SPECIAL SECTION A

CRIMES AGAINST THE PUBLIC ADMINISTRATION

CRIME OF INCITEMENT NOT TO MAKE STATEMENTS
OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL
AUTHORITY

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DEFINITIONS

With the exception of the new definitions included in this Special Section A, the definitions of the General Section remain valid.

A.1 TYPES OF CRIMES: CRIMES AGAINST THE PUBLIC ADMINISTRATION (Articles 24 and 25 of the Decree) AND CRIMES INVOLVING INCITEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITY (Article 25-decies of the Decree)

Here follows a brief description of the crimes included in this Special Section A, as provided by Articles 24, 25 and 25-decies of the Decree.

• Embezzlement against the State or the European Union (Article 316-bis of the Italian Criminal Code)

This crime is committed when the funds or grants obtained from the Italian Government or from another public authority or from the European Union are not used for the purposes they were intended for (the conduct consists in stealing, even partially, the funds received, even without implementing the planned activities).

As the commission of crime coincides with its execution phase, the crime may also relate to funds obtained in the past and not used at present for the purposes they had been granted for.

• Misappropriation of funds to the detriment of the State or of the European Union (Article 316-ter of the Italian Criminal Code)

This crime is committed when grants, financing, facilitated loans or other funds of similar nature - awarded or granted by the Government, by other public authorities or by the European Community - are obtained by means of the use or submission of false statements or documents, or by means of the omission of due information, without having right thereto.

Unlike the case above described (Article 316-bis), this crime is committed as the grant is obtained, and the use made of these grants is not relevant.
This crime is residual as to the crime provided for by Article 640-bis of the Italian Criminal Code (aggravated fraud to obtain public funds); this means that misappropriation is committed only when the illegal behaviour is not included in the above-mentioned crime.

• **Graft (Article 317 of the Italian Criminal Code)**

This crime is committed when a public official or person in charge of public services, abuses of his/her position or power to force someone to provide, for him/herself or other persons, money or other undue benefits.

Considering the Group’s private-based nature, and considering the opinion that the adoption of the Model, even though optional and not mandatory according to the provisions of the Decree, may represent a valid awareness-enhancing instrument for all those who operate in the name and on behalf of the Group, to follow a conduct that is in compliance with the existing rules; furthermore, in order to pursue the best practice policy in performing the company activity, the Group voluntarily intends to focus on relations to be established, with Electricity Sector Operators and in carrying out the compulsory expropriation activity as better described in paragraph A.3, no. 6.

Within this context, the graft crime may be committed—when: (i): a Company Representative, taking advantage of his/her power or his/her position, obliges or forces someone to provide, for him/herself or other persons, money or other undue benefits; and (ii): a Company Representative or an External Contractor (acting, in this situation, in the name or on behalf of the Group) is involved in the crime of the public official, who, abusing of his/her office, asks undue services from third parties (provided that this behaviour generates some sort of benefit for the Group).

• **Corruption for official acts or in acts against official duties (Articles 318 and 319 of the Italian Criminal Code)**

This crime is committed when a public official receives (or accepts the promise to receive), for his/herself or for other persons, money or other benefits in exchange of performing, not performing or delaying his/her office duties (thus causing
an advantage to the person who offered the money or other benefits).
The public official’s activity may be expressed either through a purposeful act (e.g. giving priority to the processing of a file of his/her own concern), or through an act contrary to the public officer’s duties (e.g. accepting money in exchange of guaranteeing the award of a tender), or through conduct that, while not constituting a specific and predetermined act, falls within his/her functions of public official (e.g. offer of money to the public official to secure future favours).
This crime is different from graft, since here an agreement exists to reach a mutual advantage between the receiver of the money or property and the corrupter, while in graft, the private party suffers against its will the conduct of the public official or of the person in charge of a public service.
Considering the Group’s private-based nature, and considering the opinion that the adoption of the Model, even though optional and not mandatory according to the provisions of the Decree, may represent a valid awareness-enhancing instrument for all those who operate in the name and on behalf of the Group, to follow a conduct that is in compliance with the existing rules; furthermore, in order to pursue the best practice policy in performing the company activity, the Group voluntarily intends to focus on relations to be established, with Electricity Sector Operators and in carrying out the compulsory expropriation activity as better described in paragraph A.3, no. 6.
Within this context, the crime maybe committed, when: (i) a Company Representative receives (or accepts the promise to receive), for himself/herself or for third parties, money or other benefits in order to omit, delay or perform an act pertaining to his/her task or an act contrary to his/her task; and (ii) a Company Representative or an External Contractor (acting, in this situation, in the name or on behalf of a Group company) promises or gives money, or other benefits, to a public official in exchange for performing, delaying or not performing an official act or for him/her to carry out an act that is contrary to his/her official duties.

- **Aggravating circumstances (Article 319-bis of the Italian Criminal Code)**
This provision states that the penalty is increased if the facts referred to in Article 319 of the Italian Criminal Code are based on the assignment of public offices or salaries or pensions or the signing of contracts involving the public authority to which the public official belongs.

- **Corruption in judicial acts (Article 319-ter of the Italian Criminal Code)**

  This crime is committed when, in order to privilege or damage a party in legal proceedings and in order to obtain an advantage in the proceeding itself (not expressly provided for by the law), a public official is corrupted (not only a judge, but also a judicial clerk or any other official). This crime is also committed when an advantage is sought for a company that is not necessarily a party in the proceedings.

- **Undue incitement to give or promise benefits (Article 319-quater Italian Criminal Code)**

  This crime is committed when a public official or a person in charge of a public service, abuses of his/her position or power to force someone to provide, for himself/herself or other persons, money or other undue benefits. In addition to the public official and the person in charge of a public service, this crime also applies to the private individual who, unlike in the situation of graft, is not obliged, but only incited to make the promise or pledge and consequently still has the possibility of making a criminal choice, which justifies the application of a penalty.

- **Corruption of a person in charge of a public service (Article 320 of the Italian Criminal Code)**

  This crime is committed when a person in charge of a public service, receives (or accepts the promise) of receiving money or other benefits, for himself/herself or for others, in exchange for performing, delaying or not performing an official act or for performing or having performed an act that is contrary to his/her official duties.
• **Penalties for the corrupter (Article 321 of the Italian Criminal Code)**

This Article provides that penalties as indicated in the first paragraph of Article 318 of the Italian Criminal Code, in Article 319, in Article 319-bis, in Article 319-ter, and in Article 320 in relation to crimes as stated in Articles 318 and 319 of the Italian Criminal Code, are also applied to everyone who gives or promises money or other public benefits to a public official or to a person in charge of a public service.

• **Incitement to corruption (Article 322 of the Italian Criminal Code)**

This crime is committed when money or another benefit is offered or promised to a public official or to a person in charge of a public service (to incite him/her to perform, delay or not perform an office act or an act that is contrary to his/her office duties) and this offer or promise is not accepted.

• **Peculation, graft, undue incitement to give or promise benefits, corruption and incitement to corruption of members of the International Criminal Court or the European Community bodies and officials of the European Community and of foreign states (Article 322-bis of the Italian Criminal Code)**

On the basis of Article 25 of the Decree mentioning Article 322-bis, the above-mentioned corruption and graft crimes are also considered as having been committed in cases in which money, or another benefit, is given, offered or promised, also following incitement to do so, to:

1) members of the European Community Commission, of the European Parliament, of the Court of Justice and of the Court of Auditors of the European Community;
2) officers and agents contracted in compliance with the Staff Regulations of the European Community or with the rules applicable to agents of European Community;
3) persons entrusted by member countries or by any public or private body in the European Community which exercise functions corresponding to those of officers or agents of the European Community;
4) members and personnel of corporations founded on the basis of Treaties which established the European Community;

5) those who, in other member states of the European Union, perform functions and carry out activities corresponding to those of public officials and those in charge of a public service;

6) judges, prosecutors, deputy prosecutors, officers and agents of the International Criminal Court, to persons entrusted by countries belonging to the Treaty which established the International Criminal Court that exercise functions corresponding to those of officers or agents of said Court, to members and personnel of bodies founded on the basis of the Treaty which established the International Criminal Court;

7) those people who perform functions or activities corresponding to those of public officials and those in charge of a public service in other foreign states or international public organizations, in the event that the act was committed in order to obtain for oneself or others undue benefit in international economic transactions or in order to obtain or maintain an economic or financial activity.

- **Fraud against the State, a public authority or the European Union (Article 640, paragraph 2, no. 1, of the Italian Criminal Code)**

  This crime is committed when devises or tricks are carried out in order to obtain an undue profit, misleading and causing damage to the State (or another public body or the European Union).

  For instance, this crime may be committed when documents or information prepared to bid in tenders with the Public Administration contain untrue statements (e.g. supported by false documents), in order to be awarded the tender.

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

  This crime is committed when a fraud is carried out in order to obtain undue public funds.
This circumstance may occur when devises or tricks are carried out, e.g. submitting false information or false documents, in order to obtain public funds.

- **Computer fraud against the State or other public bodies (Article 640-ter of the Italian Criminal Code)**

This crime is committed when an undue profit is obtained by altering the operation of a computer or online system or by manipulating the data contained therein, and a damage is caused to third parties as a consequence thereof. In fact, the crime is committed when, once the financing is granted, the computer system is violated in order to enter a higher amount for the financing compared with the one lawfully obtained.

The crime as per Article 640-ter of the Italian Criminal Code is punished on the basis of charges laid by another party.
• **Incitement not to make statements or to make false statements to the Judicial Authority (Article 377-bis of the Italian Criminal Code)**

The provision included in Article 377-bis of the Italian Criminal Code intends to fine every conduct aiming at influencing a person who has been called before the Judicial Authority to make statements useful in a criminal proceeding or in other related proceedings. Said influence can have as its objective incitement not to make statements or to make false statements in order to conceal compromising elements for a certain organisation, with evident interest on its part. The provision aims at ensuring that proceedings are carried out properly by protecting against every form of undue interference.

Such crime occurs even if transnational in nature, in compliance with Article 10 of Law No. 146 of 16 March 2006, which ratified and implemented the United Nations Convention and Protocols against Transnational Organized Crime.

In this regard, it should be emphasized that, pursuant to Article 3 of the above-mentioned law, the crime is considered transnational when it is punished by imprisonment for a period of not less than four years, when it involves an organized criminal group, and:

- it is committed in more than one State;
- or it is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- or it is committed in one State but involves an organized criminal group that engages in criminal activities in more than one State;
- or it is committed in one State but has substantial effects on another State.
With respect to the penalties that can be applied to the organisation, should crimes be committed in relations with the Public Administration, they can be of a monetary nature, up to 800 shares (and, therefore, up to a maximum of nearly €1,240,000.00) or of a disqualifying nature, which may obviously vary depending on the type of crime committed.

With respect to the penalties that can be applied to the organisation, should crimes of incitement not to make statements or to make false statements to the Judicial Authority be committed, they can be of a monetary nature, of up to 500 shares (and, therefore, up to a maximum of nearly €780,000).
A.2 CRITERIA FOR THE DEFINITION OF PUBLIC ADMINISTRATION AND OF PERSONS IN CHARGE OF A PUBLIC SERVICE

Crimes under this Special Section A are all premised on the establishment of relations with the Public Administration (foreign State Public Administrations are also included in the definition).

Indicated hereinafter are some general criteria for defining Public Administration, Public Officials and Persons in Charge of a Public Service.

A.2.1 Public Bodies

With respect to criminal law, a Public Body is commonly considered as any juridical person who is entrusted with attending to public interests and who performs legislative, judicial or administrative activities by virtue of public law rules and authorization deeds.

The Italian Criminal Code does not include a definition of a public body. In the Ministerial Report on the code itself, and in relation to crimes provided for therein, organizations are considered as belonging to the public administration if they carry out all the activities of the State and of other public bodies.

In an effort to draft a preliminary classification of juridical persons belonging to said category, reference can be made, finally, to Article 1, paragraph 2 of Legislative Decree No. 165/2001 that deals with labour regulations for employees of public administrations, which defines public administrations as all State administrations.

By way of an example, the following organizations or category of organizations can be indicated as public bodies:

1. institutes and schools of all orders and levels, and education authorities;
2. State entities and administrations having autonomous structures, such as:
   2.1. Presidency of the Council of Ministers
   2.2. Ministries;
2.3. Chamber of Deputies and Senate of the Republic;
2.4. Department for Community Policies;
2.5. Antitrust Authority;
2.6. Electricity and Gas Authority;
2.7. Communications and Media Authority;
2.8. Bank of Italy;
2.9. CONSOB;
2.10. Data Protection Authority;
2.11. Revenues Agency;
2.12. ISVAP: Institute for the Supervision of Private Insurance and of the Collective Interest;

3. Regions;
4. Provinces;
5. Municipalities;
6. Mountain Communities, their consortiums and associations;
7. Chamber of Commerce, Industry, Handicraft and Agriculture and its associations;
8. the European Community and Institutes connected thereto;
9. all national, regional and local non-economic public bodies, such as:
   9.1. INPS (Italian state body which coordinates national insurance funds);
   9.2. CNR (Italian national research council);
   9.3. INAIL (national institute for the insurance against occupational injuries);
   9.4. ISTAT (Central Statistics Institute);
   9.5. ENASARCO (National Entity for Assistance of Commerce Agents and Representatives);
   9.6. ASL (local health authority);
10. State Monopolies and bodies;
11. RAI (Italian national TV and radio corporation).

Being understood that the above-mentioned list of public bodies is only provided by way of an example, it should be noted that not all natural persons who act within the activity field and in relation to said bodies are persons against whom (or for whom) criminal offences can be punished under Legislative Decree No. 231/2001.
In particular, the individuals that are relevant for this purpose are only Public Officials and Persons in charge of a Public Service.

A.2.2 Public Officials

Under the terms of Article 357, paragraph 1 of the Italian Criminal Code, a person is considered a public official for all effects of criminal law if he/she carries out a public legislative, judicial or administrative function.

Paragraph 2 defines the concept of public administrative function. There has not been, however, a similar definition for legislative function or judicial function in that identifying the individuals who respectively carry out the functions has not usually caused particular problems or difficulties.

Therefore, for the criminal law an administrative function is considered public when it is regulated by public law provisions and by authorization deeds and when it is characterized by the expression of the will of the public administration or by it being carried out by means of authorizing or certifying powers.

The aforementioned legislation definition identifies, first of all, the external demarcation of the administrative function. Said demarcation is implemented by recourse to formal criteria referencing the nature of the regulation, specifying that an administrative function is public when it is provided for by public law provisions, namely by those provisions aimed at the pursuit of a public goal and at protecting the public interest and, as such, are juxtaposed to private law provisions.

Paragraph 2 of Article 357 of the Italian Criminal Code acknowledges some of the broad principal criteria identified by the law in order to differentiate between the concept of public function and that of public service. Therefore, Administrative activities are defined as public functions if they respectively and alternately perform: (a) deliberative powers; (b) authoritative powers; (c) certifying powers.

With reference to the above mentioned criteria, the following crimes can be included (crimes which can be committed only by or against public officials):
- Graft (Article 317 of the Italian Criminal Code);
- Corruption for official acts (Article 318 of the Italian Criminal Code);
- Corruption in acts against official duties (Article 319 of the Italian Criminal Code);
- Corruption in judicial acts (Article 319-ter of the Italian Criminal Code);
- Undue incitement to give or promise benefits (Article 319-quater of the Italian Criminal Code);
- Incitement to corruption (Article 322 of the Italian Criminal Code);

Peculation, graft, undue incitement to give or promise benefits, corruption and incitement to corruption of members of the International Criminal Court or the European Community bodies and officials of the European Community and of foreign states (Article 322-bis of the Italian Criminal Code)

### A.2.3 Persons in charge of a public service

The definition of the category of persons in charge of a public service can be found in Article 358 of the Italian Criminal Code, which states that 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.

The legislator specified the concept of public service through two criteria, one positive and one negative. The service as long as it can be defined as public – must be regulated in the same way as a public function – by public law provisions, but with the differentiation relative to the lack of powers of a certifying, authorizing and deliberative nature of the public function.

Examples of persons in charge of a public service include: employees of the supervisory authorities which do not contribute to form the will of the authority and which do not
have authoritative powers, the employees of organizations that perform public services even if of a private nature, clerks in public offices, etc.

Moreover, the legislator specified that neither simple secretarial duties nor the performance of merely material works may ever represent a public service. With reference to activities that are performed by private individuals on the basis of a concessionary relation with a public individual, it is deemed that for the purposes of the definition as public service of the entire activity performed under the concessionary relation, the existence of an authoritative act of subjective vesting of the public service is not sufficient, but it is necessary to ascertain whether single activities which come into question have been subjected to regulation of a public nature.

Jurisprudence has identified the category of persons in charge of a public service, focusing on the character of the instrumentality and relating to priority of the activities with respect to the public one. Essentially, this deals with individuals who give a concrete contribution to the implementation of the purposes of a public service, with a connotation of subsidiarity and complementarity exercising, in fact, a public function.

It therefore indicated a series of revealing indicators of the public nature of the body, for which case studies on the subject of public joint-stock companies are emblematic. In particular, reference is made to the following indicators:

(a) being subjected to checks and guidance for social purposes, as well as to the power of the State or other public bodies to appoint and revoke directors;
(b) the existence of an agreement and/or a concession with the public administration;
(c) financial contribution from the State;
(d) the presence of public interests within the economic activity.

On the basis of the indications herein above, the discriminating element to assess whether an individual does or does not possess the qualification of a person in charge of a
public service can be seen not by the juridical nature taken on or held by the corporation, but rather by the functions that have been entrusted to the individual, which must consist in handling public interests or satisfying the needs of general interest.

With reference to said individual, the following crimes can be included (crimes which can be attributed to persons in charge of a public service):

- Graft (Article 317 of the Italian Criminal Code);
- Corruption for official acts (Article 318 of the Italian Criminal Code);
- Corruption in acts against official duties (Article 319 of the Italian Criminal Code);
- Corruption in judicial acts (Article 319-ter of the Italian Criminal Code);
- Undue incitement to give or promise benefits (Article 319-quater of the Italian Criminal Code);
- Incitement to corruption (Article 322 of the Italian Criminal Code);
- Peculation, graft, bribery and incitement to corruption of the members of European Communities’ bodies and of the officials of the European Communities and of foreign States (art. 322-bis of the Italian Criminal Code)
A.3 AT-RISK AREAS

Crimes under Articles 24 and 25 of the Decree are all premised on the establishment of relations with the Public Administration (in a broad sense and including the Public Administrations of foreign countries or of performing activities that may involve carrying out a public service). Given the multiplicity of relationships which the Company has with the Public Administration in Italy and abroad, the areas of activity deemed more specifically at risk are the following:

1. participation in direct tendering or negotiation procedures called by Italian or foreign public authorities for awarding orders (contracts, supplies or services), grants, partnerships, assets (companies, shareholdings, etc.) or other similar dealings. In the event of awarding, At-Risk Areas also include: i) performing the order; ii) relations with any sub-contractors and iii) testing activities;

2. application to obtain subsidized grants, funds or financing from Italian public authorities or from the EU and their utilization;

3. carrying out procedures for the purpose of obtaining authorizations, even outside Italy, from the Public Administration (for example, building licenses, authorizations to build new lines, authorizations for highways crossings, etc.);

4. maintaining, even outside of Italy, relations with representatives of the Public Administration involved in legislative, regulatory or administrative procedures related to the Group (for example, Electricity and Gas Authority, CONSOB, Antitrust Authority, etc.), when such relations (including the submission of data or information) may lead to obtaining significant advantages for the Group itself, with the exception of the simple informative activity, the participation in institutional events and the exchange of opinions related to particular policies or regulations;
5. managing relations with the Electricity Sector Operators, with particular reference to managing electrochemical storage plants along the national electricity grid;

Within the above-mentioned At-Risk Areas, particular attention should be devoted to:

a) participating in direct tender or negotiation procedures (as in paragraph 1. above) in those regions where these procedures are not guaranteed by appropriate transparency standards (the country-related risk may be assessed for such purpose also considering the rating prepared by Transparency International);

b) participating in the procedures and processes as described in paragraph 1, 2 and 3 above, in association with a Partner (e.g. by means of a joint venture, temporary business association, consortium, etc.);

c) assigning, for the purpose of participating in the procedures as described in paragraphs 1, 2, 3 and 4 above, a specific consulting or representation task to a third party;

With reference to the crime described in Article 25-decies, the identified At-Risk Area refers to:

1) managing criminal proceedings brought before the Judicial Authority in Italy and abroad.

All At-Risk Areas as indicated above take on importance - as a precaution - also if the activities that form their objective are carried out by the Parent Company or by another Company of the Group – fully or partly – in the name of and/or on behalf of the Company, by virtue of service agreements signed or of specific proxies granted.

For the activities carried out in the name of and/or on behalf of the Parent Company, the Company shall implement the reporting activity according to the established procedures.
The Company shall inform the Parent Company of any criticalities deriving from the application of the strategic guidelines that contrast with the Model adopted.

TERNA PLUS’ CEO may add other At-Risk Areas to the ones described above, identifying the relevant profiles and defining the most appropriate action.
A.4 RECIPIENTS OF THIS SPECIAL SECTION: GENERAL CONDUCT AND IMPLEMENTATION RULES

This Special Section refers to the conduct of the Recipients of the Model.

The purpose of this Special Section is to ensure that all the Recipients, to the extent they may be involved in carrying out activities in At-Risk Areas, act in compliance with conduct rules as established in the section. This, in order to prevent the occurrence of Crimes in relation with the Public Administration and with other parties when the Company carries out institutional tasks, also considering the different position of each Recipient (Company Representatives and External Contractors) in relation to the Company and, therefore, with their different duties, as specified in the Model.

This Special Section has the aim of providing:

a) specific general and procedural rules which the Recipients, in relation to the type of relation existing with the Company, must comply with for the proper application of the Model;

b) the operational tools required to carry out control, monitoring and verification activities under the responsibility of the VB and the directors of other company departments cooperating with such Body.

In carrying out all activities regarding the management of the company, in addition to the rules in this Model, Company Representatives – with respect to their activity - will generally be expected to be familiar with, and comply with, all the procedural rules adopted by the Parent Company and transposed by the Company as well as any procedures provided for by TERNA PLUS contained, for example, in the following documents:

– the Code of Ethics;
– the internal Regulation for the qualification of companies to contact for purchasing, contracting and service contracts;
- the operational procedures aimed at ensuring transparency in the procurement process;
- the internal Regulation for work, supply and service contracts;
- rules, procedures and operating instructions adopted for planning and development of the grid;
- the informative procedures for personnel hiring and training;
- the guidelines relating to the assignment of consulting and professional services to third parties;
- the guidelines for the organization of the Group’s events;
- the guidelines and operating instructions concerning the policy and management of corporate giving requests;
- operational instructions for the management of requests for transfer free of charge of corporate assets;
- any other internal regulation concerning the Group’s internal control system;
- the disciplinary system applicable to the National Collective Labour Contract.

This Special Section provides that Company Representatives in direct form, and External Contractors by means of specific agreement terms, shall expressly refrain from:

1. behaving in such a way as to fall under the Crimes described above (Articles 24, 25 and 25- decies of the Decree);

2. implementing a conduct that, while non representing one of the crimes as described above, may become a crime;

3. implementing any situation of conflict of interests towards the Public Administration related to the above-mentioned crime cases;

4. obstruction of justice through intimidation.

Within the framework of this conduct (also established by the Code of Ethics) the following activities are specifically prohibited:
a) making payments - on one’s own initiative or upon solicitation – to public officials and/or persons in charge of a public service;

b) receiving money or other benefits offered for the purpose of influencing the decision-making process in the exercise of powers for expropriation;

c) distributing and/or receiving gifts or presents or granting other benefits of any kind (e.g. sponsorships), outside that provided for in the company policies and practices (namely, in accordance with the provisions of the Code of Ethics, any form of gift offered or received, beyond normal business practices or courtesy, or aimed at obtaining favourable treatment in the conduct of any business activity). In particular, it is prohibited to offer any type of gift - made on one’s own initiative or upon solicitation - to Italian and foreign public officials or persons in charge of public services (even in countries where gift-giving is a widespread practice), or to their relatives, that may affect their impartiality of judgement or induce them to ensure any kind of advantage to the Group. Gifts that are allowed shall always be of low value or be intended to promote social, environmental, humanitarian and cultural initiatives (e.g. distribution of art books), or the Group's brand image. Gifts offered - with the exception of those having a low value - must be properly proven in order to allow their verification;

d) hiring people or making promises to hire etc. that are not based on criteria of objectiveness, skills and professional experience and that bring about any favouritism, nepotism or forms of patronage capable of producing the same consequences as described in point c), with respect to a public official or employee of a public service;

e) payments or loans to the External Contractors and Partners of fees that are not justified in relation to the duties they have to perform, to their actual fees, to the characteristics of the partnership agreement and to common local practices;
f) paying the Suppliers sums that are not justified with reference to their services;

g) submitting untrue statements to national public authorities or to Community authorities in order to obtain funds, grants or subsidized loans;

h) obtaining funds from the Electricity Sector Operators that are not justified with reference to the duty they have to perform and to common local practices;

i) allocating amounts received from State or Community public authorities as funds, grants or loans for purposes different from those they were intended for;

In order to implement the conduct guidelines described above, the following rules will apply:

1) all relations with the Public Administration must be handled in a transparent way;

2) in relation to inspections by the Public Administration (e.g. Guardia di Finanza - Finance Police) specific reports on the procedure must be prepared and stored;

3) contracts entered into with Consultants must be defined in writing, specifying the payment agreed upon and must be proposed, negotiated or verified or approved by at least two TERNA PLUS representatives;

4) contracts entered with Suppliers and Partners must be defined in writing indicating the payment agreed upon and the general financial conditions and must be proposed or negotiated or verified or approved by at least two TERNA PLUS representatives;

5) agreements entered into with Consultants, Partners and Suppliers that TERNA PLUS engages to carry out operations that involve public officials or persons in charge of a public service must include a clause in which they undertake, in the performance of their activities, not to make donations that exceed a modest value that could be interpreted as exceeding the normal business practices or courtesy, or are designed to obtain favourable treatment in the conduct of those activities;

6) no payment in cash or in kind is allowed, with the exception for minor expenses;

7) all the statements given to national or EU public authorities
for the purpose of obtaining funds, grants or loans, must only contain true information and, where said funds, grants or loans are obtained, these must be appropriately accounted for;

8) all audit managers and supervisors in charge of the obligations related to the performance of these activities (payment of invoices, allocation of State or European Community funds, etc.) must be particularly careful in complying with said obligations and immediately report any irregularity to the VB;

9) within the expropriation for public utility procedures in which TERNA PLUS is involved as expropriation authority, it is very important to grant the traceability of every phase of the procedure, with the exception of those of ministerial competence (see declaration of public utility, prearranged constraint to the expropriation or to the compulsory subjection).

Within the Company, a strong legal procedure structure is provided for performing expropriation powers, in order to prevent the commission of crimes described in this Special Section A.

Regarding specifically the management of criminal proceedings brought before judicial authorities involving Company Representatives or other Recipients (in relation to activities carried out for the Company) it is compulsory for each Recipient not to commit acts of violence, threats (or other similar forms of coercion) or not to give or promise donations in money or in any other form so that the person charged or under investigation:

- does not collaborate in making statements that are true, transparent and correctly represent the facts;

- does not freely explain the facts, exercising his/her legal right to remain silent, by virtue of the above-mentioned types of influence.
A.5 INSTRUCTIONS AND INSPECTIONS OF THE VIGILANCE BODY

TERNA PLUS’s VB shall:

a) propose the release and update of standardized instructions for actions to be taken in identified At-Risk Areas and, in general, towards the Public Administration. These instructions should be in writing and saved on hardcopy and on computer file;

b) periodically check the proxy system in force, recommending changes should the management power and/or position not match the powers of representation granted to Company Representatives and/or the Internal Manager (or Internal Managers) or Internal Sub-managers;

c) check on a regular basis, with the help of other departments involved, the validity of the standard terms directed to:
   ▪ ensure that Recipients comply with the provisions of the Decree;
   ▪ give the Company the opportunity to effectively control the Recipients of the Model in order to assess their compliance with the provisions contained therein;
   ▪ apply penalties (such as withdrawal from contracts with External Contractors) whenever a provision is violated;

d) examine any specific reporting from supervisory bodies or third parties or any Company Representative to carry out evaluations that are deemed appropriate on the basis of such reporting;

e) provide the management with recommendations about the most appropriate upgrades to the financial resources (both in and out) already used by the Group, and introducing devices to detect atypical financial flows characterized by greater-than-expected margins of discretion.

TERNA PLUS guarantees establishing procedural information flows between the VB and the directors of the competent Departments, or
other Company Representatives as necessary, each time the VB deems it appropriate.

The information shall be given without delay to the VB should violations to specific procedural principles be detected as indicated in Chapter A.4 of this Special Section, or to procedures, policies and company regulations regarding the above-mentioned At-Risk Areas.

The VB is also assigned the power to access, or request its delegates to access, all the documentation and all company’s relevant sites for carrying out its duties.