.A.**  
**Ordinary Shareholders' Meeting on 15/16 April 2014**

**Remuneration Report**

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



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### Remuneration Report

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#### SECTION I

##### The path

In accordance with the Corporate Governance Code promoted by Borsa Italiana S.p.A.<sup>1</sup>, the Board of Directors of ERG S.p.A. (hereinafter the “Company”), with resolution dated 20 December 2011, based on a proposal by the Nominations and Remuneration Committee (hereinafter “NRC”)<sup>2</sup>, adopted a Policy for the remuneration of Board members and Executives with strategic responsibilities (hereinafter the “Policy”)<sup>3</sup>, to be effective starting from FY2012, subject to revision on 18 December 2012 in order to take account of the powers assigned by the Board of Directors of ERG S.p.A. – as appointed by the Shareholders’ Meeting on 20 April 2012 – and the adoption of the medium/long-term incentive scheme (hereinafter “LTI<sup>4</sup> Scheme”). For the revision of the Policy and preparation of the LTI Scheme, the Company used the services of consulting firm The European House – Ambrosetti.

As more clearly explained below, in keeping with relevant Italian legislation and the recommendations of the Corporate Governance Code, the decisions behind the Policy’s implementation fall within the competence of various parties:

- a) the Shareholders’ Meeting insofar as concerns the Directors’ fees;
- b) the Board of Directors, following a proposal by the NRC and having consulted the Board of Statutory Auditors, as regards the remuneration of Executive Directors or Directors holding specific offices. In particular, the NRC periodically assesses the adequacy, overall consistency and effective application of the Policy insofar as concerns the remuneration of Directors; it submits proposals or expresses opinions to the Board of Directors concerning the remuneration of Executive Directors and the setting of performance objectives related to the variable salary component; it monitors the implementation of decisions taken by the Board of Directors, verifying that performance objectives are effectively achieved;
- c) the Executive Deputy Chairman and the Chief Executive Officer, with the support of the Chief Human Capital Officer, insofar as concerns the remuneration of

<sup>1</sup> On 30 July 2012, the Board of Directors resolved to adhere to the new version of the Corporate Governance Code published in December 2011.

<sup>2</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 (TUF).

<sup>3</sup> It should be noted that the Policy’s structure was independently defined by ERG, without using as reference remuneration policies pertaining to other companies. The Company subsequently revised the Policy, verifying its structure in view of the remuneration policies of non-financial FTSE Mib index companies (since these were considered most representative of Italian best practices) as well as using 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. Insofar as concerns the fixing of related remunerations, reference is made to the indications set out below.

<sup>4</sup> Long-term incentive.

Executives with strategic responsibilities. In this connection, the NRC periodically assesses the overall consistency and effective application of the Policy for the remuneration of Executives with strategic responsibilities, using the information provided by the Executive Deputy Chairman and the Chief Executive Officer and periodically reporting to the Board of Directors.

Responsibility for the Policy's correct application is allocated in keeping with the aforesaid distribution of tasks.

Moreover, we point out that the Procedure for transactions with Related Parties adopted by the Board of Directors with resolution dated 11 November 2010, having obtained the positive opinion of the Control and Risks Committee and after consulting the Board of Statutory Auditors – last updated on 6 August 2012 – (the “Procedure”) provides for transactions concerning the allocation or increase of remunerations and economic benefits, in whatsoever form, in favour of a member of one of the Company's administrative or control bodies or one of its executives with strategic responsibilities or in any case one of the parties holding the offices specified in annex 1 to the Procedure to be excluded from the sphere of application thereof wherever the following conditions exist, namely (i) the Company has adopted a remuneration policy; (ii) the Nominations and Remuneration Committee has been involved in the definition of the remuneration policy; (iii) a report explaining the remuneration policy has been subjected to an advisory vote on the part of the shareholders' meeting; (iv) the remuneration allocated is in keeping with the said policy – without prejudice to the disclosure obligations referred to in Article 154-ter of the Consolidated Finance Act (T.U.F.)<sup>5</sup>. Consequently, in case the Board of Directors should exceptionally consider it necessary to deviate from the Policy previously approved and subjected to the vote of the shareholders' meeting, the related resolutions, if any, are entirely subjected to the Procedure and disclosed to the market, in accordance with legislation and the said Procedure.

The NRC – which comprises 3 independent board members<sup>6</sup> – has been actively involved in the process of elaboration and subsequent adoption of the short-term incentive scheme – the so-called MBO<sup>7</sup> Scheme (hereinafter “MBO Scheme”) and the LTI Scheme.

The MBO Scheme and the LTI Scheme form an integral and essential part of the Policy<sup>8</sup>.

<sup>5</sup> Insofar as concerns the conditions as per points (i) and (ii) reference is made to the indication given in the first paragraph of Section I. As regards the condition as per point (iii) we mention that the Shareholders' Meeting held on 23 April 2013 passed a resolution in favour of the the first section of the Remuneration Report prepared pursuant to Article 123-ter of the T.U.F.

<sup>6</sup> Qualified as independent pursuant to both the related provisions set forth by the T.U.F. and those set forth by the Corporate Governance Code.

<sup>7</sup> Management by objectives.

<sup>8</sup> The Policy is available in the Governance section of the website [www.erg.it](http://www.erg.it) to which reference is made for all further information.

The Policy sets general guidelines for determining the remunerations of Board of Directors members and Executives with strategic responsibilities, in the normal 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 value for shareholders over a medium/long-term horizon.

In the business plan, the Company defines its policy for managing the risk associated with the objectives given, the achievement of which is linked to the part of incentive comprising the LTI Scheme, an integral and essential part of the Policy.

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

## **BOARD OF DIRECTORS**

### **Fees**

All Directors are paid a fixed annual fee, as resolved by the Shareholders' Meeting, and non-monetary benefits may be assigned in their favour, as more clearly explained below.

Directors called upon to sit on the NRC or the Control and Risks Committee (hereinafter "CRC") receive an additional set fee again resolved by the Shareholders' Meeting, in proportion to the commitment required of each of them in their respective offices.

### **Remuneration**

#### **Fixed component**

For Executive Directors or Directors appointed to specific offices and Directors called upon to sit on the Strategic Committee who do not hold offices within the Board of Directors<sup>9</sup> the fixed annual fee resolved by the Shareholders' Meeting is supplemented with a fixed annual remuneration established by the Board of Directors based on a proposal from the NRC, after consulting the Board of Statutory Auditors. The amount of the remuneration, in proportion to the to the commitment required of each of them for their respective assignments, is defined (based on the opinion of specialised firms, such as Taxis<sup>10</sup>) through market

<sup>9</sup> The Company decided to remunerate Directors called upon to sit on the Strategic Committee, who do not hold offices within the Board of Directors, precisely in view of the commitment implied by such assignment.

<sup>10</sup> Specialised evaluation methodology with regard to top management positions, considering factors such as competence and experience, complexity of the work performed and economic dimension.

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.

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.

### **Variable component**

For the Chief Executive Officer, a significant variable monetary component is envisaged, linked to the creation of value over the medium/long term, determined according to the rules provided within the LTI Scheme. This variable component is established by the Board of Directors based on a proposal from the NRC, after consulting the Board of Statutory Auditors.

Within the scope of the Policy revision process, the Company decided not to include among the beneficiaries of the LTI Scheme the Chairman and Executive Deputy Chairman – even though they hold management powers – considering that the interests of same were already intrinsically aligned to the pursuance of the priority objective of value creation for all shareholders.

### **LTI Scheme - Medium/long-term incentives**

The aim of this scheme is to promote maximum alignment of management and shareholder objectives. For such purpose, the variable component of remuneration is linked to the improvement in value-creation performance, over a three-year time span, expressed via the ERG Group EVA (Economic Value Added). The EVA 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. Upon achieving the performance improvement objective values (in terms of EVA) contained in the Group’s Three-year Plan a bonus is paid. The target value of such bonus is determined taking account of external salary benchmarks (relating to the long-term variable component of the salary) and the forecast value creation. The bonus actually paid may increase according to the level of achievement of the objective from a minimum of 50% (threshold performance) to a maximum of 130% (outstanding performance) with respect to the target value; for intermediate performances the bonus varies on a straight line basis. In case of failure to achieve the threshold performance the bonus will be equal to zero; in the event that outstanding performance is exceeded, the bonus will correspond to 130% of the target value (cap). The bonus accrued is fully paid at the end of the Three-year Plan<sup>11</sup>.

<sup>11</sup> On 13 May 2013 the Board of Directors, based on a proposal from the NRC, having consulted the Board of Statutory Auditors, resolved to revise the LTI scheme target values in order to take account of the change occurred in the ERG Group “perimeter” – in respect of which the previous target values had been calculated and assigned – following the implementation of an extraordinary transaction. This revision was carried out in accordance with the provisions laid down in the LTI scheme regulations approved on 18 December 2012 by the Board of Directors based on a proposal by the NRC, having consulted the Board of Statutory Auditors.

### **The weight of remuneration**

The weight of the fixed component of the Chief Executive Officer's remuneration, on an annual basis, is indicatively equal to 61% of his overall remuneration. The medium/long-term variable component (LTI) of the Chief Executive Officer's remuneration, on a three-year basis, considering its annualised amount, has a weight of around 39%<sup>12</sup> with respect to his overall remuneration.

### **Extraordinary bonuses**

In the case of successfully completed extraordinary transactions, lump sum bonuses may be paid by the Board of Directors, on a proposal from the NRC<sup>13</sup> and after consulting the Board of Statutory Auditors, to the Executive Directors involved in the transaction. The size of these bonuses depends on the economic benefit and strategic importance of the transaction in question and the contribution effectively given by each individual Director.

### **Non-monetary benefits**

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 deducted from the annual remuneration approved by the Shareholders' Meeting. As regards the Executive Directors or Directors appointed to specific offices, other benefits may be provided, such as a car and living accommodation, which are not deducted from the fixed component.

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<sup>12</sup> This refers to the target value of the bonus.

<sup>13</sup> Also taking into account the Procedure regarding Related Party transactions.

## EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

### Remuneration

The remuneration package pertaining to the Executives with strategic responsibilities is defined by the Chief Executive Officer, in accordance with the Policy defined by the Board of Directors. This package comprises a fixed component and a variable component, the latter in turn being subdivided between short-term (MBO) and medium/long-term (LTI) incentives and non-monetary benefits as described below. The Company considers that the balancing of the fixed and variable component is in keeping with its strategic objectives, which aim to maximise the results of each business and, therefore, of the Group overall. This balancing ensures a fixed component that is sufficient to remunerate Executives with strategic responsibilities in cases where the variable component is not paid owing to failure to achieve the objectives.

As regards the Chief Audit, Risk and Compliance Officer, the remuneration package is determined by the Board of Directors, based on a proposal from the Director responsible for the Internal control and risk management system and having obtained the favourable opinion of the CRC.

### Fixed component

The fixed remuneration of the Executives with strategic responsibilities is reviewed annually based on market salary surveys provided by specialised firms (such as Hay Group<sup>14</sup> and Towers Watson<sup>15</sup>). The comparison is made considering the reference market, the size and complexity of the business, the level of responsibility, experience and competence associated with the individual positions.

### Variable component

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

The incentive mechanisms pertaining to the Chief Audit, Risk & Compliance Manager and the Manager Responsible for preparing the Company's financial reports are in keeping with the tasks assigned to them<sup>16</sup>.

### ***MBO Scheme - Short-term incentives***

The MBO scheme is designed to encourage participants to achieve annual objectives. Each participant is assessed on a maximum of 4 objectives:

- 1 Group objective, which is the same for all scheme participants
- 3 individual objectives connected with the position held.

<sup>14</sup> Points/range evaluation allowing a comparison of executive level operational positions; via an analysis of the activities carried out for each organisational position it can appraise competence, problem solving and economic dimension.

<sup>15</sup> Specialised Evaluation methodology with regard to market comparison via job matching processes for homogeneous professional families.

<sup>16</sup> The objectives insofar as concerns the variable component assigned to the Chief Audit, Risk & Compliance Officer are not tied to economic performance indicators.

Associated with each objective is a weight and a relative share of the overall monetary incentive, the amount of which is determined via a comparison against the reference salary market.

The Group objective has a weight corresponding to 30% of the incentive amount and is measured using the indicator “Consolidated IAS result before tax at adjusted replacement cost”. Individual objectives have a weight corresponding to 70% of the incentive amount and are measured according to economic/financial and/or project parameters.

In order to impartially assess the performance of participants, at the beginning of the year, for each objective, a forecast target value is identified as well as a minimum and maximum threshold within which the objective is considered achieved. The monetary incentive amount associated with each objective may vary between 80% and 120% for individual objectives and between 50% and 150% for the company objective.

In the event that the result associated with an objective is below the minimum threshold defined at the outset, the incentive amount relating to such objective will be zero; in cases where the result associated with an objective is above the maximum threshold defined at the outset, the incentive amount relating to such objective cannot in any case exceed the established cap.

#### **LTI Scheme - Medium/long-term incentives**

Also for Executives with strategic responsibilities, participation in the previously described LTI Scheme<sup>17</sup> is envisaged.

#### **The weight of remuneration**

The weight of the fixed component of remuneration for each Executive with strategic responsibilities, on an annual basis, corresponds on average to 53% of his overall remuneration. The yearly variable component (MBO) of the remuneration pertaining to each Executive with strategic responsibilities has an average weight corresponding to around 21%<sup>18</sup> of his overall remuneration. The medium/long-term variable component (LTI) of remuneration for each Executive with strategic responsibilities, on a three-year basis, considering the annualised amount of same, has a weight corresponding on average to around 26%<sup>19</sup> of his overall remuneration.

#### **Extraordinary bonuses**

In the case of successfully completed extraordinary transactions, lump sum bonuses may be paid, based on a proposal from the Chief Executive Officer and having consulted the NRC<sup>20</sup> and the Board of Statutory Auditors, to the managers who most contributed to the success of the transaction. The size of these bonuses depends on the economic benefit and strategic importance of the transaction in question, as

<sup>17</sup> The Chief Audit, Risk & Compliance Manager does not participate in the LTI Scheme. His salary package is parameterised, inter alia, to the implementation of the annual audit plan.

<sup>18</sup> This refers to the target value of the bonus.

<sup>19</sup> This refers to the target value of the bonus.

<sup>20</sup> Also taking into account the Procedure regarding Related Party transactions.



well as the contribution effectively given by each individual manager, also taking into account respective organisational positions.

### **Non-monetary benefits**

The Executives with strategic responsibilities are assigned some non-monetary benefits including, by way of example, insurance cover (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.

The Board of Directors may, in the interest of the Company, provide for Executive Directors to receive specific indemnities to be assigned in the case of early termination of office or non-renewal of same, or, in general, as an end-of-mandate gratuity; the related resolution on the part of the Board of Directors must be taken in keeping with the ERG Group's medium/long-term strategy, values and interests.

With regard to the indemnities that may be assigned to the Executive Directors in the event of early termination of office or non-renewal of same, as a rule and except in exceptional circumstances, the amounts to be paid for such purpose may not exceed the total amount of related fixed remuneration paid to the Directors under the relationship over a period of 24 months.

Insofar as concerns the indemnities that may be assigned to the Executive Directors as end-of-mandate gratuity, as a rule and except in exceptional circumstances, the amounts to be paid for such purpose may not exceed an amount corresponding to 40% of the related overall fixed remuneration paid to same during the mandate period.

### **INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS**

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

## **SECTION II**

### **Part 1.1**

#### **BOARD OF DIRECTORS**

##### **Fees**

All Directors were paid the fixed annual remuneration, as approved by the Shareholders' Meeting on 23 April 2013.

Directors called upon to sit on the NRC or the CRC, were allocated an additional fixed remuneration also approved by the Shareholders' Meeting on 23 April 2013.

##### **Remuneration**

###### **Fixed component**

The Chief Executive Officer's fixed remuneration, for each year of his term in office, was established by the Board of Directors on 10 May 2012, based on a proposal by the NRC, after consulting the Board of Statutory Auditors.

As regards the other Executive Directors or Directors appointed to specific offices and Directors called upon to sit on the Strategic Committee who do not hold positions within the Board of Directors, the fixed annual remuneration, as approved by the Shareholders' Meeting on 23 April 2013, was supplemented with a fixed annual remuneration determined by the Board of Directors on 13 May 2013 upon a proposal by the NRC, after consulting the Board of Statutory Auditors. The amount of the remuneration was measured in proportion to the commitment required of each of them for their respective aforesaid assignments, and was defined (based on the opinion of specialised firms) through market benchmarking with listed companies.

###### **Variable component**

For the Chief Executive Officer, the Board of Directors on 10 May 2012, based on a proposal by the NRC and having consulted the Board of Statutory Auditors, established a significant variable monetary component linked to the creation of value in the medium/long term, determined according to the rules envisaged within the scope of the LTI Scheme.

The Chairman and Executive Deputy Chairman - although they hold management powers – do not participate in the LTI Scheme, since the interests of same are already considered to be intrinsically aligned to the pursuance of the priority objective of value creation for all shareholders.

### **Extraordinary bonuses**

In the case of an extraordinary transaction successfully completed during the course of 2013, the Board of Directors, upon a proposal by the NRC<sup>21</sup> and after consulting the Board of Statutory Auditors, assigned bonuses to the Executive Directors who took part in the transactions. The size of the bonuses 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 23 April 2013.

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.

## **EXECUTIVES WITH STRATEGIC RESPONSIBILITIES**

### **Fixed component**

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

For the Chief Audit, Risk & Compliance Officer the fixed (and the variable<sup>22</sup>) salary was determined by the Board of Directors Meeting on 13 May 2013, upon a proposal by the Director responsible for the internal control and risk management system and having obtained the favourable opinion of the CRC.

### **Variable component**

The variable component of remuneration as regards the Executives with strategic responsibilities, comprising short-term incentives (MBO) and medium/long-term incentives (LTI)<sup>23</sup>, was defined by the Chief Executive Officer in observance of the Policy.

<sup>21</sup> Also considering the Procedure for transactions with Related Parties.

<sup>22</sup> The objectives relating to the variable component assigned to the Chief Audit, Risk & Compliance Officer are not tied to economic performance indicators.

<sup>23</sup> The Chief Audit, Risk & Compliance Officer does not participate in the LTI Scheme. His salary package is parameterised, inter alia, to the implementation of the annual audit plan.

### **Extraordinary bonuses**

In the case of an extraordinary transaction successfully completed during the course of 2012, the Chief Executive Officer, having consulted the NRC<sup>24</sup> and the Board of Statutory Auditors, assigned bonuses to the Executives with strategic responsibilities who most contributed to the success of the transaction. The size of these bonuses was determined in proportion to the economic benefit and strategic importance of the transaction in question, as well as the contribution effectively given by each individual manager, also taking into account respective organisational positions.

### **Non-monetary benefits**

During the course of 2013, executives with strategic responsibilities received certain non-monetary benefits including, by way of example, insurance cover (health and life policies), pension benefits, car and living accommodation.

### **RESIGNATION FROM OFFICE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP**

The Board of Directors Meeting on 10 May 2012, having obtained the opinion of the NRC<sup>25</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 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 are 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.

### **INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS**

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

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<sup>24</sup> Also taking account of the Procedure for transactions with Related Parties.

<sup>25</sup> Also taking account of the Procedure for transactions with Related Parties.

## Part 1.2

The following tables 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.

**Table 1: Remuneration paid to members of the administrative body, the general managers and other executives with strategic responsibilities**

(A) Full name	(B) Position	(C) Period during which the position was held	(D) Expiry of office	(1) Fixed remuneration	(2) Remuneration for participation in committees	(3) Non-equity variable compensation	(4) Non-monetary benefits	(5) Other remuneration	(6) Total	(7) Fair Value of equity compensation	(8) Indemnity on resignation from office or termination of employment relationship	Bonuses and other incentives	
												Profit sharing	
<b>Edoardo Garrone</b>	Chairman	01.01.2013 - 31.12.2013	30.04.2015										
(I) Remuneration in the company preparing the financial statements (ERG S.p.A.)				1,050,008.84	-	-	9,991.16	-	1,060,000.00	-	-		
(II) Remuneration from subsidiaries and associated companies				-	-	-	-	-	-	-	-		
(III) Total				1,050,008.84	-	-	9,991.16	-	1,060,000.00	-	-		
<b>Alessandro Garrone</b>	Executive Deputy Chairman <sup>(1)</sup>	01.01.2013 - 31.12.2013	30.04.2015										
(I) Remuneration in the company preparing the financial statements (ERG S.p.A.)				910,386.34	-	487,500.00 <sup>(2)</sup>	13,670.38	-	1,411,556.72	-	-		
(II) Remuneration from subsidiaries and associated companies				171,666.66 <sup>(2)</sup>	-	-	-	-	171,666.66	-	-		
(III) Total				1,082,053.00	-	487,500.00	13,670.38	-	1,583,223.38	-	-		
<b>Giovanni Mondini</b>	Deputy Chairman	01.01.2013 - 31.12.2013	30.04.2015										
(I) Compensi nella società che redige il bilancio (ERG S.p.A.)				351,014.84	-	-	14,336.08	-	365,350.92	-	-		
(II) Remuneration from subsidiaries and associated companies				-	-	-	-	-	-	-	-		
(III) Total				351,014.84	-	-	14,336.08	-	365,350.92	-	-		
<b>Luca Bettonte</b>	Chief Executive Officer	01.01.2013-31.12.2013	30.04.2015										
(I) Remuneration in the company preparing the financial statements (ERG S.p.A.)				1,174,156.82	-	1,559,100.00 <sup>(3)</sup>	23,378.62	-	2,756,635.44	-	420,000.00 <sup>(4)</sup>		
(II) Remuneration from subsidiaries and associated companies				15,000.00 <sup>(5)</sup>	-	-	-	-	15,000.00	-	-		
(III) Total				1,189,156.82	-	1,559,100.00	23,378.62	-	2,771,635.44	-	420,000.00		
<b>Massimo Belcredi</b>	Director	01.01.2013 - 31.12.2013	30.04.2015										
(I) Compensi nella società che redige il bilancio (ERG S.p.A.)				60,000.00	75,000.00 <sup>(6)</sup>	-	3,183.66	-	138,183.66	-	-		
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-		
(III) Total				60,000.00	75,000.00	-	3,183.66	-	138,183.66	-	-		

<b>Pasquale Cardarelli</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			60,000.00	30,000.00 <sup>(7)</sup>	-	-	-	-	-	90,000.00	-	-	-	-
(II)	Remuneration from subsidiaries and associated companies			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			60,000.00	30,000.00	-	-	-	-	-	90,000.00	-	-	-	-
<b>Alessandro Careri<sup>(8)</sup></b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			60,000.00	100,000.00 <sup>(9)</sup>	-	-	-	-	-	160,000.00	-	-	-	-
(II)	Compensi da controllate e collegate			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			60,000.00	100,000.00	-	-	-	-	-	160,000.00	-	-	-	-
<b>Marco Costaguta</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Compensi nella società che redige il bilancio (ERG S.p.A.)			60,000.00	100,000.00 <sup>(9)</sup>	-	-	-	-	-	160,000.00	-	-	-	-
(II)	Compensi da controllate e collegate			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			60,000.00	100,000.00	-	-	-	-	-	160,000.00	-	-	-	-
<b>Antonio Guastoni</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			60,000.00	45,000.00 <sup>(10)</sup>	-	-	-	-	-	105,000.00	-	-	-	-
(II)	Compensi da controllate e collegate			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			60,000.00	45,000.00	-	-	-	-	-	105,000.00	-	-	-	-
<b>Paolo Francesco Lanzoni</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			54,182.41	100,000.00 <sup>(11)</sup>	-	-	-	-	5,817.59	160,000.00	-	-	-	-
(II)	Remuneration from subsidiaries and associated companies			-	45,192.00 <sup>(12)</sup>	-	-	-	-	-	45,192.00	-	-	-	-
(III)	Total			54,182.41	145,192.00	-	-	-	-	5,817.59	205,192.00	-	-	-	-
<b>Graziella Merello</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			303,591.90	-	-	-	-	-	6,408.10	310,000.00	-	-	-	-
(II)	Compensi da controllate e collegate			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			303,591.90	-	-	-	-	-	6,408.10	310,000.00	-	-	-	-
<b>Umberto Quadri</b>	Director	01.01.2013 - 31.12.2013	30.04.2015												
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			60,000.00	-	-	-	-	-	-	60,000.00	-	-	-	-
(II)	Remuneration from subsidiaries and associated companies			-	-	-	-	-	-	-	-	-	-	-	-
(III)	Total			60,000.00	-	-	-	-	-	-	60,000.00	-	-	-	-

<b>Mario Pacciani</b>	Chairman of the Board of Statutory Auditors	01.01.2013 - 31.12.2013	30.04.2016						
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			60,000.00					60,000.00
(II)	Remuneration from subsidiaries and associated companies			23,000.00 <sup>(13)</sup>					23,000.00
(III)	Total			83,000.00					83,000.00
<b>Leilio Fornabaio</b>	Standing Auditor	01.01.2013 - 31.12.2013	30.04.2016						
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			40,000.00					40,000.00
(II)	Remuneration from subsidiaries and associated companies			96,200.00 <sup>(14)</sup>					96,200.00
(III)	Total			138,200.00					138,200.00
<b>Paolo Fasce</b>	Standing Auditor	01.01.2013 - 23.04.2013	23.04.2013						
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			13,335.00					13,335.00
(II)	Remuneration from subsidiaries and associated companies			16,540.00 <sup>(15)</sup>					16,540.00
(III)	Total			29,875.00					29,875.00
<b>Elisabetta Barisone</b>	Standing Auditor	23.04.2013-31.12.2013	30.04.2016						
(I)	Remuneration in the company preparing the financial statements (ERG S.p.A.)			26,665.00					26,665.00
(II)	Remuneration from subsidiaries and associated companies			5,000.00 <sup>(16)</sup>					5,000.00
(III)	Total			31,665.00					31,665.00
<b>Strategic Executives<sup>(17)</sup></b>	Directors of subsidiaries and division heads								
(I)	Compensi nella società che redige il bilancio (ERG S.p.A.)			877,843.01		896,988.00 <sup>(18)</sup>	35,247.05		1,810,078.06
(II)	Remuneration from subsidiaries and associated companies			-		-	-		-
(III)	Total			877,843.01		896,988.00	35,247.05		1,810,078.06

#### Notes Table 1

- (1) Extraordinary bonus paid in FY2013 for extraordinary transactions
- (2) Remuneration for the office of Chairman at ERG Renew S.p.A.
- (3) Includes extraordinary bonus of Euro 1,080,000 paid in FY2013 for extraordinary transactions and retention bonus of Euro 479,100
- (4) Portion of end-of-mandate indemnity pertaining to the year
- (5) Remuneration for the office of director at ERG Renew S.p.A.
- (6) Remuneration for the offices of Chairman of the Control and Risks Committee (Euro 45,000) and Member of the Nominations and Remuneration Committee (Euro 30,000).
- (7) Remuneration for the office of Member of the Nominations and Remuneration Committee
- (8) We report that, during the course of FY2013, the company I.E.C. S.r.l., of which Alessandro Careris is Sole Director, was paid consulting fees amounting to Euro 380,000.
- (9) Remuneration for the office of Member of the Strategic Committee
- (10) Remuneration for the Office of Member of the Control and Risks Committee
- (11) Remuneration for the office of Member of the Control and Risks Committee (Euro 45,000), Chairman of the Nominations and Reuneration Committee (Euro 30,000) and Chairman of the Supervisory Committee (Euro 25,000).
- (12) Remuneration for the office of Chairman of the Supervisory Committee at ERG Renew S.p.A., ERG Oil Sicilia S.r.l., ISAB Energy S.r.l. (terminated on 02/08/2013), ISAB Energy Services S.r.l., ERG Nuove Centrali (terminated on 18/04/2013).
- (13) Remuneration for the office of Chairman of the Board of Statutory Auditors at ERG Power S.r.l. (appointed 18/04/2013) and Statutory Auditor at ISAB Energy S.r.l. and Raffineria di Roma S.p.A.
- (14) Remuneration for the office of Chairman of the Board of Statutory Auditors at ERG Renew S.p.A., TotalErg S.p.A., ISAB S.r.l., ERG Nuove Centrali S.p.A., ERG Services S.p.A. (appointed 3/12/2013), ERG Power S.r.l. (terminated on 18/04/2013) and Statutory Auditor at Ionio Gas in liquidazione S.r.l.
- (15) Remuneration for the office of Chairman of the Board of Statutory Auditors at IFaber S.p.A. and Statutory Auditor at Ionio Gas in liquidazione S.r.l.
- (16) Remuneration for the office of Chairman of the Board of Statutory Auditors at ERG Oil Sicilia S.r.l. (appointed 18/04/2013) and ERG Services S.p.A. (appointed 3/12/2013).
- (17) Includes 5 (five) Strategic Executives.
- (18) Includes extraordinary bonuses totalling Euro 511,400.00 paid in FY2013 for extraordinary transactions.

**Table 3B: Monetary incentive schemes in favour of members of the administrative body, the general managers and other executives with strategic responsibilities**

A Full name	B Position	(1) Scheme	(2) Bonus for the year			(3) Bonus for previous years			(4) Other Bonus
			(A) Payable/ Paid	(B) Deferred	(C) Deferral period	(A) No longer payable	(B) Payable/ Paid	(C) Still deferred	
<b>(I) Remuneration in the company preparing the financial statements</b>									
Alessandro Garrone	Executive Deputy Chairman		-	-	-	-	-	-	487,500.00 <sup>(1)</sup>
Luca Bettonte	Chief Executive Officer	Medium/long-term incentive scheme (BoFD resolution dated 18/12/2012)	-	1,248,000.00	FY 2012-2014 <sup>(2)</sup>	-	-	780,000.00 <sup>(3)</sup>	1,559,100.00 <sup>(4)</sup>
Strategic Executives	Directors in subsidiaries and division heads	Medium/long-term incentive scheme (BoFD resolution dated 18/12/2012)	-	603,200.00	FY 2012-2014 <sup>(2)</sup>	-	-	377,000.00 <sup>(3)</sup>	-
Strategic Executives	Directors in subsidiaries and division heads	Short-term incentive schem (BoFD resolution dated 18/12/2012)	385,588.00	-	FY 2013 <sup>(5)</sup>	-	-	-	511,400.00 <sup>(1)</sup>
(I) Total			<b>385,588.00</b>	<b>1,851,200.00</b>				<b>1,157,000.00</b>	<b>2,558,000.00</b>

(1) Extraordinary bonuses paid in FY2013 for extraordinary transactions

(2) Deferred bonus pertaining to the year, payment of which will be made by ERG S.p.A. in May 2015 in the event that the established three-year target is achieved.

(3) Deferred bonus pertaining to FY2012, payment of which will be made by ERG S.p.A. in May 2015 in the event that the established three-year target is achieved.

(4) Extraordinary bonus paid in FY2013 for extraordinary transactions and retention bonus paid in August 2013.

(5) Bonus pertaining to FY2013, payment of which will be made by ERG S.p.A. in May 2014.

No remuneration is envisaged from subsidiaries and associated companies



**Schedule 7-ter: Information regarding the shareholdings of members of the management and control bodies, the general managers and other executives with strategic responsibilities**

Full name	Position	Company	Number of shares held at the end of the previous year	Number of shares purchased	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
Dirigente Strategico <sup>(1)</sup>		ERG S.p.A.	2,000	-	600	1,400

(1) Direct shareholders - possession title: ownership

Genoa, 11 march 2014

ERG S.p.A.  
 Chairman of the board  
 Edoardo Garrone

**ERG S.p.A.**

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