



**ORGANIZATIONAL AND MANAGEMENT MODEL  
AS PER ITALIAN LEGISLATIVE DECREE**

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## **DEFINITIONS**

The following definitions refer to all the sections of the Model, except for any other definitions contained in the individual special sections.

**CEO:** the CEO of the Parent Company.

**At-Risk Areas:** the Group's areas of activity in which there is a greater risk of crimes being committed.

**The National Collective Labor Contract:** National Collective Labor Contracts applied by the Company.

**Code of Ethics:** the Code of Ethics adopted by the Group and approved by TERNA S.p.A.'s Board of Directors on May 21, 2002 and relative updates.

**External Collaborators:** all external collaborators, including Consultants, Partners, Suppliers, individuals acting in the name and/or on behalf of the

Group by virtue of a mandate contract or other type of professional collaboration contracts, including non-standard contracts.

**Control and Risk, Corporate Governance and Sustainability Committee:**

the committee established within TERNA S.p.A.'s Board of Directors and composed exclusively of non-executive and independent administrators, with a proposal-making and advisory role, supporting the Board in evaluations and decisions regarding the internal audit and risk management system.

**Intended Recipients:** Company Representatives, External Collaborators and Clients.

**Employees:** those individuals that are employed by TERNA, including Senior Managers.

**Executive In Charge of Preparing the Company's Accounting Documents:**

the Company Representative as stated in 154- *bis* of the Consolidated Law on Finance.

**Italian Legislative Decree 231/2001** or the **Decree:** Italian Legislative Decree no. 231 dated June 8, 2001 and subsequent amendments and additions.

**Privacy Regulation:** EU Regulation 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR), Directive 196/2003, Legislative Decree no. 101/2018 and any other legislation regarding the protection of personal data applicable in Italy, including the provisions of the Data Protection Authority.

**Organization(s):** entities with legal personality or companies or associations, also without legal personality.

**Company Representatives:** directors, auditors, liquidators, senior managers and employees of the Group.

**Global Compliance Program (GCP):** Control system based on the principal international laws and best practices, adopted by the Board of Directors or the corresponding Board of the external companies to prevent conduct that may have criminal or quasi-criminal repercussions pursuant to the laws of the country in which the company operates.

**Public Contracts Code:** Italian Legislative Decree 50/2016, commonly known as “Public Contracts Code” and subsequent amendments and additions.

**Compliance Officer (CO):** party identified by the managing body of companies with registered offices abroad tasked with promoting dissemination of the Global Compliance Program or compliance programs adopted under the terms of local applicable legislation and the Anti-corruption Guidelines of the Company to which they belong or the geographic area identified by the deed of appointment, facilitating operation through training and communication, and through implementation of specific information flows.

**Group:** TERNA S.p.A. and its subsidiaries according to the terms of Article 93 of the TUF.

**HSE:** TERNA’s Health, Safety & Environment department, which monitors regulations and laws on health, safety and the environmental topics, with coordination, support, monitoring and preventive auditing of workplace health and safety and environment activities.

**Offenses:** the administrative offenses of insider dealing (Article 187-*bis*, TUF) and market manipulation (Article 187-*ter*, TUF).

**Person in Charge of a Public Service:** pursuant to Article 358 of the Italian Criminal Code, “persons in charge of a public service are those who carry out a public service, with any professional qualification. Public service must be considered an activity regulated in the same ways as a public function, but characterized by a lack of power which is typical in the latter, and with the exclusion of carrying out simple secretarial duties and performance of merely material work”.

**Guidelines:** Guidelines adopted by Confindustria for preparing organizational, management and control models according to the terms established in Article 6, section 3 of Italian Legislative Decree 231/2001.

**Anti-Corruption Guidelines:** document prepared taking into account the major international conventions, Community legislation, the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act on preventing and combating corruption. The Guidelines contain principles and rules of conduct adopted by each company of the Group and those individuals acting in the name and/or on behalf of a company of the Group, including in the case of single transactions.

**Model:** the organizational, management and control model adopted by the Parent Company as per Legislative Decree 231/2001.

**Electricity Sector Operators:** electricity sector operators representing the contract counterparts of the Group companies in performing institutional activities included in the At-Risk Areas and the users of the electricity system managed by TERNA.

**Company Bodies:** the Board of Directors, the Board of Statutory Auditors of the Parent Company and their members.

**Vigilance Body or VB:** the internal control body appointed to monitor the implementation of and compliance with the Model, as well as to provide for its updates.

**P.A.:** the public administration and, with reference to crimes committed against the public administration, public officials and persons in charge of a public service.

**Model 231 Control:** Model 231 Control - Corporate Affairs and Governance of the Legal and Corporate Affairs Department that acts at Technical Secretariat for the Vigilance Bodies of the Group.

**Public Officials:** pursuant to Article 357 of the Italian Criminal Code, "public officials are those who perform a public legal, juridical or administrative

service. The administrative function is public to the same extent, being governed by public law regulations and by authoritative writs, and characterized by the development or demonstration of will on the part of the public administration or by its carrying it out by means of authoritative or certifying powers”.

**Crimes:** the types of crimes to which the disciplinary measures established by Italian Legislative Decree 231/2001 apply regarding administrative responsibilities of corporations.

**231 Representative:** party, identified in the context of the first reports of first and second-level Managers, with the task of supporting increased knowledge regarding the Model as per Italian Legislative Decree 231/01 within the relative department, facilitating its operation and providing feedback and any further details requested by Supervisory Bodies of the Group Companies, also via Auditing.

**Integrated Management System:** the Integrated Management System adopted by the Terna Group in order to define criteria for managing Quality, Environment, Health & Safety of Employees, Information Security, Prevention of Significant Accidents, Energy Efficiency, Prevention of Corruption, and correctness of the system for testing equipment used for live line works and calibration of electricity metering systems used to check energy flows of assets for tax purposes. Adoption of an integrated management system is aimed at ensuring full compliance with existing legislation and the policy established by the CEO and pursuing constant improvement and the optimum satisfaction of the requirements of clients and all other interested parties through the appropriate management of company processes.

**TERNA or Parent Company:** TERNA’s Parent Company - Rete Elettrica Nazionale Società per Azioni, with registered office in Rome.

**TUF:** Italian Legislative Decree no. 58 dated Tuesday, February 24, 1998 and subsequent amendments and additions.

**Whistleblowing:** Whistleblowing is the tool that allows employees, consultants, collaborators and any party that does not have a direct relationship with the Company to report any irregularities that they become aware of either through performance of their work within the company itself or via other circumstances, and also allows them to present reports, for the safeguarding of the organization, of substantiated illegal conduct significant under the terms of Italian Legislative Decree 231/01 or violations of the organizational and management model of the Company which they have become aware of on the basis of the roles they perform.



## **1. LEGISLATIVE DECREE No. 231/2001**

### **1.1 The administrative responsibility system for corporations, companies and associations**

On June 8, 2001, Italian Legislative Decree no. 231 was passed providing "Regulations governing the administrative responsibility of corporations, companies and associations, also those not having a legal status", in implementation of Articles 11 and 14 of Italian Law no. 300 of September 29, 2000, empowering the Government to adopt a legislative decree for regulation in this regard.

In fact, this is an obligation deriving from provisions contained in International Conventions signed by Italy and, specifically:

- the Brussels Convention dated July 26, 1995 on the protection of the European Communities' economic interests;
- the Brussels Convention dated May 26, 1997 on the fight against corruption, in which officers of the EC or of Member States are involved;
- the OECD Anti-Bribery Convention dated December 17, 1997 on combating bribery of foreign public officials in international economic business transactions.

Following introduction of the Decree, a system was introduced into the Italian legal structure of "administrative responsibility deriving from a crime" for corporations with legal personality and companies and associations also without legal personality, in the interest or to the advantage of the said Corporations, (i) by individual persons having a representative, administrative or managerial position within the Corporations or within a business unit linked to them albeit financially and functionally independent, as well as by individual persons managing, even de facto, such Corporations, as well as (ii) by individual persons

subject to the management or supervision of one of the above-mentioned parties. Such responsibility is in addition to the personal responsibility of the person who actually committed the crime.

In this regard, it is noted that the responsibility as per Italian Legislative Decree 231/01 is also attributable to the corporation in the case of "attempted offenses" pursuant to Art. 56 of the Italian Criminal Code, or if the offense is committed by a natural person whose *"actions are clearly aimed at committing an offense"* amongst those defined by Italian Legislative Decree 231/01. In particular, Article 26, of the Decree establishes that *in cases where crimes indicated are committed as attempts, fines (in terms of amount) and disqualification sanctions (in terms of time) are reduced by between one third and one half, and that no penalties are applied where the party "purposely takes action to block a breach in progress or to hinder its completion"*.

It is furthermore underlined that the responsibility defined by the Decree also applies in cases where the Crimes are "committed abroad" pursuant to Art. 4 of Italian Legislative Decree of 2001 or are "transnational" pursuant to Art. 10 of Italian Law no. 146, dated March 16, 2006.

Regarding the types of Crimes defined by the Decree and, therefore in the abstract qualifying as a foundation for responsibility of the corporation, please see Annex A. In this regard, it is noted that the tendency of the legislator is to extend the scope of subjective application of the regulation to an increasing number of crimes.

## **1.2 The adoption of the "Organizational and Management Model" as a possibility to avoid administrative responsibility**

By introducing the above-mentioned system of administrative responsibility deriving from a crime, the Decree provides for a specific exemption from this responsibility provided that the Corporation proves that:

- a) prior to the commission of the crime, the managing body of the Corporation had adopted—and effectively implemented—*organizational and management models* that were suitable for preventing crimes similar to those committed;
- b) the task of supervising the model implementation, as well as its application and updating, had been entrusted to a department of the Corporation, having independent initiative and control powers;
- c) the crime had been committed by fraudulently avoiding compliance with the aforementioned organizational and management models;
- d) the department indicated under previous point b) didn't fail to supervise, nor was the supervision insufficient.

The Decree also defines that the models indicated under latter a) must meet the following requirements:

- identify the activities in which crimes may be committed;
- draft specific agreements aimed at planning the corporation's decision-making process concerning the crimes to be prevented;
- identify management procedures for financial resources that are suitable to prevent the crimes from being committed;
- make provision for information obligations to the body in charge to supervise the implementation of the models and compliance with them;
- introduce a disciplinary system suitable for punishing non-compliance with the provisions indicated in the Model;
- one or more channels that enable the parties indicated in Article 5, section 1, parts a) and b) to report, in order to protect the integrity of the corporation, any illegal conduct pursuant to this decree and founded on precise, substantiated facts or breaches of the corporation's organizational and management model that they have

become aware of based on the roles they perform. These channels guarantee the confidentiality of the reporting party's identity in managing the report;

- at least one alternative reporting channel suitable to guarantee the confidentiality of the reporting party's identity using IT tools;
- prohibition of direct or indirect retaliatory or discriminatory actions towards the whistleblower for reasons directly or indirectly associated with the report;
- in the disciplinary system adopted pursuant to section 2, part e), penalties for parties that violate the measures to safeguard the reporting party, as well as parties that willfully or negligently make reports that are identified as unfounded.

The Decree states that organizational, management and control models may be adopted, thus guaranteeing the above-mentioned requirements, based on codes of conduct prepared by category associations and submitted to the Ministry of Justice.

Lastly, provision is also made that, in small Corporations, supervision may be performed directly by the managing body, and that in joint-stock companies, the board of statutory auditors, the supervisory board and the management control committee may perform the role of vigilance body.

## **2. ADOPTION OF THE MODEL BY THE COMPANIES OF THE TERNA GROUP**

### **2.1 Model's objectives**

TERNA is a leading grid operator for electricity transmission.

The Group's activities are divided into regulated, unregulated and international activities.

- Regulated activities: the core business is composed of regulated activities performed in Italy. In fact, as the sole transmission system operator (TSO) of the national high-voltage grid, TERNA is responsible for transmitting and dispatching electricity in Italy. Its responsibilities include maintaining balance between supply and demand of energy (dispatching), as well as guaranteeing supply security.
- Unregulated activities: in a context of profound development in the electricity scenario, the Group has assumed a new role as "solutions provider", making the most of growth opportunities in Italy and abroad, by offering sustainable and competitive solutions (telecommunications, engineering and management of third-party systems, transformers and renewables).
- International activities: the Group carries on unregulated international initiatives with the objective of diversifying its business and acquiring new capabilities. Working alongside energy operators with a consolidated foreign presence, the Group offers, for example, procurement and management services for foreign transmission systems through participation in international tenders, services for completing Engineering, Procurement & Construction projects for third parties of high-voltage transmission assets and services for technical assistance. Lastly, the national legislator has assigned Terna the task of selecting

parties prepared to finance specific interconnections, via public tenders, on the basis of benefits for these parties deriving from the allocation of transport capacity for a set number of years.

Being sensitive to the need of guaranteeing transparency and professionalism in conducting its business activity, for protecting its business position and image, its shareholders' expectations and its employees' jobs – TERNÀ deemed it consistent with its corporate policies to implement the model as provided for by the Decree.

This initiative was undertaken based on the firm belief that the adoption of this Model – even though the Decree states it is a non-compulsory element- may represent an important awareness-enhancement tool for all those operating in the name and on behalf of TERNÀ, so that in performing their activities they may act professionally and correctly, thus avoiding the risk of committing the crimes mentioned in the Decree.

The Model was prepared taking into account, in addition to the provisions of the Decree, the guidelines on this subject published by category associations, as well as—on the basis of the extensive experience of the US in drawing up models aimed at preventing crimes—the US best practices and Federal Sentencing Guidelines.

This Model was drafted also taking into account the role held by TERNÀ as the Parent Company of the Companies of the Group.

This Model was adopted by TERNÀ's Board of Directors with resolution dated 10 December 2002 and subsequently updated.

To implement the provisions included in the Decree, the Board of Directors, on the basis of TERNÀ's important position, decided to entrust an auditing Department (formed by individuals having the requirements indicated in the following chapter 3.1) with the task of taking on the function of an internal

control committee (*Vigilance Body - VB*), in order to supervise over the effectiveness of the Model, compliance with it and to constantly update it.

## **2.2 Model's function**

The Model aims at building a structured and organic system of both procedures and control activities, to be carried out also preemptively (*ex ante* control), in order to prevent the different types of crimes included in the Decree being committed.

In particular, by identifying At-Risk Areas and their consequent procedural definition, the Model aims at:

- creating, in all those who operate in the name and on behalf of TERNA in the "At-Risk Areas", the awareness that, should the provisions included therein be infringed, the crime committed is liable to both economic and criminal penalties, not only for themselves but also for the company;
- confirming that such illegal behaviors are strongly condemned by TERNA in that (even if the Company appears to benefit from them) they are nevertheless against not only the legal provisions but also the ethical and social principles TERNA intends to strictly comply with in pursuing its corporate mission;
- allowing TERNA, by monitoring At-Risk Areas, to take action in a timely manner to prevent or oppose to such crimes.

In addition to the above-mentioned principles, the key points of the Model are:

- ⇒ creating an awareness and circulating the rules of conduct and the procedures set up at all company levels;
- ⇒ creating a map of At-Risk Areas, i.e. those activities within which crimes are more likely to be committed;
- ⇒ preventing risk also through adoption of specific procedural principles that govern the Company's decision-making procedure regarding crimes to be avoided;
- ⇒ identifying – also by resorting to procedures adopted by the TERNA – methods to manage financial resources in order to guarantee the traceability of each transaction;
- ⇒ respect for the principle of segregation of duties;
- ⇒ defining authorization powers that are consistent with assigned responsibilities;
- ⇒ analyzing the company's conduct and the implementation of the Model, with consequent periodic updating (*ex post* control);
- ⇒ adopting a specific and suitable disciplinary system in order to prosecute and punish non-compliance with the adopted organizational system;
- ⇒ assigning to the Vigilance Body the specific task of supervising the efficiency and correct implementation of the Model.

### **2.3 Model's structure: General Section and Special Sections with reference to the different crimes**

In its latest version, the Model is made up of a "General Section" and of "Special Sections" which have been drawn up on the basis of the different types of crimes considered in the Decree.

Regarding the Crimes and Offenses indicated in Attachment A, it should be noted that TERNA, after the analyses carried out, decided it was not necessary to:



- adopt Special Sections connected to Crimes regarding forgery of currency, negotiable instruments and revenue stamps and connected to Crimes against industry and commerce and the Crime of female genital mutilation;
- create a Special Section for Transnational Crimes, since the Company deemed appropriate to include them in the Special Sections involved.

For this purpose it should also be noted that, after carefully analyzing the corporate situation and the reporting system, special At-Risk Areas were not identified for the above-mentioned crimes and the procedures adopted by the Parent Company have been considered sufficiently adequate to prevent them.

At the same time, however, based on increasing development of unregulated and foreign business, particular attention is paid to certain transnational crimes connected to specific areas at risk (please see, for example, the special section G on the crimes of manslaughter and personal injury, the crime of aiding and abetting pursuant to Art. 378 of the Italian Criminal Code, which could assume particular significance for the risk area "International Travel Security", concerning the management of "Country-Risk").

Considering the private nature of the Company, in the context of its license-based activities, TERNA pays particular attention to relationships with Electricity Sector Operators.

By virtue of the power conferred on him by the Board of Directors, TERNA's CEO was entrusted with the task to subsequently integrate this Model with additional Special Sections relative to other types of crimes which, as a result of other provisions, may in any case be included in or connected with the application scope of the Decree, with the exception of provisions set forth in the following sect. 2.4. part b).

## **2.4 Adoption of the Model by TERN A and within the Companies of the Group**

The adoption of the Model within the Group is implemented according to the following criteria:

### **a) Model adoption and updating**

TERN A is assigned the task of drafting and updating the Model on the basis of new possible requirements.

The adoption by the Group Companies will be evaluated according to At-Risk situations and to the legislation in force in the countries involved, with the exception for adjustments that may be needed to guarantee the Model's effectiveness based on the activities carried out by each Company.

For this purpose, the administrative body of the various Group Companies, also on the basis of criteria and guidelines that may be issued by TERN A's CEO, is entrusted with the adoption -through a specific resolution and on the basis of TERN A's Model- of an own Organizational Model as well as Special Sections, in compliance with the risk profiles relative to the activities carried out by the company involved.

While adopting the Model, the managing bodies of each Group Company will at the same time also appoint their Vigilance Body (VB) entrusted with the task of monitoring the application of the Model within their companies.

Model 231 Control is assigned the task of driving the Group Companies to adopt the Model, thus ensuring uniformity, without prejudice to the responsibilities assigned to the individual Companies regarding implementation of the Model and to the individual VBs. This role is performed under the terms of the intercompany contracts, based on which Model 231 Control is appointed

to guarantee compliance with Italian Legislative Decree 231/01 by all Group Companies.

b) Changes and additions to the Model

Since this Model is a “document passed by a resolution of the managing body” (in compliance with the provisions of Article 6, section I, part a of the Decree), any subsequent amendments or additions—if of noteworthy importance—are the responsibility of the CEO, by virtue of the power assigned to him by TERNA’s Board of Directors.

Furthermore, TERNA’s CEO has the right to make changes or additions which may become necessary or appropriate due to changes in organization or regulations, as well as to adopt more Special Sections.

Said possibility is considered justified by virtue of the need to guarantee a constant and timely adjustment of the Model to the regulatory, operational and/or organizational changes which occur within the Company.

Every aforementioned amendment shall be annually reported to the Board of Directors.

Proposed changes and additions to the Model can also be submitted by TERNA’s VB to the Board of Directors or to the CEO (regarding changes that fall under his/her responsibility).

Model 231 Control evaluates the applicability of amendments and additions made also within other Group Companies, implementing them in the respective Models as applicable.

c) Application of the Model by each Company and their implementation of controls over At-Risk Areas.

Each Group Company will be responsible for the implementation of its own Model with regard to the specific activities each Company carries out in At-Risk Areas.

The Vigilance Body of each Group Company is assigned the task of carrying out controls on the activities of each company in At-Risk Areas according to the procedures described therein.

d) Adoption and implementation within Group Companies with foreign offices.

Given the lack of direct application of Italian Legislative Decree 231/01 abroad, individual foreign companies adopt the GCP or a Compliance Program prepared based on local legislation on corporate responsibility, as applicable.

To guarantee the effective and efficient implementation of the aforementioned documents, the managing bodies of these companies appoint a Compliance Officer.

## **2.5 Whistleblowing system**

In order to ensure responsible management processes in compliance with the law, in September 2016 TERNA implemented a whistleblowing system; this has since been aligned with the legislative amendments of 2017 to include *"Provisions for the protection of whistleblowers of crimes or irregularities which come to their knowledge in the course of a public or private working relationship."*

Moreover, pursuant to Art. 6 of Legislative Decree no. 231/01, section 2-*bis*, TERNA:

- a) has established whistleblowing channels that enable the parties referred to in Article 5, section 1, parts a) and b) of Italian Legislative Decree no.

231/01 to report, in order to protect the integrity of the institution, any illicit conduct pursuant to the Decree or breaches of this Model, which come to their knowledge in the context of their professional activities;

- b) ensures that the identity of the whistleblower remains confidential;
- c) prohibits any discriminatory or retaliatory action of a direct or indirect nature towards the whistleblower for reasons related, directly or indirectly, to the instance of whistleblowing;
- d) implements ad hoc measures to protect the whistleblower.

In particular, the Whistleblowing system adopted by TERNA is regulated by Guideline 054.

Specifically, in terms of whistleblowing channels TERNA has established an information portal ([www.whistleblowing.terna.it](http://www.whistleblowing.terna.it)) to protect the whistleblower and the person to whom the whistleblowing refers, as well as implementing alternative communications channels.

Furthermore, pursuant to section *2-ter* of the same article, any retaliatory or discriminatory measure taken towards the whistleblower may be reported to the National Labor Inspectorate.

Finally, pursuant to section *2-quater*, the whistleblower shall not be subject to dismissal, reassignment or any other retaliatory or discriminatory measure.

It is noted that all personal data processed in the context of managing reports received will be processed in full compliance with current Privacy Regulations, paying particular attention to the right to keep the reporting party's identity confidential.

## **2.6 Integrated Management System**

To ensure full compliance with applicable legislation and policy established by the CEO and in pursuit of improving the management system, TERNAL has adopted a certified "integrated management system".

In particular, the TERNAL management system is certified according to:

- UNI EN ISO 9001:2015 for quality management;
- UNI EN ISO 14001:2015 for environmental management;
- BS OHSAS 18001:2007 for the management of health and safety in the workplace;
- ISO/IEC 27001:2013 for the management of data security in the context of the Consolidated Document for the Monitoring of the Electricity Market;
- UNI CEI EN ISO/IEC 50001:2011 for the management of energy consumption for personal use;
- UNI CEI EN ISO/IEC 17025:2005 for the management and competence of testing and calibration laboratories;
- ISO 37001:2016 for anti-corruption management;
- ISO 55001:2014 for management of Company Assets.

TERNAL guarantees the constant improvement and effectiveness of its Integrated Management System through the definition of company policies and objectives as well as by monitoring applicable law, observing the results of internal investigations, analyzing data, implementing corrective and preventative measures and ensuring re-evaluation, self-assessments and the direct involvement of staff.

The Management Systems Manager of the Corporate Security department annually reviews and reports the results of the re-evaluation and assessments in relation to:

- UNI EN ISO 14001:2015 for environmental management;

- BS OHSAS 18001:2007 for the management of health and safety in the workplace;
- ISO/IEC 27001:2013 for the management of data security in the context of the Consolidated Document for the Monitoring of the Electricity Market;
- ISO 37001:2016 for anti-corruption management.

## **2.7 Anti-Corruption Guidelines**

The contents of this Model are derived from the principles and code of conduct contained in the Anti-Corruption Guidelines.

The Anti-Corruption Guidelines are a control model to combat corrupt activity and are produced according to the principal international conventions, Community legislation and the provisions of the Foreign Corrupt Practices Act ("**FCPA**") and the Bribery Act ("**BA**") in relation to public and private corruption.

The Guidelines contain standards of conduct that all Recipients must observe, including but not limited to: the disbursement of gifts and donations and relative registration, sponsorship and charity activities, the prohibition of so-called facilitating payments and political contributions.

The Guidelines are approved by the TERNA Board of Directors and the corresponding body of each Group company.

TERNA undertakes to distribute the Guidelines and offer appropriate training sessions.

## **2.8 Global Compliance Program**

The Global Compliance Program (GCP) is the control model aimed at companies outside the group and is based on the principal international laws and best practices. The GCP is adopted by external companies in order to prevent certain crimes with international relevance; these may include but are not limited to: accounting offenses, the financing of terrorism, money-laundering, crimes of copyright, crimes related to health and safety in the workplace.

The GCP is composed of a general section dedicated to training activities, information and updates relative to Group companies and/or the relative Parent Company; a section on general principles of conduct and a section on identifying those areas which are most exposed to the crimes considered by the document and the specific principles of conduct related to such crimes.

### **3. VIGILANCE BODY (VB)**

#### **3.1 Identification of the vigilance body**

In implementing the provisions of the Decree—which in Article 6, part b indicates as the condition to avoid administrative responsibility that the task of controlling the implementation of the Models and compliance with them, as well as their updating, be assigned to a department of the company having autonomous powers of initiative and control—considering the size of the Parent Company, it was decided within TERNAL that the body intended to take on such task and consequently perform (according to the terminology used in this Model) the functions of a Vigilance Body would have a collective structure.



The individuals composing the Vigilance Body and the duration of their appointment is identified via Board of Directors resolution.

Professionals are selected based on an analysis of their respective CVs, also considering their experience regarding corporate responsibility pursuant to Italian Legislative Decree 231/01 and risk prevention and management relative to company characteristics.

Termination of the VB mandate due to expiry of the set period or if the Company is involved in extraordinary transactions that carry termination of company bodies or changes of control, within the shortest time frame relative to such termination and/or change, is effective from the moment the Board of Directors passes a decision in this regard.

During the period of time between termination of the mandate and the BoD's decision, the VB operates under a temporary extension.

The individual members of the Vigilance Body must have autonomy, independence, professionalism, respectability and absence of conflict of interest, which are requirements for such body.

It is further requested that the VB, considered as a whole, is independent and meets the requirement of continuity of action.

Therefore:

- "autonomy" should be understood as not being purely formal: it is necessary to grant to the Vigilance Body effective powers of inspection and control, the possibility to have access to all Company's relevant information and adequate resources as well as tools, supports and the collaboration of experts in its monitoring activity;
- as far as the "independence" requirement is concerned, each member of the Vigilance Body shall not have any executive power and any conflict of interest with TERNA, even potential; in case of Company Representatives, they must also have a sufficiently important position and possess autonomous initiative and control powers as well as

adequate professionalism for their position. In any case, for the activity they carry out within the VB, they cannot appear as employees of executive bodies;

- as far as “professionalism” is concerned, it is necessary to grant in the Vigilance Body’s composition the presence of members with specific juridical and risk management and control skills.

Where necessary for performance of its role, the VB may engage external professionals equipped with knowledge and skills required in a specific case.

Reason for ineligibility as a member of the VB and for incompatibility in holding this position is represented by a conviction also by the Lower Court for having committed one of the crimes mentioned in the Decree and/or one of the administrative crimes regarding market abuse as stated in the TUF, namely, the conviction to a penalty that involves disqualification, even temporary, from public offices, i.e., temporary disqualification from the executive offices of corporations.

The Board of Directors verifies the existence of the aforementioned requirements by the BoD’s acquisition of the CVs and by having each party sign a letter of acceptance. This Letter contains a declaration that the party in question possesses the requirements defined by applicable legislation to hold the role and that they are not in any of the incompatible situations defined by law and that they undertake to promptly communicate should they cease to meet the aforementioned requirements.

Before appointment, the individual professionals are subject to verification by TERN A S.p.A. Risk Management.

For the smaller companies, this task can be directly carried out by the managing body (as stated in Article 6, section 4 of the Decree).

In companies with foreign offices, a Compliance Officer is appointed, charged with guaranteeing dissemination and supporting implementation of the compliance programs adopted by the company.

Bearing in mind the particular aspects of the powers of the VB and the specific professional skills they require, in performing vigilance duties, Group Company VBs are supported by a dedicated staff with Technical Secretariat roles, identified as the TERNA Model 231 Control department that performs this function for all Group Company VBs, based on the intercompany contracts.

The Bodies may also be supported by other departments deemed necessary from time to time.

### **3.2 Functions and powers of the Vigilance Body (VB)**

TERNA's Vigilance Body is assigned the task, on a general level, to carry out control activity over:

- A. model provisions that need to be complied with by the Recipients of the Model, on the basis of the different types of crimes included in the Decree;
- B. model actual effectiveness in preventing the crimes included in the Decree, on the basis of corporate structure;
- C. model updating, if needed, on the basis of changed company conditions and new law and regulatory provisions.

At the operational level, TERNA's Vigilance Body is assigned the task of:

- Initiating control procedures, taking into account that the main responsibility for controlling activities, even regarding At-Risk Areas, lies with the operational management and represents an integral part of

company procedures ("*line control*"); this confirms the importance of personnel training.

- conducting research on company activities in order to identify At-Risk Areas and carry out specific verification of certain activities or operations within At-Risk Areas;
- Promoting appropriate initiatives to help learning about the Model and understanding it and arranging for the organizational documentation including instructions, explanations or updates for the Model's implementation.
- Collecting, processing and storing relevant information regarding compliance with the Model, as well as verifying that the documentation needed as per each Special Section of the Model and according to the different types of crimes is in place, updated and effective. Furthermore, updating the list of information that must mandatorily be sent to the VB or made available to this body.
- Coordinating activity with the other company structures (even through ad-hoc meetings) to best monitor operations in At-Risk Areas. For this purpose, Terna's VB must be constantly informed as to the progress of activities in At-Risk Areas and must have clear access to all the relevant company documentation, including updates. The VB must also be informed by the management about possible cases in company operations that might place the company in a "crime risk" position.
- Conducting internal research in order to assess alleged breaches to the provisions of the Model with the aid of control structures set up within the company.
- Verifying that the elements provided for in the Special Sections of the Model for the various types of crimes (adoption of standard clauses, fulfillment of procedures, etc.) are however appropriate and that they are in compliance with the needs to respect the provisions of the Decree and, should this not be the case, updating such elements.

- Coordinate with 231 Representatives and in any case with company department managers on the various aspects relevant to the implementation of the Model.

VBs are self-governing, including in relationships with company bodies, having their own unanimously adopted internal regulations.

To guarantee that the VB performs vigilance activity completely autonomously, the Company may define and approve a VB budget.

In any case, the Company makes all resources available to the VB that may be necessary or useful for effective performance of vigilance functions, including the support of outside professionals identified by the VB itself for particularly complex technical assessments.

Definition of the VB budget is governed by LG032, which should be consulted for aspects regarding application.

### **3.3 Functions of the VB: Reporting to company bodies**

TERNA's VB is assigned two lines of reporting:

- a) the first one, on a permanent basis, directly to the CEO;
- b) the second, on a periodic basis, to the Control and Risk, Corporate Governance and Sustainability Committee, the Board of Directors, the Board of Auditors and the Independent Auditing Firm.

The presence of the above-mentioned departmental relations, even with top bodies not having operational duties and therefore not connected with managerial activities, is a guarantee that TERNA's VB will be able to carry out its assignment under greater independent conditions.

The VB may be summoned at any time by the above-mentioned bodies and may, in turn, submit a request for summoning in order to report about specific situations or how the Model is being implemented.

At least once a year, usually on a six-monthly basis, the TERNA VB presents a report on the implementation of the Model at TERNA to the Bodies described in point b).

Similarly, the VBs of the other Group Companies will also have to report not only permanently to their administration bodies (also delegated bodies) but also on a periodic basis, to the Boards of Directors (if appointed) and Boards of Statutory Auditors (if appointed) regarding the implementation of the Model in their respective company.

### **3.4 General overview of the TERNA S.P.A. VB in the control and verification system**

Without prejudice to the fact that the vigilance activity of the Terna S.p.A. VB takes place exclusively within the Company, if reports received by the VB are identified as being of interest for the Group, it shall inform the Vigilance Bodies of the Group Companies involved.

Likewise, if the TERNA S.p.A VB, during its control activities, identifies an inadequacy of the Model that could also affect the Organization, Management and Control Model adopted by Group companies pursuant to Italian Legislative Decree No. 231/2001, it shall report such event to the VB of the companies involved.

In any case, the VBs of all Group Companies meet at least annually to exchange information and present any significant situations or critical issues.

Lastly, the TERNA S.p.A. VB, as VB of the Parent Company, arranges periodic meetings (at least annually) with the VBs of the other Group Companies and with the Compliance Officers, in order to exchange information.



## **4. SELECTION, TRAINING, REPORTING AND SUPERVISION**

### **4.1 Personnel Selection**

Via the Human Resources, Organization and General Affairs department, TERNA will put into place a specific evaluation system for personnel in the selection phase, taking into account the requirements of the company regarding the Decree's application.

### **4.2 Personnel Training**

Regarding implementation of the Model, personnel training is managed by the Human Resources, Organization and General Affairs department of the Parent Company, alongside the Model 231 Control department that defines training requirements, taking into account updates to mapping of risk areas and the 231 Model, relevant new legislation and legal rulings and internal changes of an organizational or corporate nature and development of business activity.

The Company approves a multi-year training plan, structured into classroom and on-line learning.

The training courses are aimed at previously identified personnel, generally on the basis of contractual level and/or department to which they belong.

In any case, the content of training sessions is adjusted based on the risk area in which the respective recipients operate and prepared by the relevant company departments for the individual areas explored. For particularly complex topics, external educators selected by the responsible department may be engaged.

The training plan may also include workshops for top management focused on themes of particular interest.



Furthermore, new employees are provided with an on-line course dealing with Italian Legislative Decree 231/01, the Organizational and Management Model and other compliance measures adopted by the Company in this area. Specific notification of this is provided to these parties in their employment letter.

Generally, at the end of the training session, a test on the course topics is distributed, also to evaluate the quality of teaching.

The Head of Human Resources, Organization and General Affairs makes the training plan available to the VB.

Training courses for employees shall be mandatory; the Head of Human Resources, Organization and General Affairs of the Parent Company shall inform the Vigilance Body on the results—in terms of presence and satisfaction—of the training.

#### **4.3 Supervisory Board**

The Company guarantees provision of initiatives aimed at providing the VB with an adequate understanding of the sectors within which it operates, the company dynamics and their evolution, risk management principles and the relevant legislative and regulatory framework.

In this context, Model 231 Control illustrates the structure and dynamics of the Company and the Group to the VB, indicating relevant internal procedures adopted.

Updating sessions, workshops on relevant new legislation and legal rulings regarding the Decree, with a significant impact on the Group, may also be organized.

In any case, the VB is informed regarding the relative sector and relative legislation via notification from the competent Company Representatives during individual meetings.

#### **4.4 External Collaborators: selection and reporting**

TERNA shall adopt specific evaluation systems (periodically assessing their appropriateness) for selecting External Collaborators.

Adoption of the Code of Ethics, the Model, the Anti-Corruption Guidelines and all other documentation adopted by Group Companies must be communicated to External Collaborators.

Based on this Model, specific informative reports on policies and procedures adopted by TERNA may also be provided to External Collaborators, including provisions concerning them, as well as the contents of contractual clauses usually employed in this context.

#### **4.5 Supervision duties**

All Company Representatives with a vigilance function regarding other Company Representatives must carry out this duty based on utmost diligence, informing the Vigilance Body, as defined in the section below, of any irregularity, violation or non-fulfillment.

Failure to comply with said obligations may result in the Company Representatives with supervision duties being sanctioned according to the position they hold within TERNA, as provided for in chapter 6 hereinafter.

## **5. INFORMATION FLOWS TO THE VIGILANCE BODY**

### **5.1 Notices from the Company Representatives or from third parties**

Without prejudice to the provisions on whistleblowing in chapter 2, in addition to the documents indicated in the individual Special Sections of the Model, according to the procedures provided for therein, within the company, any other information should be reported to the VB, of any kind and even if provided by third parties and concerning the implementation of the Model in At-Risk Areas.

In this regard, the following general provisions shall apply.

This obligation, on the other hand, is implemented by TERNA through periodical reporting streams that each Technical Secretariat sends to the VB in order to provide it with timely, useful information so that it is constantly able to carry out its supervisory role.

These reporting streams can be classified as follows:

- Model implementation and updating;
- Assessment of the effectiveness of the Model;
- Leaflet on training and awareness raising activities.

Furthermore, TERNA has established a system whereby reports are submitted to the VB by each department manager on a six-monthly basis.

Given the specific nature of each department, such reports necessarily contain information regarding:

- the knowledge of criminal proceedings relating to one of the crimes governed by Legislative Decree no. 231/01;
- the performance of assessments and/or inspections by Public Supervisory Bodies and/or Law Enforcement Agencies;
- conduct that does not comply with the company's conduct rules;

- flaws or malfunctions with the internal control system.

On the other hand, Company Representatives must inform the VB about:

1. any information regarding committing, or regarding the reasonable conviction of having committed, a Crime. In particular, the Vigilance Body must be informed in an immediate and timely manner concerning:
  - measures and/or information coming from bodies of the criminal police, or from any other authority, which reveal the course of proceedings for Crimes, also against unknown persons if investigations involve TERNA or its Company Representatives or company bodies;
  - requests for legal assistance submitted by Company Representatives in the event of legal proceedings for Crimes governed by Legislative Decree no. 231/01;
  - reports prepared by the directors of TERNA's other company structures, within their control activity, and from which facts, acts, events or omissions could be disclosed with critical profiles with respect to compliance with the Model;
  - information regarding penalties applied and measures adopted (including proceedings against Company Representatives), namely, archived procedures of such proceedings with relative motivations, should they be connected with committing Crimes or violations of the Model's behavioral or procedural regulations;
  - breaches of the Anti-Corruption Guidelines which include or may include an action pursuant to Legislative Decree no. 231/01.
2. any violation or alleged violation of the regulations included in the Model, or any behavior that is not in line with conduct rules adopted by the Group.

External Collaborators will be obliged, on the basis of their contract, to report the information mentioned in paragraph 5.1 point 1, with the exception for those originating from TERNA.

Furthermore, the Chief Risk Officer (CRO) annually submits a risk analysis report - carried out according to the parameters of the ERM in relation to the 231 Model - to the VB.

Finally, further data streams to be submitted to the VB are provided for in the internal procedures, which indicate the subject of such reports, the individual charged with their production and the frequency that such reports should be submitted to the competent VB.

On a periodic basis, the VB will submit to the CEO, if appropriate, any changes to the above-mentioned list.

## **5.2 Reporting modalities**

Reports under the terms of the Decree may be sent through one of the following channels:

- Whistleblowing portal [www.whistleblowing.terna.it](http://www.whistleblowing.terna.it);
- email address [OdV\\_Terna@terna.it](mailto:OdV_Terna@terna.it)
- Postal address Organismo di Vigilanza di TERNA S.p.A. c/o Presidio Modello 231 - TERNA S.p.A., viale Egidio Galbani, 70 00156 - Rome, Italy.

Processing of personal data gathered in the context of the reporting procedure occurs fully observing the Privacy Regulation, taking into account the correct balance between rights of the party indicated by the report and the reporting party's right to confidentiality of their identity.

### **5.3 Proxy system**

Finally, the VB, must be informed about the proxy system adopted by the Company.

## **6. DISCIPLINARY SYSTEM**

### **6.1 General Principles**

The main feature for Model effectiveness is the preparation of an appropriate penalty system for breaches to conduct rules developed to prevent the Crimes included in the Decree, and in general, of the internal procedures provided for in the Model itself.

The application of the disciplinary measures is not linked to the result of any criminal proceedings since conduct rules included in the Model are adopted by the company in a totally independent way, irrespective of the crime that such conduct might bring about.

### **6.2 Penalties for employees**

The conduct of employees that violate any conduct rules included in this Model are defined as disciplinary crimes.

With reference to the fines inflicted against employees, excluding managers, they fall within those provided for by the company's disciplinary code, in compliance with the procedures provided for by Article 7 of Italian Law No. 300 dated May 30, 1970, (Employee Statute) and any special applicable rules.

With reference to the above, the Model makes reference to the categories of acts that can be punished as provided for in the current fines system, i.e. the agreement rules as per the CCNL –National Collective Labor Agreement- (see art. 25 "Provvedimenti disciplinari" and "Criteri di correlazione"<sup>1</sup>).

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<sup>1</sup> As per the minutes of the Declaration, at the end of Article 25 of the National Collective Labor Contract, within TERNA, correlation criteria between employees' misbehaviors and the disciplinary measures of the national union agreement of July 28, 1982, are applied.

These categories include the conducts punished depending on the importance of the individual cases considered, and the penalties established for the acts, depending on their seriousness.

In particular, in applying the “Criteri di correlazione per le mancanze dei lavoratori ed i provvedimenti disciplinari” (Correlation criteria for employees’ misbehaviors and disciplinary measures), in force within TERNA and mentioned in the National Collective Labor Contract, provision is made that:

1) Measures as VERBAL OR WRITTEN WARNING will be taken against

Employees who:

- infringe the internal procedures provided for by this Model (e.g. by not complying with established procedures, by failing to report the required information to the VB, by failing to carry out controls, etc.) or, in performing activities in At-Risk Areas, do not comply with the conduct provided for in the Model, since such conduct is considered as “non-compliance with the provisions circulated by the Corporation through service instructions or other suitable means”, as indicated under point 6, paragraph I of the above-mentioned correlation criteria.

2) Measures as FINES will be taken against

Employees who:

- repeatedly infringe the internal procedures provided for by this Model or, in performing their tasks in At-Risk Areas, often behave in a way that does not comply with Model’s rules, before such misbehaviors have been individually ascertained and objected, since such behaviors entail repeated “non-compliance with the rules circulated by the Corporation through service instructions or any other suitable means” before such misbehaviors have been individually ascertained and objected, according to the provisions



included in point 7 of paragraph II of the above-mentioned correlation criteria.

- 3) Measures as SUSPENSION FROM WORK AND OF SALARY will be taken against

Employees who:

- by infringing the internal procedures provided for by this Model or - in carrying out their tasks in At-Risk Areas - by adopting a conduct that does not comply with Model's rules, or, by acting against TERNA's interests, damaging the Company or causing an objectively dangerous situation for the company assets, since such behaviors cause damage to or a dangerous situation for the integrity of the Company assets or can be seen as contrary to the company's interests also through "non-compliance with the rules circulated by the Corporation through service instructions or any other suitable means", as provided for under point 1 of paragraph III of the above-mentioned correlation criteria.

- 4) Measures as TRANSFER AS PUNISHMENT OR DISMISSAL WITH PAYMENT OF ADVANCE NOTICE AND OF SEVERANCE INDEMNITY will be taken against

Employees who:

- in performing the activities in At-Risk Areas, adopt a behavior which does not comply with the Model's rules and which is clearly directed towards committing a crime punished by the Decree, causing significant damage or a situation of great prejudice through such behavior, as per the provisions of points 1, 3, 4, 5 and 7 of paragraph IV of the above-mentioned correlation criteria.

- 5) Measures as DISMISSAL WITHOUT ADVANCE NOTICE AND WITH TERMINATION BENEFITS will be taken against

Employees who:

- in performing activities in At-Risk Areas, adopt a behavior that is clearly in breach of the Model's rules and enough to cause the Decree's measures to be concretely applied to the Company as such behavior entails "acts that make the Corporation lose its trust in the company", or the occurrence of the misbehaviors included in the above-mentioned points that cause serious damage to the company as per the provisions of points 4, 5 and 6 of paragraph V of the above-mentioned correlation criteria.

The type and amount of each measure as mentioned above will be applied, as per the provisions of TERNA's existing disciplinary code, depending on:

- whether the conduct is intentional or due to negligence, imprudence or inexperience with regard also to the fact that the event could have been foreseen;
- the general conduct of the worker, in particular whether he or she has been the subject of previous disciplinary measures, within the limits allowed by the law;
- the worker's duties;
- the functional position of those involved in the events that represent the violation;
- the other special circumstances that are considered part of the disciplinary breach.

With reference to ascertaining the above-mentioned infringements, the disciplinary measures and the fines to be inflicted, the powers already assigned to the competent Company department remain unchanged within the limits of the respective responsibilities.

The disciplinary system is constantly monitored by the VB and by the Head of the Human Resources, Organization and General Affairs department.

### **6.3 Measures against Managers**

In the event that TERNNA's managers infringe the internal procedures provided for by this Model or adopted, or, in performing activities in At-Risk Areas, they adopt a behavior not in line with Model rules, suitable measures will be taken against the persons responsible as provided for in the National Collective Labor Contract for Industrial Managers.

## **7. OTHER PROTECTION MEASURES IN THE EVENT OF NON-COMPLIANCE WITH MODEL RULES**

### **7.1 Measures against Directors and Auditors**

In the event of infringements to the Model by TERNAs Directors and/or Auditors, the VB will refer this to the Board of Directors and to the Board of Statutory Auditors, who will be responsible for taking the appropriate measures as provided for by current Legislation.

In case of a judgment of conviction by a lower court for crimes included in the Decree and subsequent changes, the Director and/or Auditor that is convicted must immediately notify the VB that will inform the entire Board of Directors and the Board of Statutory Auditors as mentioned above.

Should the above infringements be made by Directors and/or Auditors of subsidiaries, TERNAs VB shall be informed immediately, which, in turn, will inform TERNAs company bodies so as to adopt the necessary measures within the Group.

### **7.2 Measures against External Collaborators**

Conduct by External Collaborators that may imply the application of penalties as established by the Decree or that contrasts with the conduct guidelines stated in this Model which apply to said External Collaborators, might result—according to the provisions included in the specific contract clauses or in assignment letters or partnership agreements—in contract cancellation.

The possibility exists to apply for damages if such conduct causes concrete damages to the Group, as in the event of the judge applying the measures provided for by the Decree.

### **7.3 Measures against VB members**

In the event of infringements to the Model by one or more members of the VB, the other VB members, namely one of the auditors or directors, will immediately inform TERNA's Board of Statutory Auditors and Board of Directors of this: following the assessment of the infringement and having granted suitable defense tools, these bodies will take the appropriate measures among which, for example, the cancellation of the assignment with the body and the consequent appointment of a new VB.

## **8. PERIODICAL CONTROLS**

In order to verify its suitability and effectiveness, as well as for its improvement, this Model is subject to verification performed at various levels, as indicated below:

- i. verification by the VB: the Vigilance Body annually approves the 231 audit plan based on the risk areas of the Model and performs checks through interviews with Company Representatives, acquisition of company documentation and/or assigning ad-hoc checks to the most suitable Company Departments;
- ii. verification by the Model 231 Control department, responsible for Model 231 updating, mainly performs checks on adaptation of the Model at legislative and organizational level, subsequently adjusting the mapping of risk areas within the Company and the relative assessment of risk levels;
- iii. verification by HSE: the Health, Safety & Environment department plans on-site inspections and monitors incident figures, and the records are subject to an information flow towards the VB;
- iv. verification by the Audit department: in the context of Italian Legislative Decree 231/01, the Audit department annually presents the Audit Plan to the VB, once approved by the BoD, that identifies certain checks to be performed in addition ad-hoc activities.

The outcome of the checks above may trigger one or more of the following actions:

- updating of the Model 231 based on applicable legislation and/or organizational structure;
- updating of risk areas;
- updating of corporate documentation;
- reporting and information flows to the Managing Body.

For subsidiaries, these checks may be planned and performed by the VBs of the Companies with the support of the Departments indicated above, based on intercompany contracts.

## **9. MODEL AND CODE OF ETHICS**

Conduct rules included in this Model are integrated with those of the Code of Ethics although - for the purposes pursued by the Model in implementing the Decree provisions – the Model’s scope is different from that of the Code.

Under this profile, indeed:

- the Code of Ethics is a tool adopted independently and is generally applied by Group companies in order to express “company ethics” principles which the Group acknowledges as belonging to it and which it requires its Employees to comply with;
- meanwhile, the Model responds to specific provisions contained in the Decree aimed at preventing particular types of crimes.



## **ATTACHMENT A**

### **1. "PREDICATE CRIMES" FOR THE ADMINISTRATIVE RESPONSIBILITY OF CORPORATIONS AS ESTABLISHED BY THE DECREE**

The crimes and offenses for the which the Decree establishes the possibility of a responsibility on the part of the Corporation are the following:

- 1) Crimes as per Articles 24 and 25 of the Decree (**Crimes against the Public Administration and its assets**), namely:

Article 317 of the Italian Criminal Code - Graft

Article 318 of the Italian Criminal Code – Corruption for official acts

Article 319 of the Italian Criminal Code – Corruption in acts against official duties (aggravated pursuant to Article 319-*bis* of the Italian Criminal Code).

Article 319-*ter*, section 1 of the Italian Criminal Code – Corruption in judicial acts

Article 319-*quater* of the Italian Criminal Code Undue incitement to give or promise benefits

Article 320 of the Italian Criminal Code – Corruption of a person in charge of a public service

Article 321 of the Italian Criminal Code - Penalties for the corrupter

Article 322 of the Italian Criminal Code - Incitement to corruption

Article 322-*bis* of the Italian Criminal Code - Peculation, graft, corruption and incitement to corruption of the members of European Communities' bodies and of the officials of the European Communities and of foreign States.

Article 640, section 2, no. 1 of the Italian Criminal Code Fraud against the State or other public bodies

Article 640-*bis* of the Italian Criminal Code Aggravated fraud to obtain public funds

Article 316-*bis* of the Italian Criminal Code - Embezzlement against the State

Article 316-*ter* of the Italian Criminal Code Misappropriation of public funds

Article 346-*bis* of the Italian Criminal Code – Trading in illicit influence

Article 640-*ter* of the Italian Criminal Code - Computer fraud

- 2) The crimes as per Article 24-*bis* of the Decree (**computer crimes and illegal data processing**), namely:

Article 491-*bis* of the Italian Criminal Code - Electronic documents

Article 615-*ter* of the Italian Criminal Code Unauthorized access to a computer or telecommunication system

Article 615-*quater* of the Italian Criminal Code - Unauthorized possession and distribution of computer or telecommunication systems' access codes

Article 615-*quinquies* of the Italian Criminal Code - Distribution of computer equipment, devices or computer programs for the purpose of damaging or interrupting a computer or a telecommunication system's operation

Article 617-*quater* of the Italian Criminal Code - Wiretapping, blocking or illegally interrupting computer or information technology communications

Article 617-*quinquies* of the Italian Criminal Code - Installation of devices aimed at wiretapping, blocking or interrupting computer or information technologies communications

Article 635-*bis* of the Italian Criminal Code - Damaging computer information, data and programs

Article 635-*ter* of the Italian Criminal Code - Damaging computer information, data and programs used by the Government or any other public body or of public service

Article 635-*quater* of the Italian Criminal Code - Damaging computer or telecommunication systems of public service

Article 635-*quinquies* of the Italian Criminal Code - Damaging computer or telecommunication systems of public service

Article 640-*quinquies* of the Italian Criminal Code - Computer crime by

the certifier of a digital signature

- 3) Crimes as per Article 24-*ter* of the Decree (**Organized Crime Offenses**) (these types of crimes were introduced by Law no. 94 dated July 15, 2009), namely:

Article 416 of the Italian Criminal Code – Criminal conspiracy

Article 416-*bis* of the Italian Criminal Code - Mafia conspiracy, including foreign mafia conspiracy

Article 416-*ter* of the Italian Criminal Code - Mafia related political election exchange

Article 630 of the Italian Criminal Code - Kidnapping for purposes of robbery or extortion

Article 74 of Italian Presidential Decree no. 309 dated October 9, 1990 - Criminal conspiracy for illegal trafficking of narcotics and psychotropic substances

Article 407, section 2, point a) no.5 of the Italian Criminal Code - Maximum duration of preliminary investigations

- 4) Crimes as per Article 25-*bis*.1 (introduced by Law no. 99 dated July 23, 2009) (**crimes against industry and commerce**), namely:

Article 513 of the Italian Criminal Code - Unfair interference in industrial or commercial activities

Article 513-*bis* of the Italian Criminal Code - Unfair competition with use of threatens or violence

Article 514 of the Italian Criminal Code - Fraud against national industries

Article 515 of the Italian Criminal Code - Fraudulent commercial activities

Article 516 of the Italian Criminal Code - Sale of non-genuine foodstuff as genuine

Article 517 of the Italian Criminal Code - Sale of industrial products displaying untrue signs

Article 517-*ter* of the Italian Criminal Code - Manufacturing and commercialization of goods using intellectual property rights belonging to others

Article 517-*quater* of the Italian Criminal Code - Counterfeiting of the geographical indications or designation of origin of agricultural foodstuff

5) Crimes as per Article 25-*ter* (introduced by Italian Legislative Decree no. 61 dated April 11, 2002) (**Corporate Crimes**), namely:

Article 2621 of the Italian Civil Code - False statements in company notices

Article 2621-*bis* of the Italian Civil Code - Minor events

Article 2622 of the Italian Civil Code - False statements in notices of listed companies

Article 2625 of the Italian Civil Code - Obstruction to supervision

Article 2626 of the Italian Civil Code - Undue return of contributions

Article 2627 of the Italian Civil Code - Illegal distribution of profits and reserves

Article 2628 of the Italian Civil Code - Unlawful transactions concerning the company's or its parent company's shares or quotas

Article 2629 of the Italian Civil Code - Transactions to the detriment of creditors

Article 2629-*bis* of the Italian Civil Code - Non-disclosure of any conflict of interests

Article 2632 of the Italian Civil Code - Fictitious formation of corporate capital

Article 2633 of the Italian Civil Code - Undue distribution of corporate assets by liquidators

Article 2635 of the Italian Civil Code - Corruption between individuals

Article 2635-*bis* of the Italian Civil Code - Incitement to corruption between individuals

Article 2636 of the Italian Civil Code - Illicit influence on the general meeting

Article 2637 of the Italian Civil Code - Agiotage

Article 2638 of the Italian Civil Code - Obstruction to the exercise of public supervisory authorities' functions

- 6) Crimes as per Article 25-*quater* (introduced by Law no. 7 dated January 14, 2003), with which the responsibility of Corporations also exists when committing **crimes connected with terrorism or the subversion of democracy**, as established by the criminal code and by special laws, namely:

Article 270 of the Italian Criminal Code - Subversive associations

Article 270-*bis* of the Italian Criminal Code - Associations with terrorist or subversive purposes, also of an international nature, against the democratic order

Article 270-*ter* of the Italian Criminal Code - Crime involved in assisting the associates

Article 270-*quater* of the Italian Criminal Code - Recruitment with the aim of terrorism, also of an international nature

Article 270-*quater* 1 of the Italian Criminal Code - Organization of transfers with the aim of terrorism

Article 270-*quinquies* of the Italian Criminal Code - Training and activity aimed at terrorism, also of an international nature

Article 270-*sexies* of the Italian Criminal Code - Conduct with terrorist purposes

Article 280 of the Italian Criminal Code - Act of terrorism or subversion

Article 280-*bis* of the Italian Criminal Code Terrorist act with lethal or explosive devices

Article 289-*bis* of the Italian Criminal Code - Unlawful restraint for terrorist or subversive purposes

Article 302 of the Italian Criminal Code - Incitement to commit one of the crimes against the figure of the State

Articles 304 and 305 of the Italian Criminal Code - Political conspiracy

by means of an agreement or of an association

Articles 306 and 307 of the Italian Criminal Code - Armed band: establishment and participation and assistance to the participants in conspiracy

Crimes connected to terrorism as established by special laws: they consist in the part of the Italian legislation issued during the 1970s and 1980s aimed at fighting terrorism

Crimes different from those included in the criminal code and in the special laws, established for violations to Article 2 of the New York Convention dated December 8, 1999

- 7) Crimes as per Article 25-*quinquies* (introduced by Law no. 228 dated August 11, 2003) with which the administrative responsibility of Corporations also includes committing the **Crimes against individuals**, namely:

Article 600 of the Italian Criminal Code - Reducing to slavery or enslaving

Article 600-*bis* of the Italian Criminal Code - Juvenile Prostitution

Article 600-*ter* of the Italian Criminal Code - Juvenile Pornography

Article 600-*quater* of the Italian Criminal Code - Possession of pornographic material

Article 600-*quater* 1 of the Italian Criminal Code - Virtual Pornography

Article 600-*quinquies* of the Italian Criminal Code - Tourist projects aimed at the exploitation of juvenile prostitution

Article 601 of the Italian Criminal Code - Trafficking in human beings

Article 602 of the Italian Criminal Code - Purchase and disposal of slaves

Article 603-*bis* of the Italian Criminal Code - Illegal intermediation and exploitation of labor (so-called illegal recruitment)

Article 609-*undecies* of the Italian Criminal Code - Child grooming

- 8) The crimes as per Article 25-*sexies* of the Decree and Art. 187

*quinquies* of the Consolidated Law on Finance (**administrative crimes and offenses of market abuse**), and specifically:

Article 184, TUF - Insider dealing

Article 185, TUF – Market manipulation

Article 187-*bis*, TUF – Administrative crime of insider dealing

Article 187-*ter*, TUF – Administrative crime of market manipulation

- 9) Crimes as per Article 25-*septies* with which the Corporate responsibility was extended to the **crimes involving manslaughter and serious or very serious injuries, committed by infringing the accident prevention regulations and the standards for the prevention of occupational safety**, namely:

Article 589 of the Italian Criminal Code - Involuntary manslaughter

Article 590-*ter*, section 3 of the Italian Criminal Code - Involuntary personal injuries

- 10) The crimes as per Article 25-*octies* which extends the crimes included in the Decree to **crimes involving the handling of stolen goods, money laundering and the employment of money, assets or benefits of illegal origin and self-laundering**, namely:

Article 648 of the Italian Criminal Code - Handling of stolen goods

Article 648-*bis* of the Italian Criminal Code - Money laundering

Article 648-*ter* of the Italian Criminal Code - Use of money, assets or benefits of illegal origin

Article 648-*ter* of the Italian Criminal Code - Self-laundering

- 11) Crimes as per Article 25-*nonies* of the Decree (introduced by Law no. 99, dated July 23, 2009, Article 15) (**crimes involving the infringement of copyright**), namely:

Article 171, section 1, point a *bis* and section 3 of the Italian Copyright Law - Copyright protection and other rights connected to its exercise

Article 171-*bis* of the Italian Copyright Law - Copyright protection and

other rights connected to its exercise

Article 171-*ter* of the Italian Copyright Law - Copyright protection and other rights connected to its exercise

Article 171-*septies* of the Italian Copyright Law - Copyright protection and other rights connected to its exercise

Article 171-*octies* of the Italian Copyright Law - Copyright protection and other rights connected to its exercise

- 12) Crimes as per Article 25-*decies* of the Decree (introduced by Law no. 116, dated August 3, 2009) (**crimes involving incitement not to make statements or to make false statements to the Judicial Authority**), namely:

Article 377-*bis* of the Italian Criminal Code - Incitement not to make statements or to make false statements to the Judicial Authority

- 13) Crimes as per Article 25-*undecies* of the Decree (introduced by Legislative Decree no. 121, dated July 7, 2011) (**environmental crimes**), namely:

Article 452-*bis* of the Italian Criminal Code – Environmental Pollution;

Article 452-*quater* of the Italian Criminal Code – Environmental disaster;

Article 452-*quinquies* of the Italian Criminal Code – Culpable crimes against the environment;

Article 452-*sexies* of the Italian Criminal Code – Trading and discarding highly radioactive material;

Article 452-*octies* of the Italian Criminal Code – Aggravating circumstances;

Article 452-*quaterdecies* of the Italian Criminal Code - Organized activities for the illegal trafficking of waste;

Article 727-*bis* of the Italian Criminal Code - Killing, destruction, seizure, taking, possession of protected wild fauna and flora species;

Article 733-*bis* of the Italian Criminal Code - Destruction or deterioration of a habitat within a protected site;



Article 137, sections 2, 3 and 5 of the Italian Environmental Code – Illegal dumping of industrial waste water containing harmful substances and/or exceeding threshold values established by the law and/or competent authorities;

Article 137, section 11 of the Italian Environmental Code – Infringement of the prohibition to discharge waters on land, in the land and in groundwater;

Article 137, section 13 of the Italian Environmental Code – Illegal dumping in sea waters by vessels or aircrafts of substances or materials for which spill is forbidden;

Article 256, section 1, point a and b of the Italian Environmental Code - Unauthorized waste management;

Article 256, section 3, first and second sentence of the Italian Environmental Code – Management and creation of unauthorized dumps;

Article 256, section 5 of the Italian Environmental Code - Mixing dangerous toxic waste Article 256, section 6, first sentence of the Environmental Code - Temporary storage of dangerous medical wastes;

Article 257, section 1 and 2 of the Italian Environmental Code – Failure to provide draining of polluted sites and failure to file notices of site contamination;

Article 258, section 4 of the Italian Environmental Code – Untrue drafting of waste analysis certificates;

Article 259, section 1 of the Italian Environmental Code - Illegal waste trading;

Art. 260-*bis*, par. 6 Env. Code - False information in the waste traceability electronic system; Art. 260-*bis*, par. 7, second and third sentences Env. Code – Waste transportation without appropriate SISTRI documentation;

Article 260-*bis*, par. 8 Env. Code – Waste transportations with false or altered SISTRI documentation.

Article 279, section 5 Italian Environmental Code - Violation of limit values of emissions and of provisions established by current legislation or by competent authorities.

Articles 1, section 1 and 2; Article 2, section 1 and 2; Article 6, section 4 and Article 3-bis, section 1 of Law 150/1992 – Crimes connected to the international trade of endangered animal and vegetable species, as well as crimes connected to the violation of legislation for trading and holding alive specimens of mammals or reptiles which may be dangerous for public health and safety;

Article 3, section 6 of Law no. 549 dated December 28, 1993 on “Measures for the protection of the ozone layer and the environment” – Violation of the provisions for the production, consumption, import, export, holding for sale and sale of harmful substances;

Article 8, section 1 and 2; Article 9, section 1 and 2 of Legislative Decree 202/2007 - Pollution by fraud and pollution by negligence on the part of vessels.

- 14) 16) Crimes as per Article 25-*duodecies* of the Decree (introduced by Legislative Decree no. 109 of July 16, 2012) which extends administrative responsibility to Corporations whenever the minimum standards are breached regarding the **employment of citizens from other countries residing illegally in Italy** and, if applicable (as established by Law no. 161 of 2017), actions relating to **the trafficking of migrants** established in Legislative Decree no. 286 of July 25, 1998 (so-called Consolidated Law on Immigration), or:

Article 22, section 12 and 12-*bis*, Italian Legislative Decree 286/1998 - Subordinate employment under temporary and permanent contracts;  
Art. 12, section 3, 3-*bis*, 3-*ter* and 5 of Legislative Decree no. 286 dated July 25, 1998 – Provisions against illegal immigration.

- 15) crimes as per Article 25-*terdecies* of the Decree (introduced by Law no. 167 dated November 20, 2017 on “Regulations for fulfillment of obligations deriving from membership of Italy in the European Union –

European Law 2017”), entitled “racism and xenophobia”. The Regulation incriminates any organization, association, movement or group which includes amongst its aims the incitement of discrimination or violence for racial, ethnic, national or religious reasons, as well as propaganda or instigation and incitement which lead to a concrete danger of the spread of crimes against humanity and war crimes, founded entirely or partially on denial of the holocaust or crimes of genocide.

- 16) The crimes as per Article 10 of Law no. 146/06, that extends the Corporations’ administrative responsibility to certain crimes, indicated hereinafter, when they are committed at a “**transnational**” level, namely:

Article 416 of the Italian Criminal Code - Criminal conspiracy

Article 416-*bis* of the Italian Criminal Code - Mafia conspiracy

Article 377-*bis* of the Italian Criminal Code - Incitement not to make statements or to make false statements to the Judicial Authority

Article 378 of the Italian Criminal Code - Aiding and abetting of another person

Art. 291-*quater* Italian Presidential Decree no. 43 dated 23 January 1973 - Criminal conspiracy to smuggle processed foreign tobacco

Article 74 of Presidential Decree no. 309 dated October 9, 1990 - Criminal conspiracy for illegal trafficking of narcotics and psychotropic substances

Art. 12, section 3, 3-*bis*, 3-*ter* and 5 of Legislative Decree no. 286 dated July 25, 1998 – Provisions against illegal immigration.

## 2. "PREDICATE CRIMES" FOR THE ADMINISTRATIVE RESPONSIBILITY OF CORPORATIONS AS ESTABLISHED BY THE DECREE BUT NOT APPLICABLE TO TERNA

- 1) Crimes as per Article 25-*quater*.1 (introduced in the Decree by Article 8 of Law no. 7 dated January 9, 2006) (**Crimes involving female genital mutilation practices**), namely:

Article 583-*bis* of the Italian Criminal Code Crimes of female genital mutilation practices

- 2) Crimes as per Art. 25-*bis* (introduced by Law no. 409 dated November 23, 2001) (so-called **Crimes of forgery of coins, banknotes, public credit cards and duty stamps**) namely: Article 453 of the Italian Criminal Code

- Forgery of coins or banknotes, putting into circulation and introduction into the State, with conspiracy, of forged coins or banknotes

Article 454 of the Italian Criminal Code - Forgery of coins and banknotes

Article 455 of the Italian Criminal Code - Putting into circulation and introduction into the State, without conspiracy, of forged coins or banknotes

Article 457 of the Italian Criminal Code - Putting into circulation of forged coins or banknotes received in good faith

Article 459 of the Italian Criminal Code - Forgery of revenue stamps, introduction into the State, purchase, possession or putting into circulation of counterfeit revenue stamps

Article 460 of the Italian Criminal Code - Counterfeiting of watermarked paper used to manufacture public credit notes or revenue stamps

Article 461 of the Italian Criminal Code - Manufacturing or possession of watermarks or equipment designed to forge coins or banknotes, revenue stamps or watermarked paper.

Article 464, sections 1 and 2 of the Italian Criminal Code - Use of counterfeit or altered revenue stamps

Article 473 of the Italian Criminal Code - Counterfeiting or alteration of, or use of counterfeit or altered distinctive signs identifying intellectual works or industrial products;

Article 474 of the Italian Criminal Code - Introduction into the State and trade of products identified with fake signs

### **3. "CRIMES NOT CONTEMPLATED BY ITALIAN LEGISLATIVE DECREE 231/01 AND INCLUDED IN THE ORGANIZATIONAL MODEL ON A CAUTIONARY BASIS"**

#### **1) Fiscal crimes** established by Italian Legislative Decree 74/2000:

- Fraudulent statement put in place by the use of invoices or other documents for non-existent operations;
- Fraudulent misrepresentation by other devices;
- Misrepresentation;
- Non declaration;
- Issuance of invoices or other documents for non-existent operations;
- Concealment or destruction of accounting records;
- Non-payment of certified withholding taxes;
- Non-payment of VAT;
- Unlawful compensation;
- Fraudulent avoidance of tax payment.

#### **2) Crimes as per Article 256-bis of Italian Legislative Decree 152/2006, introduced by Law Decree no. 136, dated December 10, 2013, enacted into Law no. 6 on February 6, 2014:**

- Article 256-bis of Italian Legislative Decree 152/2006 – **Illegal burning of waste.**