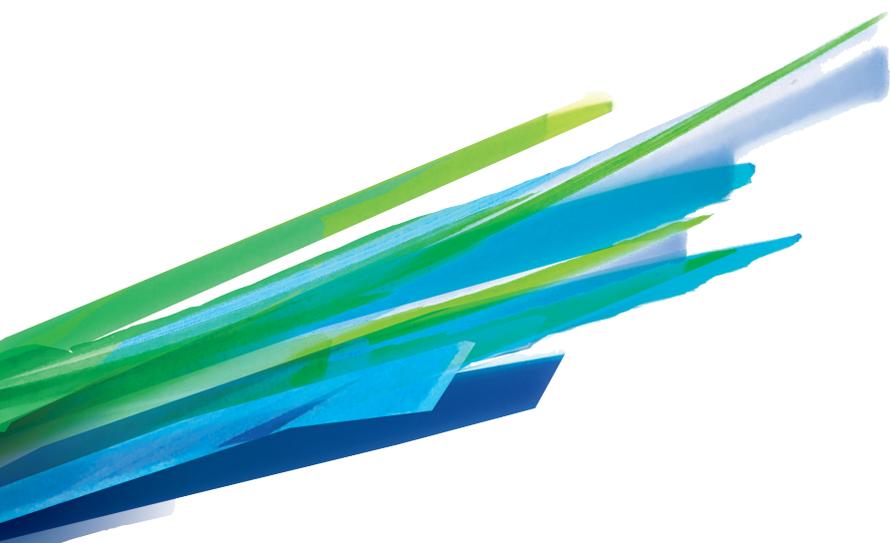




ERG S.P.A.

**DIRECTORS' CODE OF CONDUCT**

Approved by the ERG S.p.A. Board of Directors  
on 14 May 2014



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## 1. INTRODUCTION, OBJECTIVES AND SPHERE OF APPLICATION

The purpose of this Directors' code of conduct (the "**Code**") is to provide the directors - appointed by ERG S.p.A. ("**ERG**" or the "**Company**") or its subsidiaries (the "**Subsidiaries**") during the board meetings of companies belonging to the ERG Group (the "**Directors**") - with uniform standards of behaviour such as to enable them to perform their office within an organised framework of reference, in observance of the Company's Corporate Governance and also, wherever possible, in keeping with the interests of the ERG Group.

The code should also be seen as a tool aimed at maximising the support which the ERG Group offers the Directors, by using all the resources present within it and so enabling them to enhance their performance of the tasks assigned to them.

Without prejudice to observance of the principle of operational autonomy referred to in the current Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A. (the "**Governance Code**"), the guidelines contained in the Code are also addressed to the Directors appointed in listed companies.

The Directors who qualify as independent within the meaning set forth by Article 2399, first paragraph of the Italian Civil Code and Article 148, third paragraph of the Consolidated Finance Act (TUF) must be deemed outside the sphere of application of the Code.

The ERG Board of Directors shall periodically evaluate the need to amend and supplement the Code, also taking into account potential legislative and regulatory changes, as well as the variations, if any, to the organisational structure of the Company and the ERG Group. The amendments to the Code, if any, shall be approved by ERG's Board of Directors, subject to prior approval by the Control and Risk Committee.

Moreover, ERG's Chief Executive Officer, having consulted the Control and Risk Committee, shall be authorised to introduce to the Code any and all amendments of a purely formal nature that do not substantially alter the content of the Code, subsequently informing ERG's Board of Directors thereof at its first appropriate meeting.

## 2. DEFINITIONS

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

**Group's Interest:** the common interest of ERG, the Subsidiaries, the Joint Ventures and the Affiliated Companies in maximising profitability and the overall value of business activities performed by the same.

**Joint Venture:** companies that are jointly owned, either directly or indirectly, between ERG and a third-party shareholder and/or are subject to a joint governance system.

**ERG Corporate Governance Principles:** all the principles and provisions contained in the guidelines, procedures, codes and models in force within the ERG Group, insofar as applicable.

**Subsidiaries:** the companies directly or indirectly owned by ERG in accordance with the provisions set forth by Article 93 of the Consolidated Finance Act (T.U.F.)<sup>1</sup>

**ERG Group Companies:** the Subsidiaries, the Joint Ventures and the Affiliated Companies.

**Affiliated Companies:** the companies in which ERG or its Subsidiaries hold an equity interest of any size (albeit not such as to control the company) giving entitlement to appoint one or more board members.

**T.U.F.:** Legislative Decree no. 58 dated 24 February 1998, as subsequently amended and supplemented (Testo Unico della Finanza – Consolidated Finance Act).

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<sup>1</sup> In particular, as regards the Italian companies, reference is made to the companies subject to management and coordination by ERG pursuant to Articles 2497 et seq. of the Italian Civil Code.

### 3. PRINCIPLES OF CONDUCT

In consideration of the above mentioned objectives, whilst the general terms and conditions of this code are not mandatory, the ERG Group reasonably expects the directors, in performing their respective offices, to abide by the principles of conduct set out below.

Without prejudice to the foregoing, the directors are in any case expected to fully observe the requirements set forth in the following articles: 3.3 (Directors' interests), 3.4 (Prior consultation), 3.5 (Attendance at meetings), 3.6 (Uniformity of conduct), 3.7 (Report), 3.8 (Information to the parent company and confidentiality obligations), 3.9 (Managing Directors), 3.10 (Significant transactions), 3.11 (Relations with Statutory Auditors), 3.12 (Reporting of irregularities), 3.14 (Emoluments).

Each Director is therefore required to return Annex 1 – Acceptance form and statement of undertaking to observe the Code – duly signed.

#### 3.1 Group's interest

Directors are called upon to pursue the Group's Interest in observance of principles of correct corporate and entrepreneurial management of the companies within which they perform their office, also taking account, where appropriate, of the advantages, the synergies and the economies of scale arising from the activity of management and coordination of the Subsidiaries, carried out by ERG within the scope of regulations laid down by Articles 2497-bis et seq. of the Italian Civil Code in accordance with Article 3.2 below.

The Directors appointed in Joint Ventures are required to pay special attention to the protection and enhancement of the Group's Interest and, at the same time, to constantly ensure that the strategic and operational management of the Joint Ventures is carried out in full observance of the articles of association and shareholder agreements.

#### 3.2 Management and coordination activities

ERG carries out management and coordination activities for the Subsidiaries – in observance of the managerial and operational autonomy of the same, which benefit by the advantages, synergies and economies of scale arising as a result of their inclusion within the ERG Group – represented by the definition of business strategies, the system of corporate governance and the ownership structures, together with the definition of shared general policies in matters pertaining to human resources, accounting, budgeting, taxation, finance, risk management, communications, institutional relations, environment, health and safety.

Insofar as concerns the Subsidiaries that are subject to the management and coordination activity performed by ERG in accordance with Articles 2497 et seq. of the Italian Civil Code, the Directors must ensure that the decisions influenced by such activity on the part of ERG

are analytically justified and that precise indication is given of the reasons and interests evaluation of which impacted the decision in question according to the provisions set forth by Article 2497-ter of the Italian Civil Code. They must also provide an adequate account of such decisions in the Report on operations accompanying the annual financial statements.

### 3.3 Directors' Interests

When performing their mandate the Directors shall comply with the provisions regarding own and third party interests as set forth by Article 2391 of the Italian Civil Code (Directors' interests) and, where applicable, Article 2391-bis of the Italian Civil Code (related party transactions).

In particular, the Directors must inform the other directors and the Board of Statutory Auditors regarding any interest they may have, on their own behalf or on behalf of third parties, in a specific transaction pertaining to the company in which they perform their office, stating the nature, terms, origin and extent of the interest. If the holder of an interest, on his own behalf or on behalf of a third party, is the Managing Director of the company, he must refrain from carrying out the transaction, entrusting such task to the corporate body. In the abovementioned cases, the Board of Directors' resolution must adequately show the reasons behind the transaction in question and the advantage thereof for the company.

The aforementioned rule must be adhered to by Directors not only at individual level but also in situations potentially involving other members of the board.

Constant care shall therefore be taken with regard to situations that may arise where members of the board hold an interest, either directly or on behalf of a third party, in relation to matters included on the agenda.

The directors shall pay particular attention in this respect to all transactions with third parties which the board may be called upon to approve, expressly requesting the other members of the board to declare any relationships, directly or indirectly concerning them, which could give rise to a conflict of interests between themselves and the company in which they perform their office.

As far as transactions with related parties are concerned, the Directors must adhere to the relevant CONSOB regulations, the **Procedure for Related Party transactions**<sup>2</sup> and the **Guidelines for identifying and carrying out significant transactions**<sup>3</sup>, together with any other applicable internal ERG Group rules.

The Directors shall inform their hierarchical and functional reference persons (or the persons in charge of any offices that may be involved) of the existence of a potential interest they might have, either directly or on behalf of a third party, regarding a specific transaction of the company in which they perform their office.

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<sup>2</sup> The current version is available on the Company's website ([www.erg.eu](http://www.erg.eu)) in the section "governance/governance documents".

<sup>3</sup> The current version is available on the company intranet in the section "home/company and corporate governance/corporate governance/governance documents".

In the same way, any event coming to the attention of Directors which might lead to a direct or indirect personal advantage for the other directors, or which is of an anomalous or improper nature compared to the normal operational criteria, must likewise be reported.

#### **3.4 Prior consultation**

Directors shall promptly inform their hierarchical and functional reference persons (or the persons in charge of any offices involved insofar as pertaining thereto) of the scheduled meetings of the board of which they are members, so as to allow prior consideration of any issues concerning the points on the agenda.

If on the same Board of Directors there are several directors appointed by ERG or Subsidiaries, they shall consult with each other, without prejudice to the previous paragraph, in order to define as uniform an approach as possible for the meeting.

Should a substantial and insurmountable difference of opinion between the Directors arise from this consultation, they shall again involve their respective reference persons in order to identify a possible solution.

#### **3.5 Attendance at Meetings**

Directors shall guarantee a regular attendance at the meetings of the board of which they are members.

If a Director is unable to attend a Board of Directors meeting, he must give prior notice to his hierarchical and functional reference person, and to the other Directors appointed by ERG or Subsidiaries to the same board.

A Director's non-attendance, without justification, at more than 2/3 of the board meetings held during a financial period shall result in discontinuation of his fiduciary relationship with the ERG Group, reference being made, for such purpose, to the provisions set forth by Article 3.15, second paragraph.

#### **3.6 Uniformity of conduct**

If several directors appointed by ERG or Subsidiaries are present at the same board meeting, they shall, insofar as possible and without prejudice to the provisions set forth by Article 3.4, second paragraph, when discussing items on the agenda or debating a resolution, avoid assuming positions that are discordant or might denote the existence of non-uniform lines of thought concerning the items under discussion.

Where points are raised that were not on the agenda and could not, therefore, be mutually discussed beforehand, if the Directors realise that there are differences of opinion, however slight, they shall either call for a brief recess, so as to be able to weigh up the various points of view and if possible identify a common line of conduct, or ask for the matter to be discussed at a future meeting.

### 3.7 Report

After each meeting of the board of which they are members, the Directors shall ensure that an adequate report is sent to their respective hierarchical and functional reference persons (or to the persons in charge of any offices involved insofar as pertaining thereto) regarding the resolutions passed, also indicating any matters that emerged during the meeting which the Director believes contain aspects that are of interest or may represent a problem for the ERG Group.

In case there are several Directors designated by ERG or Subsidiaries present at the same Board of Directors meeting, a jointly prepared report is preferred.

Insofar as concerns the Directors appointed in listed companies, the aforesaid obligations must be fulfilled in observance of the confidential nature of corporate information according to the requirements laid down by applicable legislative and regulatory provisions.

### 3.8 Information to the parent company and confidentiality obligations

The Directors shall monitor over time the regular and consistent flow of information between the company in which they perform their office and ERG, in order for the latter to be able to fulfil its disclosure obligations vis-à-vis the market's supervisory bodies and the market itself. For such purpose the Directors must adhere to the relevant provisions laid down by the **Procedure for the management and handling of inside information and public dissemination of announcements and information**<sup>4</sup>, which also regulates the confidentiality obligations with regard to the documents and information acquired by Directors in the performance of their office, even outside the board meetings.

### 3.9 Managing Directors

Directors assigned powers relating to the management of an ERG Group Company, in addition to exercising same whilst maintaining the necessary relations with their respective hierarchical and functional persons, shall also ensure the exercise thereof in the pursuance of the Group's Interest – in observance of principles of correct corporate and entrepreneurial management of the company in which they perform their office – and within the scope of the strategic guidelines and the policy and management directives arising from the management and coordination activities carried out by ERG.

They shall in any case report periodically to their Boards of Directors on the actions performed in exercising their powers.

Likewise, the Directors designated within companies where managerial powers have been assigned to a director appointed by a third party shareholder shall ensure that the board receives a periodic update from the Managing Director regarding the actions carried out by the same within the scope of his power.

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<sup>4</sup> The current version is available on the Company's website ([www.erg.eu](http://www.erg.eu)) in the section "governance/governance documents".

### 3.10 Significant transactions

Directors must adhere to the provisions laid down by the **Guidelines for identifying and carrying out significant transactions** in order to enable ERG to pass resolution with regard to transactions having a significant impact from a strategic, economic, equity or financial standpoint pursuant to application criteria 1.C.1, letter f), last sentence of the Corporate Governance Code.

### 3.11 Relations with Statutory Auditors

Where auditors designated by ERG or Subsidiaries are included on the Board of Statutory Auditors of the company in which they perform their office, the Directors shall maintain with same adequate and continuous relations, so as to ensure full coverage of all aspects regarding the company management in which, by reason of the position they hold, they are involved.

### 3.12 Reporting of irregularities

Should the directors become aware of possible irregularities, or in any case of circumstances not in keeping with normal and correct company management, they shall immediately inform their hierarchical and functional reference person (or the persons in charge of any offices involved insofar as pertaining thereto) in order to define the actions to be taken to protect the interests of both the company in which they perform their office and the ERG Group. Insofar as concerns the Directors appointed in listed companies, the aforesaid obligations must be fulfilled in observance of the confidential nature of corporate information according to the requirements laid down by applicable legislative and regulatory provisions.

### 3.13 Liability

The Directors' abidance by the recommendations of the Code, in particular those concerning relations with their hierarchical and functional reference persons, shall not release them from any liability they may incur when carrying out the duties they were appointed to fulfil. Furthermore, the ERG Group has adopted a general policy exonerating Directors from their liabilities only insofar as there is no misconduct or gross negligence, to be implemented by way of appropriate resolutions passed by the individual companies, which shall however take into consideration specific corporate circumstances.

### 3.14 Emoluments

Emoluments resolved in favour of Directors who are employees of ERG or Subsidiaries – in consideration of the fact that the role performed comes within the duties envisaged in the employment contract signed with the Director's company – unless determined otherwise, shall be charged directly to the company in question.

Directors shall ensure that this circumstance is specifically mentioned in company resolutions.

### 3.15 Fiduciary Relationship

When choosing the persons invited to hold the office of Director, the ERG Group attributes special importance to the existence and maintenance of a reciprocal fiduciary relationship. Therefore, in cases where this kind of relationship, for whatsoever reason, no longer exists, the ERG Group may reasonably expect the Director to acknowledge the fact, with a view to taking the appropriate course of action.

In the particular case of Directors employed by ERG or subsidiaries, termination of their employment, for whatsoever reason, is normally considered to imply discontinuation of the fiduciary relationship.

### 3.16 Ethical principles and ERG Corporate Governance

Directors shall perform their mandate in full observance not only of applicable legislative and regulatory provisions and the recommendations contained in the Code, but also of the ethical principles set forth in the **ERG Group Code of Ethics**<sup>5</sup> as well as more generally the ERG Principles of Corporate Governance, insofar as applicable.

Moreover, the Directors shall strive to promote compliance with the ERG Group's ethical principles, as set forth in the **ERG Group Code of Ethics**, as well as, more generally, the ERG Principles of Corporate Governance, insofar as applicable, also on the part of the companies where they hold their office.

### 3.17 Sanctions

It should be noted that:

- violation of the rules of conduct set forth by Article 2391 of the Italian Civil Code and, where applicable, by Article 2391-bis of the Italian Civil Code imply personal liability for damages on the part of Directors who have acted or constitute a condition for application of the derivative actions set forth by Articles 2392 et seq. of the Italian Civil Code;
- abuse of privileged information and/or market manipulation implies application of criminal and administrative sanctions against the person committing the unlawful conduct, pursuant to Articles 184 et seq. of the Consolidated Finance Act (TUF);
- the unlawful processing of personal data, in violation of the provisions contained in Legislative Decree no. 196 dated 30 June 2003, is punishable by administrative and criminal sanctions.

Moreover, violation of the rules of conduct envisaged in the Code of Ethics and the Organisation and Management Model pursuant to Legislative Decree 231/01 shall constitute a disciplinary offence, providing for application of the current Sanction System.

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<sup>5</sup> The current version is available on the Company's website ([www.erg.eu](http://www.erg.eu)) in the section "governance".

**3.18 Annexes to the Code**

Annex 1 – Acceptance form and statement of undertaking to observe the Code.



## ANNEX 1

**Acceptance form and statement of undertaking  
to observe the Code**

Messrs. ERG S.p.A.  
Corporate Affairs Department

I, the undersigned,

declare that I have received and read the "Directors' Code of Conduct" as approved by the ERG S.p.A. Board of Directors during its meeting held on 21 March 2000 and most recently updated on 14 May 2014 (the "Code");

I hereby declare to accept the Code and undertake to observe the provisions set forth therein.

Yours faithfully,

Date

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

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