

ERG S.p.A.

Organisational and Management Model
Pursuant to Italian Legislative Decree 231/2001

Approved by the Board of Directors 10 November 2011



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Definitions

ATI - Temporary Consortium of Companies

Sensitive activity - Activities of ERG S.p.A., in which the potential risk of committing the offences occurs.

Authorities - Judicial authorities, institutions, national and foreign public administrations, Consob, Antitrust, Italian Stock Exchange, "Italian Data Protection Authority" and other Italian and foreign supervisory authorities.

CCNL or National Collective Labour Agreement - National Collective Labour Agreement currently in force and applied by ERG S.p.A.

Consultants - Those acting in the name and / or on behalf of ERG S.p.A. on the basis of a contract or other relationship of collaboration, including coordinated.

Employees and Staff - Individuals who have a labour relationship with the Company, including managers.

Italian Legislative Decree no. 231/2001 - Italian Legislative Decree no. 231 of 8 June 2001 and subsequent amendments and supplementations.

Network Services Operators - GME (Gestori del Mercato Elettrico - Electric Market Operators), GSE (Gestori dei Servizi Elettrici - Electric Services Operators, AEEG (Italian Electricity and Gas Authority), Terna etc.

Confindustria's Guidelines - Guidelines for the construction of the organisation, management and control model pursuant to Italian Legislative Decree no. 231/2001, approved by Confindustria on 7 March, 2002, as amended and supplemented.

Model - The model of organization, management and control pursuant to Italian Legislative Decree no. 231/2001.

Corporate Boards - ERG S.p.A. Board of Directors, the Board of Statutory Auditors and their relative members.

Supervisory Committee or Board or Body or SC - Committee responsible for overseeing the effectiveness of the Model and its related updating.

Supplier of external services - Body to which the Company has outsourced, fully or partly, activities within its operational perimeter

P.A. or Public Administration - Public entities, local and otherwise, their officials and internal bodies and those in charge of public services.

Partners - Contractual counterparties, e.g. suppliers, agents, partners, either natural or legal persons the company collaborates with in force of a contract (purchase and sale of goods and services, temporary business association - ATI, joint ventures, consortia, etc..) when operating its Sensitive Processes.

Offences - Crimes covered by Italian Legislative Decree no. 231/2001, also following changes and additions.

Senior Parties - The Board of Directors, the Chairman, the Managing Director, the General Manager, as well as the parties holding proxies granted directly by the Board of Directors.

1. Italian Legislative Decree no. 231/2001

1.1 Decree Content and law references

Italian Legislative Decree¹ no. 231 of 8 June 2001 ("Regulation of the administrative liability of legal entities, companies and associations including those without legal status – the Decree) which came into force on the following 4 July, introduced into our legislation a regime of administrative liability for legal entities, which is to be added to the criminal liability of the natural person who has materially committed determined unlawful deeds and which aims to involve, in the punishment of them, the organisation in whose interest or to whose advantage these offences have been carried out.

The liability of the organisation (including for offences committed abroad, as long as the State where the offence has been committed does not take action against them) derives from the committing of one of the offences stated in the Decree, by a natural person belonging to the organisation, in the interest or to the advantage of the organisation itself and if the latter has not adopted organisational models suitable for preventing the committing of the offences in the Decree (so-called "Organisation Fault").

With reference to the natural persons which have committed the offence, the behaviour put in place by those who have roles of representation, administration or management of the organisation or of another organisational unit or by individuals who are responsible for managing and controlling the company (individuals in senior positions or "seniors"), and by individuals who are managed or supervised by one of these individuals is important.

In relation to the offences from which the liability of the organisation may arise, the Decree included, in its original text, only offences against the Public Administration (articles 24 and 25); subsequently, many legislative actions included afterwards many other cases (the complete list of which is published in the section "Supervisory Bodies" in the ERGgate intranet), also to align the Italian laws to European Community ones and to International Conventions.

1.2 Company actions that the decree considers as exemptions from its administrative liability

The Decree provides a specific exemption from administrative liability, if the Entity can demonstrate that the management has adopted and effectively implemented, before the offence was committed, "organisational and management models designed to prevent the offences committed".

1 Adaptation of Italian law on liability of legal persons, to:

- Brussels Convention of 26 July 1995 on the protection of financial interests of the European Communities
- Brussels Convention of 26 May 1997 on combating bribery of public officials of the European Community and the Member States
- OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The Model must meet the following requirements:

- identify the activities where the offences stated in the Decree may be committed
- define specific decision making protocols with reference to the offences that must be prevented
- identify procedures for managing financial resources capable to prevent the commission of such offences
- implement reporting processes towards the board in charge of supervising the effectiveness of the Model
- introduce an internal System of Sanctions suitable for punishing the failure to respect the measures indicated in the Model.

Therefore a specific exemption from liability is provided for if the Entity proves that:

- it has adopted and effectively implemented, prior to the commission of the offence, an organisational and management model capable of preventing the commission those offences
- it has established an internal body (the Supervisory Committee, hereinafter also Committee or SC), with autonomous decision-making and control powers, with the responsibility of supervising the effectiveness of the Model, as well as ensuring it is regularly update
- there is no evidence of omitted or insufficient control by the Supervisory Committee;
- the individual who carried out the offence acted by fraudulently ignoring the organisational and management Model

Guidelines drawn up by Confindustria where appropriately considered by ERG S.p.A. in the Model; should differences exist between the Model and any specific indication of the guidelines, these would not affect the basic accuracy and validity of the Model, since guidelines are general in nature, while the Model is strictly referred to the current Company's organisation.

1.3 Applicable Sanctions

The Decree defines four types of administrative sanctions for violations:

- **pecuniary** sanctions, determined through a system setting a minimum and a maximum number of "quotas" with reference to each offence. In order to make sanctions actually effective, the rule gives the law court the power to define the number (between 100 and 1000, according to the gravity of the offence, the degree of responsibility of the entity and to what has been done to eliminate or mitigate the consequences of and prevent further abuses) and amount (between EUR 258.23 and EUR 1549.37 "based on economic and financial conditions") of "shares" the entity can be sanctioned² with

² Chances exist in order to reduce the penalty if (alternatively) the offender has committed the act in the best interests of third parties and the entity has not obtained any advantage, that it has obtained a minimal advantage and if the damage is negligible. The financial penalty is also reduced by a third to a half if, before the opening statement of the proceedings at first instance, the entity has fully compensated the damage or has eliminated the damaging or dangerous consequences of the crime (or has tried to do that), or has adopted a Model suitable to prevent any further commission of the same offense.

- **disqualification** sanctions, i.e. *i)* the prohibition from operating core business activities, *ii)* the suspension or revocation of authorisations, licenses or concessions functional to the committing of the offense, *iii)* prohibition from entering into contracts with the Public Administration, other than to obtain public services, *iv)* the exclusion from facilities, loans, grants and subsidies as well as the revocation of those already granted, *v)* the prohibition from advertising goods or services
- the **confiscation** of the cost or profit deriving from the offense;
- the **publication** of the sentence.

No liability shall attach to the entity that voluntarily prevented the crime from being committed or the event from occurring, in addition to the cases of reduction of pecuniary sanctions foreseen by the law.

2. Model adopted by ERG S.p.A.

2.1 Reasons for adopting the Model

Publicly traded since 1997, ERG S.p.A. is the holding company of an industrial multi-energy Group engaged in developing its presence not only in the oil market, but also in the electricity, natural gas and alternative energy resources business. Starting from July 1, 2010 the Company has redefined its corporate and organisational structure, after starting at the end of 2008 a joint venture with LUKOIL in the oil market and in conjunction with the establishment of a joint venture with TOTAL in the downstream sector.

The new organisation, briefly represented below (for details of the organisational structure refer to the organisation chart published on the ERG gate intranet portal) was achieved through the incorporation of the two sub-holding companies ERG Raffinerie Mediterranee and ERG Power & Gas into ERG S.p.A., which now directly controls financial assets previously held by the incorporated entities and moved to a divisional organisational structure. ERG S.p.A. also directly controls ERG Renew S.p.A., a company engaged in the production of electricity from renewable resources.



For the purpose of ensuring increased fairness and transparency conditions in conducting its business activities, ERG S.p.A., since December 2004, has considered it appropriate to adopt an Organisational and Management Model in line with the provisions of the Decree, subsequently updated in 2006 and 2008.

This version of the Model considers the incorporation of the two sub-holding companies, whose activities are now carried out directly by ERG S.p.A., and of related changes in the risk profile of the Company in relation to crimes covered by the Decree.

The Company, in fact, has considered and still considers the adoption of this Model, together with the Code of Ethics (hereinafter referred to as the "Code"), to be an additional tool, apart from the provisions of law, to make all its employees, collaborators, as well as any other associated persons (shareholders, Public Administrations, customers, suppliers, agents, third-parties in general, etc.), behave in an appropriate and transparent way when performing their activities, in line with ethical and social values that ERG S.p.A. is based on in pursuing its corporate purpose, thus preventing the risk of any crime contemplated by the Decree being committed.

As a consequence, the adoption and effective implementation of the Model are intended to improve Corporate Governance, reduce the risk of committing crimes and provide valuable evidence for the Company to be considered not liable.

2.2 Construction and structure of the Model

The Model has the purpose of defining a comprehensive set of prevention, deterrence and control tools aimed at reducing the risk of crimes being committed, by identifying sensitive activities and, if necessary, their resulting regulation.

Therefore, the activities performed to develop³ the Model can be summarised as follows:

- **identification of business operations affected by the risk of crime**, with the purpose of identifying sensitive activities, understanding possible ways of committing crime ("risk assessment") covered by the Decree and identify any need for corrective action. The activity included the examination of existing corporate documentation, interviews with key corporate employees, the identification of existing procedures, understanding the segregation of duties model, mapping existing controls and understanding how they are documented, the analysis of risk situations occurred in the past and their causes.

According to the information acquired, a "231 risk map" and a document of "gap analysis" have been developed to identify improvement areas and action plans to ensure the effectiveness of controls established by the Model; the documentation and control protocols have been shared with management;

³ According to the provisions of the Decree, the Guidelines published by Confindustria, the "Position Paper" of the Italian Internal Auditors Association, the CoSO Report (proposed by the Committee of Sponsoring Organizations of the Treadway Commission) as an international standard on internal control matters.

- **definition of control protocols** and any other possible change (organisational, procedural or relating to information systems) necessary to define a control system reasonably able to prevent or reduce the risk of committing crimes

As far as the effectiveness of the Model is considered, particular importance has to be put on the organisational structure, activities and rules implemented by management and the corporate staff aiming at ensuring the effective and efficient management of operations, the reliability of Corporate information towards internal and external third parties, the compliance with laws, regulations, procedures and internal policies.

The most important case law was considered in developing the Model, with reference to the characteristics that this must have:

- **effectiveness**: that is the adequacy of all the established controls for preventing the committing of crimes
- **specificity**: Model provisions must take into account the Company characteristics, size and type of activities, as well as the history of the Company
- **consistency**: i.e. the ability to reduce over time the risk of crime, in relation to the structure and character of the business, including with the work of the Supervisory Committee which keeps the Model up-to-date and current.

The structure of the Model adopted by ERG S.p.A. is characterised by the presence of the following major components:

- the **Code of Ethics**, to which reference should be made, stating the principles on which the work of all those who contribute with their work to the development of company activity must be based;
- the **general part**, defining the overall layout of the Model in relation to the provisions of the Decree and the specific choices made by the Company in its preparation;
- the **special section**, defining rules to be followed in performing sensitive activities;
- the **disciplinary system**, to be applied in case of violation of rules and procedures.

2.3 Model adoption Process

Although the adoption of the Model of Organisation and Management is merely “voluntary” and not mandatory, Erg S.p.A. has decided to set up and adopt its own Model and appoint the Supervisory Committee considering this choice as representing an opportunity to improve its Corporate Governance.

Since the Model is a “document issued by the Management Body”, its adoption and any subsequent amendments and supplements will be responsibility of the Board of Directors, or of one of its members, subject to the subsequent approval of the Board itself as the subject which is vested with the original decision-making power in relation to the Model.

The Supervisory Committee, as described in the following paragraphs, has the task of preparing the Model with the support of any necessary resources, coordinating the analysis and mapping of sensitive areas and activities, ensuring Model operation, compliance and update.

Within the Model adoption process, the Supervisory Committee shall draw up a draft document, share it with the Audit Committee and then submit the final draft to the Board of Directors for approval and adoption.

2.4 Management of the Model within the Erg Group

“ERG Group” means ERG S.p.A. and the Italian constituted subsidiaries owned by ERG S.p.A., according to article 2359 of the Italian Civil Code, paragraphs 1 and 2.

Subsidiaries directly or indirectly controlled⁴ by ERG S.p.A., part of the ERG Group, are required to adopt their own Model in line with the requirements of the Decree, or to only adopt the Group Code of Ethics when deemed appropriate by the Board of Directors with reference to the specific characteristics of the individual Company.

In order to define the criteria to be followed by Group Companies in adopting and managing Models, the Supervisory Committee of ERG S.p.A. may prepare appropriate guidelines, to be shared with the Audit Committee and approved by the Board of Directors, which will be communicated to the respective Governing Bodies. Subsidiaries may refer to the model adopted by ERG S.p.A., adapting it to their specific environment, sensitive areas and activities, when defining their specific Models.

⁴ With the exception of the joint ventures jointly controlled by ISAB Srl and TotalErg (and their subsidiaries), which independently manage the issues related to administrative liability pursuant to Italian Legislative Decree no. 231/01.

3. The Supervisory Committee

3.1 Identification of the Supervisory Committee

The Decree identifies an "entity body", with independent authority of action and control, as the body to be in charge of supervising the effectiveness of the Model as well as updating it. The generic concept of "entity body" justifies the multiple solutions that companies can adopt, considering their dimensions, Corporate Governance rules and the need to achieve a fair balance between costs and benefits.

Confindustria's Guidelines suggest appointing a body, other than the Board of Directors, which has characteristics of autonomy, independence, professionalism and continuity of action, as well as integrity and absence of conflicts of interest.

Internal and external members can be nominated to be part of the collective Supervisory Committee, provided that each of them has the above-mentioned autonomy and independence. Should members be both internal and external, independence must be considered with reference to the body as a whole and not to the individual members, since complete independence from the organisation is not enforceable for internal ones.

3.2 Appointment and Composition of the Supervisory Committee

The Board of Directors has the power to appoint the Supervisory Committee. Considering the previous section provisions, the Board believes that the best solution to ensure compliance with the requirements of the Decree is represented by granting the functions and powers of the Supervisory Committee to a collective body consisting of a Chairman, as an external member, and two internal members (preferably the Director of the Internal Audit Department and the Head of the Risk Office Department).

The above-mentioned members have been identified as meeting the requirements set by Italian Legislative Decree no. 231/2001, the prevailing case law and Confindustria's Guidelines.

The Supervisory Committee shall only report to the Board of Directors and has direct access to senior management, to the Board of Statutory Auditors and, both directly and indirectly through the Audit Committee, to the Board of Directors itself. In order to ensure the necessary autonomy of action and independence, the Supervisory Committee has no operational duties.

The members of the Supervisory Committee may not, in carrying out their duties:

- directly or indirectly engage in economic relations (or be able to influence the independence of opinion, also evaluated in relation to the individual financial condition) with the Company, its subsidiaries, executive directors, the shareholder or group of shareholders controlling the Company, with the exception of any employment relationship;
- directly or indirectly own shares enabling them to exercise control or significant influence over the Company;

- be close relatives of executive directors of the Company or of persons in the situations mentioned in the previous paragraphs.

3.3 Duration of appointment, replacement and removal of members of the Supervisory Committee

Members of the Supervisory Committee shall remain in force for a period preferably not exceeding three years. In case of revocation of the appointing Board of Directors, whatever the reason, Committee members will remain in force until new ones are appointed, or the ones in force are confirmed by the new Board of Directors.

The Board of Directors has the power and responsibility to appoint and remove the Supervisory Committee; it may delegate the legal representatives of the company, as well as ratifying any new appointments made by the representatives.

Members of the Supervisory Committee can not be revoked except for good reason, by special resolution of the Board of Directors. Good reason for dismissal shall be intended as the occurrence of any of the following circumstances:

- a situation of incompatibility;
- repeated breach of their duties;
- violation of the Model;
- unjustified inactivity;
- conviction with a final judgment for facts relating to the performance of their duties;
- declaration of disqualification, inability and bankruptcy or a judgment involving the ban from holding public offices, managerial offices, a profession or art, and the inability to negotiate with the Public Administration;
- occurrence of a permanent condition of conflict of interest;
- changes in stock ownership resulting in a change of the party holding the majority of votes that can be exercised at ordinary shareholders' meetings.

At the time they are appointed, Supervisory Committee members must issue a declaration stating the absence of the mentioned conditions of incompatibility with reference to their specific activity.

Members of the Supervisory Committee can resign from their role at any time. In this case, they must notify the Board of Directors in writing, declaring the reasons leading to the resignation. Should all members of the Body resign at the same time, the resignation would not take effect until new Supervisory Committee members are appointed by the Board of Directors; in other cases, the resignation takes effect immediately.

3.4 Duties, powers and activities of the Supervisory Committee

The Supervisory Committee is responsible for carrying out, with autonomous powers of action and control, the following activities:

- supervising the respect of the Code of Ethics;
- verifying the effectiveness and adequacy of the Model, that is the ability to prevent the occurrence of crimes included in the Decree;

- analysing the business in order to update the mapping of sensitive areas;
- promoting training initiatives for the recipients of the Model, its communication and diffusion;
- collecting, processing and storage of all relevant information received in accordance with the Model;
- ensuring that recipients' behaviour is consistent with the provisions of the Model;
- making periodical checks according to an annual program notified to the Board of Directors;
- coordinating with Company departments in order to acquire information useful for regularly monitoring sensitive activities;
- verifying that corrective actions necessary to make the Model operate are promptly and effectively implemented;
- carrying out internal audits, in order to obtain information necessary for its activities;
- updating the Model with reference to both regulatory changes and corporate structure, so that the Board of Directors may approve it, this way keeping the document consistent with the purposes described in the Decree.

As part of its checks on Model effectiveness, the Supervisory Committee:

- must take all necessary action in order to adapt behaviour to the provisions of the Model, if it appears that the status of implementation of rules is deficient;
- must act as soon as possible, when Model adaptation is needed;
- can communicate results of its checks in writing to the Heads of Departments/ Functions involved, requesting an improvement action plan;
- must acquire directly from Departments/ Functions all the elements needed to promote the application of the disciplinary system.

The Supervisory Committee must inform the Board of Directors and the Board of Statutory Auditors as soon as possible about significant violations of the Model, asking for support from Department/ Functions able to collaborate in audit activities and in defining appropriate actions in order to prevent the recurrence of such circumstances.

Activities carried out by the Supervisory Committee in the exercise of its functions can not be controlled in any way by any other body or company department, without prejudice to the fact that the Board of Directors is in any case obliged to carry out an inspection in order to evaluate the adequacy of the intervention of the Supervisory Committee.

The Supervisory Committee is granted the following powers and rights in order to perform its assigned duties:

- to access any kind of business document, relevant in relation to his functions
- to benefit from the assistance of any Company department
- to request any employee of the Company to promptly provide information, data and / or news necessary for identifying relevant aspects of company activities with reference to the Model and for monitoring its effective implementation
- to request the Board of Directors and the Board of Statutory Auditors to be convened.

In addition, the Board of Directors must grant the Supervisory Committee with an annual appropriate financial allocation in order to conduct its business, based on a proposal from the Supervisory Committee.

Activities of the Supervisory Committee are performed according to an Internal Regulation, approved by it, with particular reference to the management of its meetings, the procedures for decision-making, minutes drafting, the possible delegation of specific tasks to individual members (without prejudice to the collective responsibility for acts carried out by an individual delegate).

3.5 Reporting to Corporate Bodies

Despite its autonomy and independence, the Supervisory Committee must inform the Board of Directors:

- at the beginning of each year, about the plan of activities that it intends to carry out;
- with reference to the progress of activities and any motivated change made to the plan;
- immediately, in writing, about any significant issue arising from its activities;
- at least every six months, as part of separate reports, about the performance of its activities;
- about any violation of the Model.

In addition, every six months, the Supervisory Board must inform the Board of Statutory Auditors about the progress of its activities; the latter shall immediately inform the top management and the Board of Directors about Model violations in writing.

3.6 Reporting duties to the Supervisory Committee

It is obligatory that recipients submit to the Supervisory Committee any information deemed useful for its activity, including but not limited to:

- results of controls put in place to implement the Model, from which critical points emerge;
- measures and / or information from the judicial police or any other authority from which one can infer investigations concerning the Company with reference to crimes covered by the Decree;
- internal and external communications relating to facts that could be in connection with offences under the Decree (e.g. disciplinary actions initiated / implemented);
- requests for legal assistance made by company personnel against whom the judiciary is proceeding for offences under the Decree;
- results of internal audits from which the responsibility for offences under the Decree emerge;
- news relating to organisational changes;
- updates of the "Limits of Authority Manual", also by publishing on the intranet portal;
- significant or atypical operations that may be at risk in relation to the offences referred to in the Decree;
- significant violations of the rules relating to accident prevention and hygiene in the workplace;

- any communication from Audit Company regarding issues that may indicate deficiencies in the system of internal controls, reprehensible facts, comments on the Company's financial statements.

The Supervisory Committee shall also be granted direct access to electronic archiving systems or other files in use that may contain information relevant to his activity, such as:

- corporate archive (minutes of meetings of corporate bodies, statutes, etc.);
- any communications protocols in input and output.

The documentation relevant to the application of the Model must be kept on record, by the Departments/ Functions involved, for a period of 5 years and shall be subject to "handover" in case of organisational changes.

3.7 Communication with the Supervisory Committee

Communication with the Supervisory Committee must take place through the appropriate mailbox ODV@ERG.IT or, otherwise by contacting the Committee Secretary.

The Supervisory Committee checks and ensures that those who report to him are not subject to any form of reprisal, discrimination or penalisation, and ensures that the confidentiality of their identity will be protected, without prejudice to the obligations of law and protection of rights of the Company or persons accused falsely and / or in bad faith.

The Supervisory Committee will consider received reports with discretion and responsibility; it can interview the author of the report and / or the responsible for the presumed violation, documenting in writing reasons for any independent decision not to proceed.

In any case, the Supervisory Committee is not required to consider anonymous reports.

4. Training and Information

For the purposes of the implementation of the Model, ERG S.p.A. believes that it is necessary to ensure correct knowledge and disclosure of the rules of conduct contained therein, both to its own employees (already in the Company or employed in the future) and to the external collaborators and third parties who maintain relations, of any kind whatsoever, with the Company.

Training and information activities are managed by the Supervisory Committee which avails itself of other resources allocated in the Company; fulfilment of the training activities is mandatory, and the failure to comply with this obligation, verified by the SC which carries out specific checks, is subject to disciplinary measures.

The section of the intranet portal ERGgate dedicated to the Supervisory Committee is regularly updated, in order to ensure the effective distribution of the Model and information for Company staff in relation to the contents of the Decree and the obligations arising from the implementation thereof.

4.1 Staff employed in risk areas

Training of managers, staff vested with powers of representation and non-managerial staff employed in the risk areas of ERG S.p.A. must be based on an initial on-line seminar, which will be followed by specific periodic updates and communications to persons involved.

The Supervisory Committee will establish training programs whenever specific needs are identified and/ or significant changes to the Model are made.

4.2 Newly-recruited staff

Information and training activity is planned for newly recruited staff, based on:

- the delivery, together with the letter of appointment, of a copy of the Code of Ethics and an information sheet about the Model of Organisation and Management adopted by the Company;
- the provision of an initial online workshop designed to ensure the acquisition of knowledge considered of primary importance with regard to Italian Legislative Decree no. 231/01.

After the initial training and information, additional training initiatives can take place in relation to the assignment that the newly recruited staff will fill.

4.3 Other staff

Training of staff which does not fall within the categories referred to in the preceding paragraphs shall be effected by the Supervisory Committee through the periodic publication of information documents on the company intranet and other means of internal communication (such as corporate boards and periodical internal communications).

4.4 Information to third parties

Third parties (representatives, consultants, agents and third parties in general) shall be provided with specific information regarding the rules of conduct adopted by the Company, through an appropriate disclosure of the Code of Ethics and of the Model (as a whole or as a summary of the main contents) on the Intranet portal (should such persons have access to it) and ERG's Internet website.

Any third party which collaborated with the Company shall be requested to issue a signed statement (even by way of a specific contractual clause) in which they declare that they are aware of the contents of the Code of Ethics and of the Model and in which they certify their commitment to comply with their provisions, as well as the commitment not to perform any conduct that may entail the involvement of the Company in any violation referred to in Italian Legislative Decree no. 231/01.

5. System of sanctions

The system identifies the disciplinary sanctions imposed for violations of principles, conduct, and specific control elements required by the Model and applies to employees, directors, statutory auditors, consultants and third parties in general, by way of appropriate disciplinary or contractual / negotiation sanctions.

Should the conduct to be censured be a crime relevant under Italian Legislative Decree 231/2001, procedures provided by the disciplinary system will take place regardless of the conduct and outcome of criminal proceedings initiated by the court.

This is without prejudice to the right of the Company to claim any damage and / or liability which may arise from any conduct of individuals addressed by the disciplinary system.

5.1 Disciplinary system for Managers

The violation, offence, circumvention, imperfect or partial implementation made by managers of ERG S.p.A., of any rule of conduct referred to in the Model constitutes a disciplinary offense punishable as follows.

For the purposes of this disciplinary system, sanctions applicable to Company's managers – according to the procedures laid down in article 7 of the Workers' Statute, as well as any applicable special regulation and provision – may include:

- written warning;
- suspension from work without pay;
- dismissal.

In each case, sanctions will be defined according to the level of responsibility and autonomy of the Manager, the intentionality of his behaviour and its importance, considering both the relevance of the obligations violated and the effects which can reasonably impact ERG S.p.A. - also with reference to the Decree. When a single behaviour constitutes a multiple violation of the law, subject to different types of sanction, the most serious applies. The relapse within three years will automatically result in the immediate application of the more serious sanction.

The Board of Directors must verify if violations were actually perpetrated and impose sanctions; for this purpose it may require the support of the Supervisory Committee.

As far as the method of verification of violations and enforcement of sanctions is concerned, reference must be made to the criteria laid down in article 55 of the National Collective Bargaining Agreement and article 7 of the Workers' Statute.

5.2 Disciplinary system for Employees

The violation, offence, circumvention, imperfect or partial application made by employees of ERG S.p.A. subject to the National Collective Labour Contract, of any single rule of conduct referred to in the Model, constitutes a punishable disciplinary offense.

For the purposes of this disciplinary system, sanctions applicable to employees of ERG S.p.A. not at managerial level - according to procedures provided for in article 7 of the "Workers' Charter," article 55 of the National Collective Bargaining Agreement, as well as any applicable special regulation - are those provided by the National Collective Bargaining Agreement article 55:

- oral warning;
- written warning;
- suspension from work without pay for up to 8 working days;
- dismissal.

In any case, sanctions will be defined according to the level of responsibility and autonomy of the employee, the intentionality of his behaviour and its importance, considering both the relevance of the obligations violated and the effects which can reasonably impact ERG S.p.A., also with reference to the Decree. When a single behaviour constitutes a multiple violation of the law, subject to different types of sanctions, the most serious applies. The relapse within three years will automatically result in the immediate application of the more serious sanction.

The Human Resources Department has to ascertain and apply sanctions to employees; for this purpose, it may rely on the support of the Supervisory Committee which will be asked to give a non - binding opinion. The Human Resources Department is also responsible for monitoring employees' behaviour with reference to their compliance with the Model, while the Supervisory Committee must monitor the effectiveness of the disciplinary system.

5.3 Measures towards Directors and Statutory Auditors

In case of violation of the Model perpetrated by Directors and Statutory Auditors, the Supervisory Committee shall inform the Board of Directors and the Board of Statutory Auditors which will take the appropriate actions, according to the level of responsibility of the person involved, the intentionality and seriousness of his conduct, in particular by proposing removal during the first shareholders' meeting.

5.4 Measures towards Consultants or Third Parties

Any violation of Model rules related to consultants, suppliers or any third parties in general, as well as the perpetration of crimes covered by the Model, is punished in accordance with specific contractual clauses included in contracts. This is without prejudice to any request for compensation should any actual damages be caused to the Company by such behaviour, such as in the case of the application to it by the judge of the measures stated in Italian Legislative Decree no. 231/2001.

6. Special Section

6.1 Introduction

The Company has analysed business processes to identify areas at risk of crime perpetration and to verify the adequacy of its Model in relation to issues covered by the Decree.

Control protocols were established with reference to identified risk areas, after evaluating existing controls and identifying action plans necessary to remedy identified deficiencies. This special section has the purpose of regulating sensitive activities and introducing appropriate controls, in order to ensure the effectiveness of the Model adopted by the Company.

The purpose of this special section is to govern the sensitive activities and introduce appropriate controls aimed at guaranteeing the effectiveness of the Model adopted by the Company.

The special section is addressed to all the Company staff who, regardless of the role exercised in the organisation, could become liable, in relation to the assigned tasks, for the cases considered to be offences.

The heads of Departments and Functions must pay close attention to the diffusion of the provisions contained in this special section in areas of activity under their responsibility. Any violation of rules included in this special section will involve the imposition of disciplinary sanctions, in accordance with provisions of the law, existing contractual provisions and the disciplinary system adopted by the Company.

6.2 Special section structure

The special part is divided into many parts (called "sections") according to the sections of crime (all the criminal acts related to the same area of crime) included in the Decree, which have been identified as relevant in relation to Company activities.

Each of the sections listed below includes the list of crimes covered by the Decree, activities in which such crimes might be committed and control protocols containing principles and rules of conduct aimed at preventing the committing of the following:

- Offences against the Public Administration;
- Computer crimes Corporate offences;
- Terrorism;
- Offences against individuals;
- Market abuse;
- Offences connected to health and safety at work;
- Receiving and money, laundering;
- Offences connected with copyright infringement;
- Offences against the judicial authorities.

Some offences included in the Decree (in particular, crimes related to forging money, offences connected to organised crime, cross-border offences) are not considered in the previous list because the related risk appears only abstractly and not probable with regards to the Company.

6.3 General principles of control

General principles at the base of tools and methodologies used to define control protocols listed in this special section can be summarised as follows:

- **Compliance with the Code of Ethics:** all sensitive activities must be carried out in accordance with the principles of conduct set out in the Code of Ethics adopted by the Company.
- **Segregation of duties:** business processes must comply with the principle of separation of duties, stating that the authorisation of an operation must be under the responsibility of someone other than the person who performs or supervises that operation. Segregation of duties should be guaranteed by the intervention, within the same process, of more than one person; it can be implemented by using computer systems that allow the execution of certain operations only by specifically identified and authorised persons.
- **Attribution of powers:** authoritative powers and powers of signature must be: i) consistent with organisational and managerial responsibilities ii) clearly defined and known within the Company. Business roles assigned with the power to commit the Company in certain operations must be defined by specifying the limits and the nature of such authority. The attribution of powers for a determined type of deed must respect any specific requirements required by law for the carrying out of that deed;
- **Transparency and traceability of processes:** each activity relevant to the Decree must be verifiable, documented, consistent and appropriate. Proper storage of data and relevant information must be guaranteed, by way of information systems and / or paper support.
- **Appropriateness of internal rules:** all the Company business rules must be consistent with operations carried out and the level of organisational complexity, and capable of ensuring the necessary checks to prevent the committing of offences specified in the Decree.

7. Offences against Public Administration

7.1 Offences under Italian Legislative Decree 231/2001

Articles 24 and 25 of the Decree shall determine the criminal liability of Organisations in relation to the following crimes:

- Embezzlement from the State (article 316-bis of the Italian Criminal Code);
- Misappropriation of funds from the State (article 316-ter of the Italian Criminal Code);
- Defrauding the State or other public bodies (article 640 of the Italian Criminal Code);
- Aggravated fraud concerning public funds (article 640-bis of the Italian Criminal Code);
- Computer fraud (article 640-ter of the Italian Criminal Code);
- Extortion (article 317 of the Italian Criminal Code);
- Corruption relating to official actions (article 318 of the Italian Criminal Code);
- Corruption relating actions contrary to official duties (article 319 of the Italian Criminal Code);
- Corruption regarding legal transactions (article 319-ter of the Italian Criminal Code);
- Corruption of person in charge of a public service (article 320 of the Italian Criminal Code);
- Sanctions for the corruptor (article 321 of the Italian Criminal Code);
- Instigation to corruption (article 322 of the Italian Criminal Code);
- Misappropriation of public funds, extortion, corruption and incitement to corruption of members of European Community bodies and officials of the European Community and of foreign countries (article 322-bis of the Italian Criminal Code).

7.2 Sensitive activities identified

As part of the analysis performed for the preparation of this Model the following sensitive activities have been identified with respect to offences covered in this section:

- Settlement Agreements management;
- Acquisition and management of donations / grants;
- Non-business purchases;
- Purchase of crude oil and oil products from Public Entities;
- Compliance with tax obligations and social security contributions;
- Attribution of proxies, powers of attorney and spending powers;
- Consulting;
- Competitions and direct negotiations called by Italian or foreign public entities;
- Sales agents management;
- Customer Relationship Management (complaints and billing);
- Movable and immovable property management;
- Management of relations with Public Entities;
- Technical and political lobbying management;
- Inspection visits management;
- Cash flow management;
- Third party software management;
- Gifts and donations management;
- Relationship with Supervisory Authorities and managers of public services;

- Partners selection;
- Selection and hiring of staff;
- Sale of crude oil and oil products to Public Entities.

7.3 Protocols of Control

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8. Computer crimes

8.1 Offences under Italian Legislative Decree 231/2001

Article 24 - bis of Decree provides for the punishment of the Organisations in relation to the following offences:

- Material falsehood committed by public officials in public deeds (article 476 of the Italian Criminal Code);
- Material falsehood committed by public officials in administrative certificates or authorisations (article 477 of the Italian Criminal Code);
- Material falsehood committed by public officials in certified copies of public or private documents and in certificates of the contents of documents (article 478 of the Italian Criminal Code);
- Ideological falsehood committed by public officials in public documents (article 479 of the Italian Criminal Code);
- Ideological falsehood committed by public officials in certificates or administrative authorisations (article 480 of the Italian Criminal Code);
- Ideological falsehood committed by persons carrying out a public service need (article 481 of the Italian Criminal Code);
- Material falsehood committed by the private individual (article 482 of the Italian Criminal Code);
- Ideological falsehood committed by private individuals in relation to a public deed (article 483 of the Italian Criminal Code);
- Falsification of records and notifications (article 484 of the Italian Criminal Code);
- Falsification of private documents (article 485 of the Italian Criminal Code);
- False statements on signed blank papers. Private deed (article 486 of the Italian Criminal Code);
- False statements on signed blank papers. Public deed (article 487 of the Italian Criminal Code);
- Other false statements on signed blank papers. Applicability of the provisions on materials falsehoods (article 488 of the Italian Criminal Code);
- Use of false act (article 489 of the Italian Criminal Code);
- Removal, destruction and concealment of true acts (article 490 of the Italian Criminal Code);
- Certified copies that take the place of the missing originals (article 492 of the Italian Criminal Code);
- Falsehood committed by civil servants in charge of a public service (article 493 of the Italian Criminal Code);
- Illegal access to a computer or a computerised system (article 615-ter of the Italian Criminal Code);
- Illegal possession and circulation of access codes to computerised systems (article 615-quater of the Italian Criminal Code);
- Circulation of equipment, devices or computer programmes aimed at damaging or stopping computer systems (article 615-quinquies of the Italian Criminal Code);

- Illegal interception, impediment or stopping of computer communications (article 617-quater of the Italian Criminal Code);
- Installation of equipment designed to intercept, impede or stop computer communications (article 617-quinquies of the Italian Criminal Code);
- Damaging computer information, data and programmes (article 635-bis of the Italian Criminal Code);
- Damaging information, data and programmes used by the State or another public body or in any case of public use (article 635-ter of the Italian Criminal Code);
- Damaging computer systems (article 635 of the Italian Criminal Code);
- Damaging computer systems of public use (article 635-quinquies of the Italian Criminal Code);
- Computer fraud by an individual who is responsible for certifying computer signatures (article 640-d of the Italian Criminal Code).

8.2 Sensitive activities identified

As part of the analysis performed for the preparation of this Model the following sensitive activities have been identified with respect to offences covered in this section:

- User profiles and authentication process management;
- IT equipment management;
- Physical security of systems and networks.

8.3 Protocols of Control

OMISSIS

9. Corporate Offences

9.1 Offences under Italian Legislative Decree 231/2001

Article 25 ter of Decree provides for the punishment of the Organisations in relation to the following offences:

- False company communications (article 2621 of the Italian Civil Code);
- False company communications which damage shareholders or creditors (article 2622 of the Italian Civil Code);
- False information in a prospectus(article 173-bis TUF);
- Obstruction of controls (article 2625 of the Italian Civil Code);
- Wrongful repayment of contributions (article 2626 of the Italian Civil Code);
- Illegal distribution of profits and reserves (article 2627 of the Italian Civil Code);
- Illegal operations in shares or capital shares or of the parent companies (article 2628 of the Italian Civil Code);
- Operations prejudicial to creditors (article 2629 of the Italian Civil Code);
- Failure to report a conflict of interest (article 2629-bis of the Italian Civil Code);
- Interests of the Directors (article 2391 of the Italian Civil Code);
- Fictitious creation of capital (article 2632 of the Italian Civil Code);
- Improper distribution of company assets by liquidators (article 2633 of the Italian Civil Code);
- Illegal influence over shareholders' meetings (article 2636 of the Italian Civil Code);
- Market manipulation (article 2637 of the Italian Civil Code);
- Obstructing the duties of public supervisory authorities (article 2638 of the Italian Civil Code).

9.2 Sensitive activities identified

Within of the analysis performed for the preparation of this Model the following significant activities have been identified with respect to offences covered in this section:

- Accounting and financial statements.

9.3 Protocol of Control

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10. Terrorism

10.1 Offences under Italian Legislative Decree 231/2001

Article 25 - quater of Decree provides for the punishment of the Entities in relation to the following offences:

- Associations for the purposes of terrorism including international terrorism or the subversion of democracy (article 270-bis of the Italian Criminal Code);
- Assistance to association members (article 270-ter of the Italian Criminal Code);
- Enrolment for the purposes of terrorism, including international terrorism (article 270-quater of the Italian Criminal Code);
- Training activities for the purposes of terrorism, including international terrorism (article 270-quinquies of the Italian Criminal Code);
- Conduct for the purposes of terrorism (article 270-sexies of the Italian Criminal Code);
- Act of terrorism for the purposes of terrorism or subversion (article 280 of the Italian Criminal Code);
- Act of terrorism with deadly weapons or explosives (article 280-bis of the Italian Criminal Code);
- Kidnapping with the aim of terrorism or subversion (article 289-bis of the Italian Criminal Code);
- Instigation to committing some of the crimes contained in the first and second headings (article 302 of the Italian Criminal Code);
- Urgent measures for the protection of democracy and public security (article 1 of Decree Law of 15 December 1979, n. 625, converted, with amendments, into Italian Law no. 15 of 6 February 1980);
- International Convention for the Suppression of the Financing of Terrorism. New York, 9 December 1999 (article 2).

10.2 Sensitive activities identified

Within the analyses performed for the preparation of this Model the following sensitive activities have been identified with respect to offences covered in this section:

- Non-business purchases;
- Purchase of crude oil and oil products from Public Entities;
- Sales agents management;
- Movable and immovable property management;
- Partners selection;
- Selection and hiring of staff;
- Sale of crude oil and oil products to Public Entities.

10.3 Protocols of Control

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11. Offences against individuals

11.1 Offences under Italian Legislative Decree 231/2001

Article 25 - quinquies of Decree provides for the punishment of the Entities in relation to the following offences:

- Reducing or maintaining individuals to slavery or servitude (article 600 of the Italian Criminal Code);
- Prostitution of minors (article 600-bis of the Italian Criminal Code);
- Pornography involving minors (article 600-ter of the Italian Criminal Code);
- Possession of pornographic material (article 600-c of the Italian Criminal Code);
- Virtual pornography (article 600-quater¹ of the Italian Criminal Code);
- Tourism aimed at the exploitation of the prostitution of minors (article 600-d of the Italian Criminal Code);
- Trade in people (article 601 of the Italian Criminal Code);
- Purchase and sale of slaves (article 602 of the Italian Criminal Code).

11.2 Sensitive activities identified

Within of the analyses performed for the preparation of this Model the following sensitive activities have been identified with respect to offences covered in this section:

- Sales agents management;
- IT equipment management;
- Use of the supply of labour provided by third party companies;
- Selection and hiring of staff.

11.3 Protocols of Control

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12. Market Abuse

12.1 Offences under Italian Legislative Decree 231/2001

Article 25 - sexies of the Decree provides for the punishment of the Entities in relation to the following offences:

- Abuse of inside information (article 184 of Italian Legislative Decree 24 February 1998, No 58);
- Market manipulation (article 185 of Italian Legislative Decree 24 February 1998, No 58).

12.2 Sensitive activities identified

Within the analyses performed for the preparation of this Model with reference to the crimes included in this section the following sensitive activity has been identified:

- Confidential information management and communication.

12.3 Protocols of Control

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13. Health and Safety at Work

13.1 Offences under Italian Legislative Decree 231/2001

Article 25-septies of the Decree provides for the punishment of the Entities in relation to the following offences:

- Manslaughter (article 589 of the Italian Criminal Code);
- Culpable personal injury (article 590 of the Italian Criminal Code).

13.2 Sensitive activities identified

Within the analyses performed for the preparation of this Model with reference to the crimes included in this section the following sensitive activity has been identified:

- Safety compliance in terms of tender contracts;
- Health, safety and hygiene compliance management.

13.3 Protocols of Control

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14. Receiving and money laundering

14.1 Offences under Italian Legislative Decree 231/2001

Article 25-octies of Decree provides for the punishment of the Entities in relation to the following offences:

- Receiving stolen goods (article 648 of the Italian Criminal Code);
- Money laundering (article 648-bis of the Italian Criminal Code);
- Use of money, goods or profits from illegal activities (article 648-ter of the Italian Criminal Code).

14.2 Sensitive activities identified

Within the analyses performed for the preparation of this Model with reference to the crimes included in this section the following sensitive activity has been identified:

- Non-business purchases;
- Sales agents management;
- Cash flow management;
- Partners selection.

14.3 Protocols of Control

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15. Copyright Infringement

15.1 Offences under Italian Legislative Decree 231/2001

Article 25-novies of the Decree establishes the criminal liability of the Entity in relation to copyright infringement and related rights to its exercise as determined by articles 171.171-a, 171-b, 171 f, 171 g, of Italian Law no. 633 of 22 April 1941.

15.2 Sensitive activities identified

Within the analysis performed for the preparation of this Model the following significant activities have been identified with respect to offences covered in this section:

- Third-party software management.

15.3 Protocols of Control

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16. Offences against the Judicial Authorities

16.1 Offences under Italian Legislative Decree 231/2001

Article 25-novies of the Decree provides for the punishment of Organisations in relation to the following offences:

- Inducing individuals into not making statements or into making false statements to judicial authorities (article 377-bis).

16.2 Sensitive activities identified

Within the analyses performed for the preparation of this Model the following sensitive activities have been identified with respect to offences covered in this section:

- Settlement agreements management;
- Judicial authorities and Judicial Police relationship management.

16.3 Protocols of Control

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