

Respect for “Human Rights” within the Terna Group

Management systems and/or organisational models of reference:

X	Quality Management System
X	Environmental Management System
	Occupational Health and Safety Management System
	Management System for the Prevention of Serious Accidents - Seveso
X	Management System for the Protection of Information
X	Energy Consumed for Own Use Management System
	Laboratory Management System
X	Anti-corruption Management System
	Business Continuity Management
X	Privacy Model
X	Model 262
X	Model 231

(Place an "X" in the left-hand column with reference to the line in question)

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1. GENERAL

Human Rights are the inalienable rights of all individuals, without distinction, in virtue of them belonging to the human race. These rights are based on the recognition of the dignity, freedom and equality of human beings and were first sanctioned in 1948 by the UN with the Universal Declaration of Human Rights, as the “foundation of freedom, justice and peace in the world”.

Terna shares the principles for the protection of human rights expressed in the UN’s *Universal Declaration of Human Rights* (10 December 1948), the *Declaration on Fundamental Principles and Rights at Work* (ILO) and the *Ten Principles* of the Global Compact, and is committed to preventing the risk of any negative impact on human rights resulting from its business, whether directly or via commercial relationships, in line with indications given in the UN Guiding Principles on business and human rights approved by the UN Human Rights Board in June 2011 and in the Guideline for multinationals issued by the OECD.

Terna’s commitment to promoting respect for human rights within its area of influence involves the strict observance of the standards and legislation in force in all of its countries of business as well as the adoption and application of its own rules of conduct.

2. FIELD OF APPLICATION

This Guideline serves as the frame of reference for the protection of human rights across Terna Group businesses. It provides indications as to:

- the evaluation of the most relevant themes relating to Group business and the geographical contexts in which this is carried out;
- the development and application of a Due Diligence system that allows for the identification of areas of company business - including the supply chain and commercial partnerships - that are potentially at risk in terms of respecting human rights, and verification of the suitability of preventative methods already adopted in said areas;
- the planning of further measures to mitigate risk where necessary, also based on the results of Due Diligence assessments, or remedial actions in cases where human rights have been violated.

3. HUMAN RIGHTS: AREAS RELEVANT TO THE TERNA GROUP

Respect for human rights is primarily the responsibility of states and governments that must ratify international conventions, transpose them in national standards and ensure that said standards are respected. Companies also have specific responsibilities: to ensure that standards relevant to their businesses are being respected, but also to uphold ethical and responsible codes of conduct, irrespective of the legal obligations, and to not tolerate abuse from any subjects with whom they do business (suppliers, business partners, etc.). Considering these responsibilities, and in line with indications given in its Code of Ethics, Terna is committed to adopting the minimum standards in terms of respect for human rights in those countries where this is not guaranteed by local legislation.

Bearing in mind that Terna's commitment regards all human rights without distinction, this Guideline is drafted in consideration of the business context and localisation of activities carried out by Group Companies. The focus here is particularly on human rights in connection with the execution of work, in relation to which Terna adopts the contents of the Declaration on the Fundamental Principles and Rights at Work issued in 1998 by the International Labour Organisation.

Here below is a list of the main areas of interest that emerge when considering human rights in relation to Terna business. For each of these, Terna outlines its commitment, both in terms of activities carried out by Companies within the Group and relations with its suppliers and business partners.

Forced or juvenile labour. Terna does not tolerate any kind of juvenile or forced labour.

Brutal or inhumane treatment. Terna demands that its employees are treated with dignity and respect. Corporal punishment, any form of intimidation and sexual or racial harassment, whether physical or verbal, are not tolerated under any circumstances.

Discrimination. Terna does not apply any form of discrimination owing to race, ethnicity, gender, language, religion, political opinion, sexual orientation, nationality, background or social status, union membership, age or disability to any area of working life, including for example, the selection, hiring and termination processes, financial treatment, access to training, or promotion.

Freedom of association and collective bargaining. Terna guarantees its workers the right to freely create trade union associations and recognises the right to collective bargaining, sharing an industrial relations system with the union organisations that is based on continuous, constructive discussion.

Health and safety. Terna considers the protection of health and safety to be a fundamental value that characterises company conduct; Terna adopts high standards when it comes to the evaluation, prevention and management of risks. Risk prevention with regard to health and physical integrity is applied to the working environment, to relations with staff and, more generally, to Group business regarding all stakeholders.

Working conditions and salary. Terna is committed to ensuring healthy and hygienic working conditions, to not demanding excessive work performance in terms of working hours and days, and to guaranteeing sufficient rest. The minimum salary for employees cannot be any less than that established by collective bargaining agreements and current legislation in force in the applicable country.

Professional training. Terna recognises the importance of professional orientation and training both for the development of human resources' skills and for the promotion of a company culture that focuses on health and safety in the workplace.

Privacy. Terna acknowledges the importance of providing adequate protection to those subjects involved in operations for the processing of personal data, and respects the right to privacy of all its stakeholders. Terna is committed to proper and correct use of any data and information supplied.

Environment. Environmental changes impact on the free development of mankind in terms of both existence and dignity. Terna has always carefully monitored the impact of its business on the surrounding environment and strives to continuously improve in those areas of significant environmental impact, such as visual impact, noise, electromagnetic fields, waste; it also adopts a responsible approach towards the key issue of climate change, paying particular attention to its consumption of resources and energy efficiency.

Preventing corruption. Terna deems corruption to be a discriminatory factor that damages every individual's right to have equal opportunities and, in general, acts as an obstacle to economic and social development, having a negative impact on the well-being of communities. It is therefore committed to combating any form of corruption across all of its businesses.

A particular focus on work rights does not, however, mean the exclusion of other categories of rights when it comes to business management decisions. For example, the respect for civil and political rights shown by governments - such as the right to freedom of thought and expression, the right to equality in the face of the law, and the right to political and religious freedom - should be considered when evaluating business development opportunities and maintaining economic relationships with subjects operating overseas.

4. DUE DILIGENCE PROCESS

The implementation of the commitments cited in this Guideline is based on the definition and implementation of a Due Diligence process that involves identifying the potential impact of Terna business on human rights and evaluating the suitability of mitigation measures adopted.

The Due Diligence process should:

- Consider the human rights which are pertinent to Terna stakeholders, paying particular attention to vulnerable groups such as children, indigenous populations, migrants, persons with disabilities, supplier employees who carry out their work at Terna bases and on Terna sites;
- Evaluate potential interactions between Terna business and the human rights which are relevant to its stakeholders, leading to the creation of a map of activities most exposed to the risk of negative impact, considering:
 - o Business carried out directly by Terna and by its direct and indirect subsidiaries
 - o The supply chain, with a particular focus on those cases identified as being of greater risk when it comes to respect for human rights, such as suppliers for contract or subcontract work, and operations carried out on Terna's behalf in countries that are at risk in terms of human rights
 - o Business partnerships (e.g. joint ventures with and without control capacity, acquisitions);

- Check, with periodic assessments, whether company protection (procedures, controls, awareness) is adequate for reasonably excluding the risks in terms of violations of human rights;
- To carry out periodic critical assessment of areas exposed to risk.

5. MITIGATING AND REMEDIAL ACTIONS

If the Due Diligence process or other company assessments identify any areas of activity for which the risk of violating human rights cannot be reasonably excluded, Terna is committed to arranging preventative and mitigation measures (extension, articulation, strengthening of procedures, control, actions to raise awareness) that will suitably reinforce protection and bring the risk under control.

In the case of any violation of human rights, actions to remedy this must be immediately implemented in order to prevent the violation from continuing or reoccurring, as well as measures to sanction the violation itself and remedy the situation for any individuals whose rights have been violated.

Both mitigation plans and actions to remedy any violations are subject to follow-up monitoring to guarantee their effectiveness.

6. UPDATING OF GUIDELINES AND COMMUNICATION

The present Guideline will be assessed once a year, also in light of any evidence resulting from the assessments and monitoring activity; it will be subject to review in the case of any significant extraordinary operations that markedly change the Group's operating area in terms of the type and geographical localisation of business.

This human rights policy will be published on the Terna Group website and brought to the attention of internal and external stakeholders with dedicated activities to heighten awareness.

7. STANDARDS OF REFERENCE

- Universal Declaration of Human Rights and the International Conventions regarding Civil and Political Rights, and Economic, Social and Cultural Rights (the UN's "Universal Declaration of International Human Rights");
- European Convention on Human Rights;
- Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organisation (ILO)
- The Guiding Principles on Business and Human Rights approved by the United Nations Human Rights Board in June 2011;
- Guidelines for multinationals issued by the OECD in 2011;
- ILO Conventions 29, 87, 98, 105, 110, 111, 125, 138, 146, 155, 159, 164, 177, 182;
- 10 principles of Global Compact;
- EU Directive 50/2014;
- Italian Leg. Dec. no. 254 of 30/12/2016 that acknowledges EU Directive 50/2014;

- Standard ISO 26000:2010 - Guideline on social responsibility;
- Standard SA 8000 - SA (Social Accountability) 8000 Guideline on human rights;
- Standard ISO 14001:2015 – Guideline on environmental management;
- Standard ISO 37001:2016 – Guideline on anti-corruption
- the Code of Ethics;
- Model 231;
- Terna Group Integrated Policy (IMSM - Chap. 5.3 of the Integrated Management System Manual);
- LG055 - Organisation of Occupational Health and Safety within Terna Group business abroad;
- LG054 - Whistleblowing;
- LG053 - Safeguarding environmental and social aspects across the supply chain;
- LG051 - Stakeholder management model;
- LG050 - TERNA Group companies' adoption of the Code of Ethics;
- LG036 - Environmental safety management on construction sites;
- LG029 - Recommendation for the energy efficiency of TERNA buildings
- LG022 - Environmental policy;
- LG014 - Ethics Committee Regulation;
- LG009 - Terna Regulation on procurement;
- LG007 - Safety in the Workplace within the Terna Group.