

ERG S.p.A.

Articles of Association



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Company name, registered office and duration

Article 1

A public limited company has been formed with the name of “ERG S.p.A”.

Article 2

The Company has its registered office in Genoa, at the address appearing in the relevant Register of Companies in accordance with article 111-ter of the Italian Civil Code implementing provisions.

The Company can establish branches, operating units and other offices in Italy and abroad following a resolution by the Board of Directors.

Article 3

The Company's objects include all activities pertaining to the industrial production, trade, transport and distribution of anything that is energy related, especially crude oil, natural gas and all their by-products, for its own account and on behalf of third parties, as well as the purchase, construction and maintenance of the related equipment and installations. Provided that the operations in question are not performed “vis-à-vis the general public” and are functionally related to the attainment of its objects, the Company may:

- carry out all economic, industrial, commercial and financial transactions, involving both fixed and current assets, acquire shareholdings in other firms, in Italy and abroad, pursuing objectives similar or related to or connected with its own;
- provide co-ordination and guidelines to affiliated companies and offer them all forms of technical and organisational assistance as required, also by supplying specific services;
- grant collateral and/or personal guarantees even for third-party obligations.

Article 4

The duration of the Company is fixed up until 31 December 2030 and may be extended by resolution of the Shareholders' Meeting.

Share Capital

Article 5

The Company's share capital is Euro 15,032,000 (fifteen million thirty-two thousand) divided into 150,320,000 (one hundred and fifty million three hundred and twenty thousand) ordinary shares of Euro 0.10 (ten cents) each.

The Company shall have the right to acquire funds in a manner that is not considered "the seeking of savings from the public" according to the laws from time to time in force with regard to banking and financial activities.

Article 6

The share capital may also be increased through the issue of shares with different rights to those of the shares as per article 5 above. In the case of an increase in the share capital, Shareholders shall be offered pre-emptive rights on the newly-issued shares, subject to exceptions as permitted by law.

The Extraordinary Shareholders' Meeting may delegate to the Board of Directors the power to increase the share capital in observance of the procedure and limits set forth by article 2443 of the Civil Code.

The Shareholders' Meeting may also resolve increases in capital through the issue of shares, including special categories, to be assigned free of charge pursuant to article 2349 of the Italian Civil Code.

Article 7

The shares shall be registered, when required under current laws; otherwise, if fully paid-up, shares may be either registered or bearer, at the option and expense of the Shareholder.

Each share is indivisible; ownership of a share implies acceptance of these Articles of Association and the resolutions of the Shareholders' Meetings.

Article 8

The Company may issue bonds, also convertible into shares, in the manners and within the limits provided by law.

Meetings

Article 9

The Shareholders' Meeting, where legally convened and constituted, shall represent the majority of shareholders and any resolutions passed shall be binding within the limits of these Articles of Association, even for those not in agreement or not present.

Article 10

Each share gives entitlement to one vote.

Holders of voting rights can be represented in writing at the meetings, by way of a proxy to be granted subject to the limits and terms set forth by current legislative and regulatory provisions. Electronic notification of such proxy can be made via certified electronic mail in accordance with the procedures indicated in the notice of meeting or by using such other instrument as may be specified in the said notice.

Holders of voting rights shall be entitled to attend the meeting, in observance of legislative and regulatory provisions, subject to having obtained a pass certificate, issued by the intermediary in accordance with current legislation and communicated to the company via the procedures and within the term set forth by current legislative and regulatory provisions.

In cases where bearer shares are permitted, holders of same shall have the right to attend the meetings subject to having deposited them within the term and in the place determined in accordance with current legislative and regulatory provisions.

Article 11

The Shareholders' Meeting must be convened by the Board of Directors at least once a year, within one hundred and twenty days of the close of the company's accounting period or within one hundred and eighty days, in cases where the company has the obligation to draw up consolidated financial statements and if necessary as a result of special requirements relating to the company's structure and objects.

Article 12

The Shareholders' Meeting shall be convened by means of a notice to be prepared and published within the terms and according to the procedures laid down by the legislative and regulatory provisions in force.

The same notice may also establish the second convocation, which must occur at least twenty-four hours and no more than thirty days after the first.

Extraordinary Shareholders' Meetings may be convened in third convocation as provided by law.

Shareholders' Meetings may also be held in a place other than the company's registered office in Italy or another country within the European Union.

Article 13

With regard to the constitution of the meetings and the validity of resolutions, whether in Ordinary or Extraordinary session, the provisions of law shall apply.

Article 14

The meeting shall be chaired by the Chairman of the Board of Directors or, in his absence, by one of the Deputy Chairmen, in order of seniority, or, in the absence of the latter, by a person designated by the holders of voting rights in attendance.

The Chairman declares the meeting to be legally constituted, ascertains the regular nature of proxies and the entitlements to participate in the meeting. He also regulates the discussion and determines the procedures for voting, which shall in any case be carried out by way of open vote.

The Meeting Chairman shall be assisted in drawing up the minutes, where the same is not entrusted to a Notary Public, by a secretary, who may even be chosen from persons other than holders of voting rights, appointed by the Shareholders' Meeting on the proposal of the Chairman. The Secretary or the Notary Public may enlist the assistance of trusted persons of their choice and make use of recording equipment.

The resolutions passed by the Shareholders' Meeting shall be recorded in the minutes and signed by the Chairman and the Notary Public or the Secretary.

The Ordinary Shareholders' Meeting may introduce rules intended to regulate the Ordinary and Extraordinary Shareholders' Meeting.

Administration

Article 15

1. The Company is managed by a Board of Directors comprising no less than 5 and no more than 15 members.
2. The Shareholders' Meeting shall establish the number of Board members, within the aforesaid limits and until determined otherwise by way of a new resolution.
3. The members of the Board of Directors shall be elected on the basis of lists presented by shareholders, on which the candidates must be listed with a sequential number. The lists presented by shareholders, accompanied by the personal and professional characteristics of candidates, must be lodged at the company's registered office within the term laid down by current legislative and regulatory provisions. The lists may only be presented by shareholders who, either individually or with other shareholders, represent the percentage of share capital established in accordance with the CONSOB Regulation prevailing as at the date of convocation of the Shareholders' Meeting, to be specified in the convocation notice for the Shareholders' Meeting convened to elect the Board of Directors. In order to demonstrate possession of the number of shares required for presentation of the lists, Shareholders must submit and/or deliver to the Company's registered office, within the term laid down by current legislative and regulatory provisions, copy of the certificates issued by their respective intermediaries, in accordance with current legislative and regulatory provisions. Each shareholder may present or participate in the presentation of only one list and each candidate may be included in only one list, under penalty of ineligibility. Each list must contain a number of candidates not to exceed the maximum number of directors specified in the first paragraph of this article. The lists shall indicate which Directors satisfy the independence requirements laid down by article 147-ter, paragraph 4, of the Consolidated Law on Finance. At least one candidate per list, or two candidates in the case of a board with more than seven members, must have the aforesaid independence requirements. All candidates must possess the requisites of honourableness laid down for the members of Control Bodies by current legislation, as well as the requisites of professionalism required for the position in question. Together with each list, within the term indicated above, individual candidates must lodge a declaration accepting the candidature and declaring, under their own responsibility, the non-existence of motives for ineligibility or incompatibility, as well as the possession of requisites as required under applicable legislation, and providing information, where appropriate, describing their independence. For the purpose of allocating the Directors to be elected, consideration shall not be given to the lists that have failed to reach a number of votes such as to represent a percentage of shareholding equal to at least half of that required for their presentation.
4. All parties entitled to vote may do so for only one list. The Directors shall be elected as follows:
 - a) from the list that obtains the majority of votes expressed shall be drawn, based on

- their sequential order of listing, a number of Directors equal to the number of members to be elected less one, subject to the provision set forth in paragraph 5 concerning the appointment of independent Directors;
- b) the remaining Director shall be drawn from the minority list that obtains the highest number of votes;
 - c) in case of presentation of only one list, or in case the other lists fail to reach the required quorum, the Directors shall be elected based on the list presented or having reached the quorum up to the number of candidates presented therein.
5. In any case, the candidate or, where the board has more than seven members, the first two candidates belonging to the list obtaining the highest number of votes, according to their order of appearance on the list in question, who satisfy the independence requirements, shall be considered elected.
- Independent Directors who, following their appointment, cease to have the independence requirements as set forth by article 147-ter, paragraph 4, of the Consolidated Law on Finance, must immediately notify the Board of Directors and shall, in any case, forfeit their office.
6. The Directors shall remain in office for a period of three financial years and their term shall expire as of the date of the shareholders' meeting convened to approve the financial statements pertaining to the last year of their office.

Directors may be re-elected.

In case one or more Directors should vacate their office, steps shall be taken as provided by law. However, in the event that, for whatsoever reason, prior to expiry of their mandate, the majority of Directors appointed by the Shareholders' Meeting should vacate their office, the entire Board shall be dissolved and the Shareholders' Meeting must be urgently convened by the Directors still in office for the reconstitution thereof. The Board shall nevertheless remain in office in order to perform only duties of ordinary administration pending the resolution of the Shareholders' Meeting regarding its renewal and pending acceptance on the part of the majority of the new Directors.

Article 16

The Board of Directors shall have full powers, without any exception, for the ordinary and extraordinary management of the Company and shall be authorised to perform any actions it may consider appropriate in order to implement and accomplish company targets, excluding only those actions which by law are strictly reserved for the Shareholders' Meeting.

Article 17

Where the Shareholders' Meeting has not already done so, the Board of Directors shall appoint a Chairman from among its members, and may appoint one or more Deputy Chairmen and one or more Managing Directors, fixing their powers and functions.

The Board may set up Committees as deemed appropriate in order to enhance managerial efficiency and improve the information flow vis-à-vis third parties and the market in general.

Decisions concerning the following are reserved for the competence of the Board of Directors:

- mergers, in the cases set forth by articles 2505 and 2505 bis as well as in the cases referred to in article 2506 ter last paragraph of the Italian Civil Code;
- indication as to which directors are authorised to represent the Company;
- reduction of share capital in case of shareholder's withdrawal;
- statutory adaptations to supervening mandatory legislative provisions;
- transfer of the company's registered office within Italy.

The Board of Directors may appoint an Honorary Chairman even from outside its own members, if the same has not already been appointed by the Shareholders' Meeting.

If the Honorary Chairman is not a member of the Board of Directors, he shall have no voting rights and his presence shall not count towards the validity of the Board meetings.

The Board of Directors may also appoint one or more General Managers even from outside its own members, fixing the powers and functions of same.

The Board of Directors may appoint a Secretary even from outside its own members.

Article 18

The Board of Directors may appoint managers, agents and attorneys-in-fact, delegating them, either jointly or separately, to perform specific actions or categories of action in the name of and on behalf of the Company.

The Chairman of the Board of Directors, as well as the Managing Director or Managing Directors, may appoint attorneys for individual matters and/or categories of related matters, establishing from time to time the powers and functions of the same.

Article 19

The Board of Directors shall report to the Board of Statutory Auditors on a quarterly basis, through the Managing Director where necessary, with regard to the activities performed and the transactions of major economic or financial importance or impact on the assets of the Company and its subsidiaries.

At the option of the board members or, in accordance with the foregoing, the Managing Director, the report shall be delivered either during the board meetings or by way of a specific written memorandum.

The board members shall also report on transactions in which they hold an interest, whether for their own account or on behalf of third parties.

The Board shall be convened with prior notice of at least five clear days. In cases of absolute urgency, two clear days' prior notice shall be sufficient.

The Board of Directors may meet even outside the registered office in Italy or abroad. The Board meetings may also be held via teleconference or videoconference provided that all participants can be identified and are able to follow the debate and intervene in real time in the business being discussed. Provided that such conditions exist, the Board meeting is considered held in the place where the Chairman is, together with the meeting Secretary, for the purpose of drafting the relative minutes.

The meeting shall be called by the Chairman or in his place by one of the Deputy Chairmen, in order of seniority, or in their place by one of the Managing Directors, again in order of seniority, by letter, fax or telegram or via email setting out the agenda.

In the absence of such formalities, the resolutions of the Board of Directors shall be valid if all non-resigning board members and the Standing Auditors are present.

The Board shall be chaired by the Chairman or in his place by one of the Deputy Chairman or in the place of the latter by one of the Managing Directors, in the same order previously indicated for the convocation.

In order for the meeting to be considered valid, the presence of the majority of the members in office is required.

The Board shall pass resolutions based on an absolute majority of attendees; in case of parity the chair shall have the casting vote.

Article 20

The minutes of the meeting proceedings shall be signed by the Chairman and the Secretary.

Article 21

The power to represent the Company pursuant to article 2384 of the Italian Civil Code shall fall to the Chairman.

It shall also fall separately to the Managing Director(s) within the limits of the functions conferred on the same.

It shall also fall separately to the General Manager(s) within the limits of the functions conferred on the same.

Article 21 bis

In the case of urgency, the Company's related party transactions – to be carried out directly by same or through subsidiaries – may be concluded as a departure from the provisions of the Procedure for related party transactions adopted by the Company in connection with transactions of major or minor significance, within the limits and according to the terms set forth by the legislative and regulatory provisions in force and other provisions of such Procedure.

Statutory Auditors

Article 22

1. The Shareholders' Meeting shall elect a Board of Statutory Auditors comprising three standing and three alternate auditors and shall determine their remuneration.
2. The Board of Statutory Auditors shall be appointed on the basis of lists presented by the shareholders on which one or more candidates must be indicated for the office of standing auditor and alternate auditor. The candidates, listed with a sequential number, must not exceed the number of statutory auditors to be elected.
3. Lists may only be presented by shareholders who, at the time of presenting the list, are in possession of a shareholding equal to that required for the presentation of lists for election of the directors pursuant to Article 15 of the Articles of Association, or such other shareholding as set forth by current legislative and regulatory provisions.
4. No shareholder may present or vote for more than one list, even through an intermediary or nominee. Shareholders belonging to the same group, within the meaning set forth by applicable regulatory provisions, and Shareholders participating in a shareholder agreement concerning shares of the Company may not present or vote for more than one list, even through an intermediary or nominee.
Each candidate may be included in only one list, under penalty of ineligibility.
5. Candidates who fail to meet the requisites of independence, professionalism and honourableness set forth by article 148, paragraph 3, of the Consolidated Law on Finance and those who hold the position of member of the control body in five other listed companies, subject in any case to the limitations placed on the plurality of administration and control positions laid down by applicable legislative and regulatory provisions, cannot be appointed as auditors .
6. Outgoing auditors can be re-elected.
7. The lists must be lodged at the Company's registered office within the term laid down by current legislative and regulatory provisions. They shall be accompanied by information pertaining to the presenting Shareholders, and the declarations of same, as set forth by applicable regulatory provisions. The lists must also be accompanied by full information concerning the personal and professional characteristics of the candidates, the declarations whereby individual candidates accept their candidature and certify, under their own responsibility, the non-existence of motives for ineligibility, incompatibility or forfeiture, the administration and control positions held with other companies, as well as their possession of the requisites required by law.
8. In the event that, by the last date for presentation of the aforementioned lists, only one list, or only lists presented by interrelated Shareholders, within the meaning set forth by applicable legislation, have been lodged, lists may be presented up until the extended deadline provided by current legislative and regulatory provisions, subject to the indications contained in the previous paragraph and applicable legislation with regard to lodging and disclosure. In such case, the thresholds referred to in paragraph 3 for the presentation of lists shall be reduced by half.
9. Any list presented that fails to comply with the above requirements shall be deemed not to have been presented at all.

10. In the event that, despite the procedure as per paragraph 8 having been duly carried out, no list is presented, a majority vote shall be taken. The Shareholders' Meeting shall appoint the Chairman.
11. If no second list is presented or voted, the entire Board of Auditors shall be made up of the candidates from the only list voted in order of appearance. The person heading the list shall be elected Chairman.
12. In cases where more than one list is presented, the following shall be elected: two standing and two alternate members shall be drawn from the list that has obtained the largest number of votes, based on their sequential order of listing; the third standing and the third alternate member shall be elected by selecting the candidates for the respective positions heading the list that has obtained the highest number of votes after the first, of those presented and voted for by minority Shareholders who are not even indirectly related to the Shareholders who presented or voted for the first list in terms of number of votes, in accordance with prevailing regulatory provisions. The standing member drawn from the minority list shall be appointed Chairman.
13. In the case of a parity between the lists, the candidate drawn from the list presented by Shareholders in possession of the largest quota of participation or, subordinately, the highest number of Shareholders, shall be elected.
14. If an elected candidate refuses to take office, the next candidate on the same list shall be elected.
15. If a standing auditor vacates his office, he shall be replaced by an alternate auditor belonging to the same list, in the order defined in paragraph 12 above.
16. The Shareholders' Meeting shall appoint the standing and/or alternate auditors required to reconstitute the Board in the following manner:
 - a) if the Board is to be reconstituted due to the replacement of auditors belonging to both the majority and the minority lists, voting shall take place by way of the same list-voting procedures as provided for the appointment of the Board;
 - b) if the Board is to be reconstituted due to the replacement of an auditor or auditors elected on the majority list, voting shall take place in the same manner as provided in paragraph 10 above;
 - c) if the Board is to be reconstituted due to the replacement of an auditor or auditors elected on the minority list, voting shall take place in the same manner as provided for the appointment of the Board, but the majority Shareholders are unable to present their own list.
17. In cases where it is not possible to reconstitute the Board by following the procedure set forth in paragraph 16 above, the Shareholders' Meeting may replace the Statutory Auditors who have vacated their office for whatsoever reason by selecting the new members from the persons belonging to the same list as the retiring Auditors, according to the sequential order, having first verified that same are still eligible and willing to accept the position, subject to the possibility, as regards the replacement of the minority auditor and in the absence of candidates as identified above, to appoint as replacement the first candidate on the minority list that came second in terms of number of votes.

18. If the Shareholders' Meeting is called upon to fill a vacancy on the Board of Auditors and no list of candidates has been promptly and ritually presented, and it is not possible to carry out the replacement as per the preceding paragraph, proposals shall be presented by one or more Shareholders to the Shareholders' Meeting and the latter shall resolve according to the majorities provided by law and in observance of applicable legislation.
19. Pursuant to article 1, 3rd paragraph, of Ministerial Decree no. 162 dated 30/3/2000, it is declared that (i) "juridical, economic, financial and technical-scientific material, closely related to the company's business" and (ii) "sectors closely related to that of the company's business", are intended as referring to the materials and sectors pertaining to at least one of the following objects: the study, regulation, research, production, trade and distribution of any energy source; the supply of industrial holding services and relevant regulations.

Article 23

The Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, shall appoint the Manager responsible for Preparing the Company's Financial Reports, fixing the remuneration and granting same appropriate powers and means, from persons having developed at least three years' experience in positions of suitable responsibility in the administrative, financial or accounting area of public or private companies or organisations, or from persons having suitable competence and experience in juridical, economic, administrative-accounting or financial matters.

Financial statements and profits

Article 24

The Company's accounting year shall close on December thirty-first of each year.

Article 25

The net profits shown in the Financial Statements, after deducting an amount corresponding to 5% (five per cent) of the same to be allocated to the legal reserve, in accordance with the provisions of article 2430 of the Italian Civil Code, until such reserve reaches one fifth of the Share Capital, shall be dealt with as established by the Shareholders' Meeting.

Article 26

The Board of Directors may resolve to distribute interim dividends according to the provisions of law.

Company Liquidation

Article 27

In case of dissolution and liquidation of the Company the relevant provisions of law in force shall apply.

Article 28

For every other matter not covered in these Articles of Association, reference is made to the applicable provisions of law.

Approved by ERG Shareholders' Meeting on April, 14th 2011

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