

GLOBAL COMPLIANCE PROGRAMME

the text of the document is attached hereto in both Italian and English; in the event of doubts regarding interpretation, the Italian text shall prevail

(adopted by the Board of Directors of TERN A S.p.A with its resolution of 10 November 2017 and subsequently updated)

Revision history

Revision	Date	Description
03	14/12/2023	Fourth issue that provided for the revision of the Global Compliance Programme to bring it in line with the changes introduced by LG054 Whistleblowing on reporting and changes in the composition of the Compliance Officer Bureau (COB)
02	02/09/2022	Third issue that provided for the revision of the structure of the Global Compliance Programme to bring it in line with the main and most recent best practices and regulations applicable to compliance programmes, identified by way of example in section 3.2. of the Global Compliance Programme. Adaptation of the document following the so-called "process approach", identifying and regulating the relevant corporate macro-processes at Group level, which emerged from the risk assessments in the area of corporate liability (previously, the GCP was structured by categories of crimes abstractly relevant to the Group), in order to make the GCP more consistent with the aforementioned best practices and with the compliance models recently adopted by the Group (i.e. Organizational, Management and Control Models pursuant to Italian Legislative Decree 231/2001) and to better reflect the organisation of the Group companies, as well as to facilitate the understanding of the GCP by the Recipients.
01	18/12/2019	Second issue
00	10/11/2017	First issue

Approved

Giuseppina Di Foggia

Reference management systems and/or organisational models:

X	Quality Management System
	Environmental Management System
	Occupational Health and Safety Management System
	Major Accident Management System - Seveso
	Information Security Management System
	Energy Consumed for Own Use Management System
	LLW Laboratory Management System
	Calibration Centre Management System
X	Anti-Bribery Management System
	Asset Management System
	Infection Prevention and Control Management System
	Business Continuity Management
	Privacy Model
	262 Model
X	Compliance Management System
X	231 Model

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

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GLOSSARY

Action Plan: plan of actions aimed at improving the control system identified taking into account the outcomes of the Risk Assessment and the Risk Management strategy identified for the Risk (between avoid, reduce, accept and monitor and transfer).

Administrative Body: Board of Directors or corresponding body or function of Foreign Companies.

Anti-Bribery Guidelines or **LG059:** the Anti-Corruption guidelines adopted by the TERNA Board of Directors set out keeping into consideration the main international conventions, EU legislation, the FCPA and the Bribery Act regarding the prevention and fight against corruption. These guidelines contain principles and rules of conduct for all Company Representatives (of all Group companies as well as any third party acting in the name and/or on behalf of TERNA or the Terna Group, such as suppliers, agents, consultants, business partners or any other counterparty).

Areas at Risk: activity areas of the Non-Italian Company more at risk when it comes to the commission of Crimes.

Bribery Act: UK Bribery Act of 2010.

COB: Compliance Officer Bureau, established within Non-Italian Companies, comprising the Compliance Officer and a Local Assistant, or the Compliance Officer and a Technical Assistant.

Code of Ethics: the Code of Ethics adopted within the Terna Group and approved by TERNA's Board of Directors on May 21, 2002 and relative updates, aimed at defining the ethical-behavioural principles with which Directors, Employees and all those who work in the name and on behalf of TERNA or Terna Group companies must comply.

Company Representatives: employees, directors and other members of the management and control bodies of Foreign Companies.

Compliance Officer or CO: a person identified in each Non-Italian Company by resolution of the Administrative Body with the task of fostering, within the same Company, the dissemination of knowledge of the GCP and/or of the Local Compliance Programmes envisaged in the Country Annex and of the Parent Company's policies, as well as of facilitating their operation through training and information activities and through the implementation of specific information flows.

Confidential Information: company information concerning the NIC or other Terna Group companies, including Privileged Information, which is not in the public domain and which, due to its subject matter or other characteristics, is in of a confidential nature towards parties not bound by confidentiality obligations pursuant

to current law or contractual agreements identified by the procedure for managing, processing, and communicating corporate information of Terna S.p.A. and its subsidiaries (LG005).

Country Annex: the document constituting the integral part of the GCP prepared in each Non-Italian Company and describing the Local Compliance Programmes and procedures adopted locally in implementation of the GCP.

Crimes: certain types of unlawful conduct that qualify as crimes in different jurisdictions and that could potentially be committed by a corporate officer or a third party and whose prevention in the Group must be considered a priority in order to manage its business with honesty and integrity.

Decree 231: the Italian Legislative Decree no. 231 of 8 June 2001, containing "*Rules of corporate liability for legal persons, companies and associations, including those without legal personality, in accordance with art. 11 of Italian Law no. 300 of 29 September 2000*" as amended.

DOJ: the U.S. Department of Justice.

Due Diligence: the process of auditing Third parties relating to the establishment of contractual/commercial relations with them or a specific transaction.

Facilitating Payments: means payments made for the purpose of expediting or securing the performance of an activity in the exercise of a public function considered routine (e.g. granting of a residence permit, granting of a police protection service, organisation of an inspection activity, granting of a business licence, formalities connected with the loading and unloading of goods).

FATF-GAFI or GAFI: Financial Action Task Force - International Financial Action Group¹ (body coordinating the fight against money laundering and terrorist financing).

FCPA: Foreign Corruption Practice Act of the United States of 1977 and subsequent updates.

GCP or Global Compliance Programme: this Global Compliance Programme, a document adopted by TERNA on 10 November 2017 and by the Foreign Companies and its subsequent amendments.

General Control Standards: general control standards identified and regulated by the GCP that each Non-Italian Company must adopt in line with the SCIGR adopted by the Terna Group aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main risks, a healthy, correct and coherent management of the company in line with the set objectives.

¹ The Financial Action Task Force (FATF) is an international body whose objective is to develop and promote strategies to combat money laundering and the financing of terrorism and the proliferation of weapons of mass destruction. (see http://www.dt.mef.gov.it/it/attivita_istituzionali/rapporti_finanziari_internazionali/organismi_internazionali/gafi/ <https://uif.bancaditalia.it/sistema-antiriciclaggio/organizzazione-internazionale/index.html?com.dotmarketing.htmlpage.language=102> [https://www.aif.va/ita/pdf/Regolamenti/IT-Istruzione_n.1-Aggiornamento_\(09.03.2021\).pdf](https://www.aif.va/ita/pdf/Regolamenti/IT-Istruzione_n.1-Aggiornamento_(09.03.2021).pdf))

ICT: the Information & Communications Technology structure.

Internal Control and Risk Management System or **SCIGR:** the set of corporate culture, capabilities, rules, procedures and practices, as well as organisational structures, aimed at defining an accountability system for the identification, measurement, management, mitigation and control of the main risks at Group level, thus maintaining a high level of stakeholder confidence in the governance and control of the Group.

Lists: Lists are defined as

- i. list of countries at risk of money laundering and terrorist financing drawn up by the EU, 'black list'/'grey list' lists (indicated by FATF², EU, etc.), UN lists of financial sanctions applied to individuals and entities linked to terrorist organisations.
- ii. list of subjects (natural and/or legal persons) prepared by the European Union, by each individual member state of the European Union, by the United Kingdom, by the United States of America, by the United Nations and by any other jurisdiction, and relevant - under the terms of the Italian legislation or as a result of the contractual provisions, as from time to time updated, supplemented, amended and effective - for Terna S.p.A. and the Terna Group companies, that contain the elements of identification of the subjects (natural and/or legal persons) and activities with which, or in relation to which, it is prohibited to perform, directly or indirectly, Transactions, as they are subject to Restrictive Measures;
- iii. lists of countries at risk of corruption (e.g. Transparency International's corruption perception index);

Local Assistant: a person identified within a corporate function of the Non-Italian Company or, in any case, within the country or geographic area of the Non-Italian Company by resolution of the Administrative Body of the same and with the positive opinion of the CO of the Non-Italian Company, appointed, as local assistant, to assist the CO in the execution of his/her duties in the event the CO is identified in a person not belonging to the Non-Italian Company or the geographic area of the same or in the event the CO has requested his/her appointment.

Local Compliance Programmes: compliance programmes aimed at preventing *corporate liability* adopted by Foreign Companies in accordance with the local regulations applicable in the country of reference and in line with the General Control Standards and Principles of Conduct provided by the Global Compliance Programme.

Local Management: the chief executive officer or executive director or member of the Administrative Body with operational powers or corresponding function.

Manager: the persons, identified by the company, competent for the management of Whistleblowing reports.

²<https://uif.bancaditalia.it/sistema-antiriciclaggio/organizzazione-internazionale/index.html?com.dotmarketing.htmlpage.language=102>
[https://www.aif.va/ita/pdf/Regolamenti/IT-Istruzione_n.1-Aggiornamento_\(09.03.2021\).pdf](https://www.aif.va/ita/pdf/Regolamenti/IT-Istruzione_n.1-Aggiornamento_(09.03.2021).pdf)

Non-Italian Company(ies) or NIC: non-Italian company(ies) of the Terna Group.

PCR: the Corporate Liability and Compliance Risk structure dealing with Compliance.

POC: the People Organisation and Change department.

Potential Risk: the possibility that a future, uncertain event in a specific business area/process will constitute a Risk.

Principles of Conduct: the minimum standards of conduct related to the Risk Areas.

Privileged Information: privileged and/or potentially privileged information related to listed companies and, in particular, to listed companies belonging to the Terna Group and to the related financial instruments identified by the procedure for keeping and updating registers of persons who have access to privileged and potentially privileged information (LG008).

Processes: the relevant macro-processes, identified by GCP, within which the Risk Areas are identified.

Public Administration or P.A. or public body: each of the bodies or apparatuses concurring in the exercise of the legislative, administrative or judicial functions of an individual state, including governmental bodies.

Public Official: (a) any elected or appointed official exercising a legislative, administrative or judicial public function; (b) any person exercising public functions in any branch of national, regional or municipal government or exercising a public function for any public agency or public enterprise, such as officials exercising public functions in state enterprises.

Recipients: Corporate Representatives and Other Recipients.

Red Flag: one or more anomaly indicators/Potential Risk factors (in terms of corruption, money laundering or other relevant crimes) to be checked as part of Due Diligence.

Residual Risk: the Risk of Crimes related to a specific business area/process mitigated by the existence and effectiveness of the internal controls adopted.

Restrictive Measures: commercial and financial restrictions adopted by the European Union, by each individual Member State of the European Union, by the United Kingdom, by the United States of America, by the United Nations and by any other jurisdiction, and relevant — under the terms of the applicable regulations or as a result of the contractual provisions, as updated, supplemented, amended and effective from time to time — for TERNA and the Terna Group companies in relation to third countries and/or subjects (natural and/or legal persons) and/or goods and services (including software, technologies, engineering and technical assistance) and activities.

Risk Assessment: the analysis of corporate processes aimed at identifying and assessing the potential risks of commission of the relevant Crimes and the relevant existing safeguards.

Risk: any future event that within the company, alone or in conjunction with other internal or external events, may adversely affect the achievement of the objectives set out in the relevant regulations of the individual country.

Technical Assistant: a person identified within the PCR structure by resolution of the Administrative Body and positive opinion of the CO of the Non-Italian Company, appointed to assist the CO in the performance of his/her duties, in the event that the CO has not been identified within the PCR structure.

Terna Group: TERNA S.p.A. and its subsidiaries according to the terms established in Article 93 of the Italian Legislative Decree no. 58 of 24 June 1998, (the so called Consolidated Law on Finance).

TERNA: the Parent Company TERNA - Rete Elettrica Nazionale Società per Azioni (in abbreviated form Terna S.p.A.).

Third Parties or Other Recipients: any third party acting in the name and/or on behalf of an NIC, such as suppliers, agents, consultants, business partners or any other counterparty.

Whistleblowing Guidelines or LG054: TERNA's whistleblowing guidelines.

1. INTRODUCTION

Parent Company TERNA - Rete Elettrica Nazionale Società per Azioni (“**TERNA**”) is the Italian company which conducts electricity transmission and dispatching over the high voltage and extra-high voltage grid throughout Italy. Its shares are listed on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., Mercato Telematico Azionario (MTA) segment, which includes medium and large capitalisation companies and is aligned with international *best practices* and belongs to the Financial Times Stock Exchange - Milan Index (FTSE MIB). TERNA is also among the large Italian listed issuers present in the MIB 40 ESG index, the first blue-chip index for Italy dedicated to environmental, social and governance (ESG) best practices that combines economic performance measurement with ESG assessments in line with the principles of the UN Global Compact.

TERNA is the *holding* of a multinational group operating in a complex and highly regulated business sector and in different economic, political, social and cultural environments (the “**Terna Group**”).

2. TOP-LEVEL COMMITMENT

The Terna Group conducts its business in accordance with the criteria of loyalty, legality, fairness, integrity and transparency, in compliance with the regulations applicable in Italy and abroad on the subject of *criminal corporate liability*.

The Terna Group promotes and disseminates a culture of ethics and *compliance*. The commitment is mainly made by all the Terna Group's top management (Top-level commitment) who work to spread this message at all levels.

To this end, the top management of individual Terna Group companies define and disseminate guidelines, procedures and internal policies aimed at regulating and formalising such commitment in order to prevent the commission of unlawful activities.

In particular, the administrative bodies of the Group's non-Italian companies (the '**Non-Italian Companies**' or '**NICs**') also express and are called upon to disseminate, in a clear manner, the message of absolute observance of the Terna Group's principles of ethics, integrity and legality.

3. PURPOSE, SCOPE, FRAMEWORK OF REFERENCE, STRUCTURE OF THE GCP AND ADOPTION, IMPLEMENTATION AND AMENDMENTS OF THE GCP

3.1. Scope and field of application

In many of the foreign countries in which Terna Group operates, a criminal or quasi-criminal corporate liability regime has been established which enables courts to sanction corporate entities for criminal behaviours by their representatives, employees or third parties acting on their behalf.

Most of these regulations encourage companies to adopt corporate governance structures and risk mitigation systems to make efforts to prevent these individuals from committing crimes, also providing for an exemption or mitigation of applicable penalties in the event of the adoption and effective implementation of adequate preventing measures.

In order to harmonize the efforts of the Non-Italian Companies in preventing criminal corporate liability and to deliver a shared, consistent and global approach against illicit behaviours, TERNA has adopted, since 10 November 2017 and as subsequently updated, the *global compliance programme* (“**Global Compliance Programme**” or “**GCP**”).

The GCP aims to define the general control standards and rules of conduct that apply to employees, directors and other members of the managing and control bodies of NICs (“**Company Representatives**”), as well as Other Recipients, if applicable, to prevent the commission of relevant offences.

The GCP constitutes, like the procedures referred to in section 5.1, an act of TERNA whose application is addressed to the Non-Italian Companies called upon to implement it.

Each Non-Italian Company, where appropriate or required by applicable local regulations, shall also define and adopt its own Local Compliance Programmes, in accordance with the aforesaid regulations and in line with the provisions of this GCP, set out in the Country Annex approved by each.

In such contexts, the GCP is therefore integrated, as described in more detail in section 5.1, with any rules provided for in the specific Country Annex, which includes Local Compliance Programmes.

3.2. The framework of reference

The GCP has been inspired to the most relevant international regulations and best practices, including but not limited to:

- (i) Italian Legislative Decree no. 231 of 8 June 2001 (**Decreto 231**) and subsequent updates, which disciplines a regime of administrative liability (akin to a criminal liability) of legal entities as a result of certain crimes committed on behalf or for the benefit of such entities;
- (ii) the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A.
- (iii) the 2010 Federal Sentencing Guidelines Manual & Supplement, adopted by the United States Sentencing Commission on November 1, 2010;
- (iv) Foreign Corruption Practice Act (**FCPA**) of 1977 and subsequent updates;
- (v) UK Bribery Act of 2010 and subsequent updates;
- (vi) the Good Practice Guidance on Internal Controls, Ethics, and Compliance adopted by the OECD Council on 18 February 2010;
- (vii) the 'Resource Guide to the U.S. Foreign Corrupt Practices Act' issued by the Criminal Division of the U.S. Department of Justice (**DOJ**) and the Enforcement Division of the U.S. Securities and Exchange Commission of 2012 and subsequent updates;
- (viii) the DOJ 'Evaluation of Corporate Compliance Programs' of 2017 and subsequent updates;
- (ix) the Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide adopted by the United Nations Office on Drugs and Crime (UNODC) in September 2013;
- (x) the recommendations adopted by the Financial Action Task Force - Gruppo d'Azione Finanziaria Internazionale (**FATF-GAFI** or **GAFI**) on money laundering and terrorist financing of 2012 and subsequent updates;
- (xi) European regulations on money laundering, search, seizure and confiscation of the proceeds of crime and on the financing of terrorism (including Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 and Delegated Regulation (EU) 2016/1675 and subsequent updates);
- (xii) Italian Legislative Decree No. 24 of 10 March 2023, implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and on provisions concerning the protection of persons who report breaches of national laws;

- (xiii) Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

3.3. Structure of the GCP

This document, in addition to making explicit the commitment of the top management in the promotion and definition of a culture of ethics and compliance (so-called top-level commitment), as well as the methods of adoption of the GCP, implementation and subsequent updates to be implemented also in each Non-Italian Company, identifies and regulates³:

- Risk Assessment methods, described in section 4, which are also valid for the identification of Risk Areas within the Terna Group for the preparation of the Local Compliance Programmes reported in the Country Annexes;
- **General Control Standards**, described in section 5.2, which each Non-Italian Company must adopt in line with the Internal Control and Risk Management System referred to in section 5.1, aimed at enabling, through an adequate process of identification, measurement, management and monitoring of the main risks, a sound, correct and consistent management of the company with its objectives;
- the role of the Compliance Officer, described in section 6, identified as the figure appointed in each Non-Italian Company and responsible for ensuring the dissemination of knowledge and facilitating the operation of the Global Compliance Programme and of the Country Annex of reference;
- the relevant macro-processes (the '**Processes**'), which must always be taken into account for the application of the GCP by each Non-Italian Company, within which to identify, through the Risk Assessment activity, the activity areas in the context of which the Risk of commission of Crimes may be considered in more concrete terms (the '**Risk Areas**') in relation to certain types of unlawful conduct qualifying as crimes in different jurisdictions and which could potentially be committed by a corporate officer or a Third Party and whose prevention in the Group must be considered a priority in order to manage its business with honesty and integrity (the '**Crimes**', described in Appendix A attached to GCP a01LG058). For each macro-process, minimum standards of conduct related to Risk Areas are identified (the '**Principles of Conduct**').

The Principles of Conduct set out in section 7 and 10 are to be understood as applying across the board to all Processes regulated in paragraphs 7 to 16.

- The Processes described constitute the reference basis for each Non-Italian Company for drafting, through specific Risk Assessment activities, the respective Country Annex (see section 7–16);

³ The structure of the GCP is based on the main best practices and regulations applicable to compliance programmes, as identified by way of example and not exhaustively in section 3.2. With regard to the identification of Processes and Risk Areas, this was carried out taking into consideration the macro-processes and macro-risk areas relevant at the level of the Terna Group, as they emerged in the Risk Assessments in the area of corporate liability.

- training of Company Representatives and information to Recipients on the GCP to ensure the effective application of the safeguards set out therein, as indicated in section 17;
- the whistleblowing system for handling reports of unlawful conduct or irregularities and internal reporting, set out in section 18;
- the safeguards for the continuous monitoring and improvement of the GCP and Local Compliance Programmes, regulated in section 19;
- the disciplinary measures and contractual remedies applicable in the event of a breach of the provisions identified in the GCP and which must be taken into account by the Non-Italian Companies as part of their Local Compliance Programmes, governed by section 20.

3.4. Adoption of the GCP, implementation and subsequent updates

The GCP expresses principles that are part of the Terna Group's fundamental values and inspire its organisation and activities, also in implementation of the principles of the Code of Ethics common to Non-Italian Companies, and has been approved by TERNA's Board of Directors.

TERNA therefore promotes the adoption of the GCP by all Terna Group companies.

Each Non-Italian Company is required to approve the GCP by resolution of the Board of Directors or the corresponding body or function ("**Administrative Body**").

Italian parent companies to⁴ Non-Italian Companies adopt the GCP with the aim of providing a common guideline to these subsidiaries to combat corporate crime more effectively.

Possible and subsequent updates to the GCP are approved by TERNA's CEO by virtue of the proxy conferred by the Board of Directors when approving the GCP⁵, as well as by the Administrative Body of each Non-Italian Company and their respective parent companies or, where a specific proxy has been conferred, by the CEO of each.

The Administrative Body of each Non-Italian Company, in compliance with their own autonomy and independence:

- is responsible for the proper identification of any Process and Area at Risk or Principle of Conduct, in addition to those identified in Paragraphs 7 et seq. of the GCP to be implemented through Local Compliance Programmes or local internal guidelines, procedures and policies;

⁴ In any case, the Italian parent companies are equipped with a compliance programme in line with Italian regulations, i.e. the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 in line with the Terna Group's LG032 "Implementation and Management of Organisational Models Pursuant to Legislative Decree no. 231/2001 in the Terna Group".

⁵ Appendices A and B may be updated by TERNA S.p.A.'s Industrial Programme Management Office Director by virtue of the power of sub-delegation granted to TERNA S.p.A.'s CEO.

- adopts the most appropriate measures for the implementation and monitoring of the GCP, taking into account the company's organization, complexity of business, specific risk profile and regulatory framework;
- is responsible for the adoption, implementation and monitoring, where required by national regulations, of Local Compliance Programmes, referred to in the relevant Country Annex.

4. RISK ASSESSMENT

The basis of every compliance programme is the performance of an analysis of the corporate processes aimed at identifying and assessing the potential risks of commission of the relevant Crimes and the relevant existing safeguards (**Risk Assessment**).

The steps that make up the Risk Assessment are as follows:

- (i) mapping of Risk Areas, i.e. identifying and mapping, within the framework of individual company processes, the areas and related activities that are potentially exposed to the risk of commission of Crimes;
- (ii) assessment of the degree of Potential Risk, carried out in the light of possible factors likely to generate the Risk. "**Risk**" means any future event within the company that, alone or in conjunction with other internal or external events, may adversely affect the achievement of the objectives set out in the relevant regulations of the individual country. The possibility of a future, uncertain event in a specific business area/process creating a Risk constitutes a **Potential Risk**;
- (iii) assessing the adequacy of internal protocols, in order to identify all procedures and controls suitable to mitigate potential risks, as well as any need to adapt these controls. The system of preventive controls must be such as to ensure that the Risks of commission of Crimes, according to the methods identified and documented in the previous phase, are reduced to an acceptable level;
- (iv) calculation of residual risk (the **Residual Risk**), understood as the Risk of Crimes associated with a specific corporate area/process mitigated by the existence and effectiveness of the internal controls adopted.

Taking into consideration the outcomes of the Risk Assessment and the Risk Management strategy identified for the Risk (between avoid, reduce, accept and monitor and transfer), a plan of action is carried out to improve the control system (the **Action plan**).

Each Non-Italian Company performs a Risk Assessment, draws up an Action Plan and implements any corrective and adjustment actions in order to guard against corporate liability.

To this end, it must first take into account the list of Processes and Risk Areas of general relevance for TERNA and the Terna Group indicated in section 7 *et seq.*

This list, therefore, does not exempt Non-Italian Companies (a) from carrying out their own risk assessment on the basis of the applicable local regulations as well as the peculiarities of their business and organisational structure and (b) from defining, where appropriate, their own control principles in addition to those contained in this GCP, section 5.2, as well as (c) to define any specific principles of conduct with respect to those contained in section 7 *et seq.* of this GCP. To this end, the Non-Italian Companies will identify:

- i) their own processes and Risk Areas that may entail a specific Risk of commission of a Crime through an analysis of their own business processes and of the possible ways in which Crimes identified as relevant on the basis of applicable local regulations may be committed;
- ii) additional control standards and principles of conduct to be implemented through Local Compliance Programmes and/or local internal procedures to which all corporate officers and, where applicable, Third Parties must adhere in order to prevent the commission of Crimes.

Individual Non-Italian Companies carry out and constantly update their own Risk assessments.

5. THE GCP AND GENERAL CONTROL STANDARDS

5.1. The GCP and TERNA control references

The dictates of the GCP are generally inspired by the set of corporate culture, capabilities, rules, procedures and practices, as well as organisational structures, aimed at defining an accountability system for the identification, measurement, management, mitigation and control of the main risks at Group level, thus maintaining a high level of stakeholder confidence in the governance and control of the Group as a whole, defined as the **Internal Control and Risk Management System** or **SCIGR**, and are therefore supplemented by the following procedures in force and applicable in the Terna Group:

- (i) the principles of the Code of Ethics adopted within the Group, also applicable to all the Non-Italian Companies and which all Recipients are required to respect;
- (ii) Guidelines, policies and procedures adopted by TERNA and applicable in the Terna Group; in particular:
 - a. Internal Control and Risk Management System of the Terna Group Guidelines (LG004);
 - b. Risk Management Guidelines in Terna (LG038);
 - c. Whistleblowing Guidelines (LG054);
 - d. Anti-Corruption Guidelines (LG059);
 - e. Corporate Giving Policy (LG024);
 - f. Ethics Committee Regulation Guidelines (LG014);
 - g. Golden Rule Guidelines (LG042);
 - h. Trade Compliance Policy (LG061);
 - i. Sustainability Policy (LG077);
 - j. Diversity & Inclusion (LG069);
 - k. Respect for 'Human Rights' within the Terna Group (LG057);
 - l. Third Party Due Diligence Guidelines (LG070);
 - m. Conflict of Interest Guidelines (LG079);
 - n. Approval of significant transactions and management of situations of interest (LG006);
 - o. Procedure for Transactions with Related Parties (LG026);
 - p. Procedure for Managing, Processing and Communicating Corporate Information of Terna S.p.A. and its subsidiaries (LG005);
 - q. Procedure for the maintenance and upkeep of the Registers of Persons with access to Privileged Information and Potential Privileged Information (LG008);

- r. Management of inspections carried out by the P.A. (IO416CA).

In addition, the provisions of the GCP are supplemented for each Non-Italian Company by:

- i. the rules laid down in the specific Country Annex adopted by each NIC, which includes the Local Compliance Programmes;
- ii. the corporate governance provisions adopted by the NICs themselves in accordance with applicable legislation and international best practices, including those set out in section 3.2.;
- iii. the internal control and risk management system adopted in each Non-Italian Company (e.g. local procedures and policies, principles of conduct, etc.).

If local laws and regulations, or policies and corporate procedures adopted by the single Non-Italian Companies contain mandatory requirements that exceed the requirements of this GCP, such requirements will prevail.

5.2. General Standards of Control

Each Non-Italian Company, in assessing the advisability of adopting local procedures, taking into account the unique activity performed and the specific associated risks as identified on the basis of the Risk Assessment to be carried out in accordance with paragraph 4 - shall in any event:

- provide for the General Control Standards identified in this GCP (e.g. traceability, identification of roles and responsibilities, archiving, etc.);
- detail internal controls;
- provide for the application of disciplinary sanctions in the event of violations.

The General Control Standards are as follows:

- **segregation of duties:** the assignment of roles, tasks and responsibilities within each company shall be made in compliance with segregation of duties according to which no individual may autonomously perform an entire process (i.e. in accordance with this principle, no individual can be autonomously in charge of performing an action, authorizing it and subsequently check it).
Adequate segregation of roles can also be ensured by using IT systems that allow only identified and authorised persons to carry out certain operations;
- **authorization and signatory powers:** every company must issue formal provisions in relation to the exercise of authorization and signatory powers, which must be consistent with the allocated organizational and managerial responsibilities;

- **transparency and traceability of processes:** the identification and traceability of sources, information and controls carried out in relation to the formation and implementation of the decisions of the Non-Italian Company and the management of financial resources must be guaranteed; it is also appropriate to ensure the correct recording of the relevant data and information, in electronic and/or paper format;
- **proper management of relations with Third Parties and Due Diligence** (see section 5.3).

5.3. Third-Party Relationship Management Standards and Due Diligence

TERNA and Terna Group companies pay special attention to the selection of Third Parties. To this end, every time a company is engaged in business activities through a joint venture or intends to approach a Third Party in connection with any business, an investigation must be conducted on the Third Party, aimed at identifying its chain of control, its possession of honour, professional and financial requisites, its credibility in the market, as well as its compliance with the Anti-Corruption Laws in force, or similar laws established by the country in which it operates or will operate on behalf of any Terna Group company.

Due Diligence should be proportionate to the real or perceived risk in relation to the third party and/or the transaction (risk based).

Due Diligence is conducted, based on criteria identified by the Parent Company, which may include: (i) searches through public and other available sources (e.g. business contacts, local chambers of commerce, business associations; web searches or specialised companies, entries in Lists) on companies, shareholders and exponents, in order to find any potentially relevant negative information on them; (ii) or in-depth investigations carried out by third-party consultants.

Due Diligence is governed by guidelines for the Group set out in section 5.1 (in particular, Anti-Bribery Guidelines LG059 and Third-Party Due Diligence Guidelines LG070), as well as the local procedures adopted by the NICs, if any.

Due Diligence on Third Parties may be carried out with the support of the competent Terna Group structures (in accordance with the provisions of the Third-Party Due Diligence Guidelines LG070) with reference to the company procedures that provide for the activation of counterparty audits.

In any case, the Due Diligence conducted should highlight potential Red Flags.

Listed below are some examples of Red Flags that may be taken into account when performing Due Diligence, such as potential risk factors or indicators of the possible commission of Crimes:

- if the Third party or, in the case of a company, its shareholders, is resident or has its registered office or carries on its activities in a country listed in the so-called international anti-money laundering blacklist/greylist (e.g. published by the FATF and the European Union) or in a country identified as a country that provides support to terrorist activities or in whose territory terrorist organisations operate or in those countries considered as tax havens as identified by recognised national and/or international bodies (e.g. Revenue Agency, OECD) or in a country with a high risk of corruption (see e.g. Transparency International rankings) or subject to international sanctions;
- if the information provided by the Third Party is insufficient, false or inconsistent or in case of apparent attempts to conceal the identity of the person at the top of the control chain;
- if the third party engages in activities/business that are inconsistent or not in line with the contractual performance required or if the third party or one of its representatives has a conflict of interest;
- in case of transactions or requests which are inconsistent with the activities carried out by the Third Party, such as requests for payments in a high-risk country which has no connection to the Third Party (for example, a Country with very protectionist laws on bank secrecy, with weak money laundering controls or where criminality/corruption is widespread). To this end, high-risk countries must be assessed taking into consideration international indexes such as the Transparency International Corruption Perceptions Index;
- if there is a request to structure a transaction in a way such to evade normal accounting and reporting regulations or such to not demonstrate any legitimate commercial interest, such as increasing the prices or making part of the payment “below the radar” through the drafting of a side letter;
- in case of relations with consultants or other Third Parties who have close links with a government or political party, or which have been specifically chosen by a public official or a client;
- if there are requests for the payment of commissions, fees or other forms of irregular remuneration or requests for payments in cash;
- if the third party is apparently lacking the skills, experience or resources required for the type of activity or has no corporate organisational structure or inadequate assets;
- if the third party has an abnormal or particularly complex ownership structure given the nature of its business;
- if the Third Party, with respect to the transaction, refuses to enter into a contract;
- if the Third Party refuses to undertake to abide by or comply with these Guidelines and/or further internal compliance procedures adopted by the NIC and/or applicable to the Group and has not adopted any code of conduct or similar compliance instrument designed to prevent the commission of crimes;
- if the Third Party has or had been suspended to join tenders or enter into contract with state-owned companies/public bodies/governmental agencies due to compliance investigations carried out;
- if the third party or any of its representatives have a questionable reputation or are/were investigated, indicted or convicted in criminal proceedings especially for crimes such as bribery, money laundering or fraud, or have been investigated or sanctioned by public stock exchange and market supervisory

authorities (e.g., US Securities and Exchange Commission (SEC)) or have been disqualified or subject to precautionary measures;

- if the address of the Third Party business is a virtual office;
- if the Third Party has an undisclosed beneficial owner.

The presence of one or more Red Flags requires a more in-depth examination that may include additional controls and/or appropriate authorisation levels.

For high-risk transactions or particularly complex situations, the analyses may be supplemented with opinions and investigations on specific questions entrusted to providers or consultants specialised in the subjects of reference.

Monitoring throughout the contractual relationship is necessary to ensure that the third party maintains the identified and approved requirements, if necessary by periodically updating the Due Diligence. In the event that a Third Party loses these requirements or a Red Flag emerges during the term of the contractual relationship, appropriate measures to be applied shall be defined.

Third parties shall be adequately informed of the contents of the GCP and, where they exist, of the Local Compliance Programmes and shall undertake to comply with the Principles of Conduct contained in the aforesaid documents by signing appropriate contractual clauses, as provided for in the following paragraph.

17.

6. THE COMPLIANCE OFFICER

6.1. Appointment of the Compliance Officer

In each Non-Italian Company, a Compliance Officer (**Compliance Officer** or **CO**) is appointed, a person identified by resolution of the Administrative Body, whose task is to promote, within the same, the dissemination of knowledge of the GCP and/or of the Local Compliance Programmes established in the Country Annex and of the Parent Company's guidelines, as well as to facilitate its operation through the training/information activities relating to the GCP referred to in section 17 and through the implementation of appropriate information flows, as detailed in the following section 6.2.

The CO must possess appropriate legal or corporate risk control and management skills, to be assessed in the light of their CV and previous professional experience.

The CO must also meet the requirements of integrity, to be assessed taking into account past conduct and compliance with the ethical principles that govern the Terna Group's operations.

For the performance of his/her duties, the CO is possibly assisted by persons appointed by resolution of the Administrative Body of the Non-Italian Company and subject to the positive opinion of the CO himself/herself which, together, constitute the Compliance Officer Bureau ("COB").

Such persons can be identified:

- within a corporate function of the Non-Italian Company or in the country or geographical area of the Non-Italian Company in the event that the CO is identified in a person not belonging to the Non-Italian Company or the geographical area of the Non-Italian Company or in the event that the CO has requested the appointment (**Local Assistant**),
- within the Corporate Liability and Compliance Risk structure regarding Compliance ("**PCR**"), assigned to assist the CO in the performance of duties, if the CO has not been identified within the PCR structure ("**Technical Assistant**").

The coordination of the management compliance issued at Terna Group level is guaranteed on the occasion of the meetings convened pursuant to the 231 Model of the Parent Company by the President of the Terna S.p.A. SB.

Where established, the COP gathers periodically and anyway when necessary: the coordination can be ensured in such occasions as well.

6.2. Functions, powers and information flows

In particular, the CO must:

- promote spreading awareness of the Global Compliance Programme and of the Local Compliance Programmes adopted as provided for in the Country Annex of reference and of the Parent Company's guidelines set out in section 5.1 as well as facilitating its operation through the training/information activities related to the GCP mentioned in section 17 and/or through the implementation of appropriate information flows;
- monitor the conduct within NIC processes and Risk Areas and carry out checks for alleged violations of the requirements of the Global Compliance Programme as supplemented by the relevant Country Annex;
- coordinate with the NIC Local Management for a better monitoring of activities in Areas at Risk;
- monitor the effective implementation of all necessary disciplinary measures in order to punish any culpable deviation from the established rules of conduct;
- periodically inform the Administrative Body of the Non-Italian Company of any relevant initiative taken concerning the Global Compliance Programme and the Local Compliance Programmes adopted in the specific companies listed in the Country Annex;
- promptly inform the Administrative Body of the Non-Italian Company of any ascertained violation of the Global Compliance Programme and of the Country Annex of reference, as well as of the Local Compliance Programmes such as specific local safeguards adopted in order to avoid that the predicate crimes pursuant to Decree 231 are committed through the NIC in the interest and/or to the advantage of the NIC or of the Terna Group, as well as of the procedures and Guidelines valid for the Terna Group;
- if it becomes aware of events or information that it considers to be of interest to a Terna Group company, it must inform the supervisory body established pursuant to Decree no. 231 of the company concerned under Italian law.

For the proper performance of these activities, the CO is guaranteed adequate autonomy and independence, also with respect to the Local Management. The CO must have effective powers of inspection and control, as well as access to relevant company information.

In any case, the Non-Italian Company makes available to its CO any resource deemed necessary or appropriate for an effective performance of supervisory functions, including the support of external professionals identified by the CO himself/herself for particularly complex technical assessments. To this end, the Non-Italian Company allocates to the CO sufficient financial resources (budget) and personnel to carry out his/her activities and to ensure the effective implementation of the GCP.

With reference to the information flows to the CO provided for in this paragraph, please refer to the identification made in the Appendix attached to the GCP under "Appendix B - a02LG058". This identification may be further detailed within each Country Annex, due to the organisational peculiarities and activity of the company itself.

The Local Assistant (as a possible local assistant and for specific skills related to the geographical area) and the Technical Assistant have the task of supporting the CO in the activities of:

- organising, managing, and recording meetings;
- managing information flows;
- providing training courses;
- managing information activities;
- developing the audit plan for risk areas;
- any other activities that may be necessary.

7. RELATIONS WITH PUBLIC BODIES AND PUBLIC OFFICIALS

The Principles of Conduct referred to in this paragraph, relating to relations with public bodies and public officials, are one of the main pillars referred to by the DOJ, given the relevance in the international context of bribery of public officials, the cornerstone of major legislation (such as the FCPA and the UK Bribery Act).

These Principles of Conduct are to be understood as applicable in all relations with such persons and also transversally to the subsequent Processes regulated in paragraphs 8 to 16.

Public body or **Public Administration (P.A. or public body)** means each of the bodies or apparatuses that contribute to the exercise of the legislative, administrative or judicial functions of an individual state, including governmental bodies.

For the purposes of this document, public official (**Public Official**) means (a) any elected or appointed official exercising a legislative, administrative or judicial public function; (b) any person performing public functions in any branch of the national, regional or municipal government or exercising a public function for any public agency or public enterprise, such as officials exercising public functions in state enterprises.

For each Non-Italian Company, the foregoing definitions must be used taking into account the applicable local legislation, as well as the Crimes that may be abstractly configured below.

POSSIBLE RISK AREAS

- (i) negotiation and management of contracts concluded with the Public Administration;
- (ii) participation to public tenders;
- (iii) management of relationships, different from contractual relationships, with public bodies (e.g. with reference to health, safety and environment requirements, management of personnel, payment of taxes, customs practices);
- (iv) management of disputes (lawsuits, arbitration, out-of-court proceedings);
- (v) selection of partners, intermediaries and consultants and negotiation and execution of the related contracts;
- (vi) management of cash flows;
- (vii) provision of Facilitating Payments and political contributions;
- (viii) exercise of the power of attorney in matters of expropriation;
- (ix) management of non-profit initiatives, corporate giving (including donations and sponsorships);
- (x) management of gifts, entertainments and hospitality expenses;
- (xi) recruitment;

- (xii) participation in inspections, investigations, accesses and checks carried out by Public Officials;
- (xiii) management of the received public funding, grants or guarantees obtained;
- (xiv) carrying out procedures for obtaining authorisation measures from the Public Administration;
- (xv) sending information flows to the Public Administration.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corporate crimes
- Cybercrimes
- Money laundering, related crimes and terrorist financing
- Organised crime, also of a transnational nature
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

When conducting business with Public Administrations and/or Public Officials, Recipients must act with integrity and honesty and comply with all applicable laws and regulations.

The obligations applicable to Recipients (pursuant to specific contractual terms) for prevention of bribery crimes are set out in the Anti-Bribery Guidelines (LG059) recalled in section 5.1.

Non-Italian Companies must guarantee:

- the traceability of any relation, communication and relevant relationship (e.g. administrative proceedings aiming at obtaining an authorization, a license or similar act, joint ventures with public entities) entered with the Public Administration;
- the involvement of at least two authorised persons in the management of relations with the Public Administration;
- the **hiring of personnel** exclusively on the basis of real and demonstrable corporate needs, using a selection process that involves at least two functions and is based on criteria of objectivity, competence and professionalism, avoiding any favouritism or conflict of interest or any action that takes the form of favouritism, nepotism or forms of patronage that could influence the independence of a Public Official or induce him/her to ensure any advantage for the Non-Italian Company or the Terna Group;
- the formalisation of any agreements with Public Officials and P.A. (in written form or digital contracts).

Moreover, the Recipients, in their relations with the Public Administration, must not in any way:

- a) submit false or altered documents, either fully or in part, during the participation to public calls for tenders;
- b) carry out cheating behaviours against the Public Administration which may induce the latter to make a wrongful assessment during the examination of **requests for authorizations**, licenses, clearances, concessions, etc.;
- c) omit due information in order to direct in the favour of one of the Terna Group companies a Public Authorities' decisions in relation to any of the circumstances described at let. a) and b) above;
- d) carry out behaviours aimed at obtaining from a Public Administration any type of grant, **public funding**, facilitated loan or other disbursements of the same type, by means of altered or falsified statements and/or documents, or the omission of necessary information or, more in general, by means of artifice or deception, aimed at leading the grantee institution into error;
- e) use sums received from Public Administration as funds, contributions or loans for purposes other than those for which they were granted.

Non-Italian Companies must also ensure:

- all the statements rendered to national or international Public Administration (e.g. for the purpose of obtaining funds, grants or loans) contain only true information and be signed by authorized signatories and, where said funds, grants or loans are obtained, these are appropriately accounted for;
- request, management and reporting phases in relation to public proceedings for the purpose of obtaining public funds, grants or loans are managed by different Company Representatives within the organization;
- the involvement of the relevant functions in the activities of collecting and analysing the information needed for reporting purposes;
- the documentation and the subsequent reporting to be submitted in relation to the request of subsidies, grants, loans and guarantees are approved by adequate hierarchical levels.

In relation to **facilitating payments**, i.e. payments made for the purpose of expediting or securing the performance of an activity in the exercise of a public function that is considered routine (e.g. granting of a residence permit, granting of a police protection service, organisation of an inspection activity, granting of a business licence, formalities connected with the loading and unloading of goods) ('**Facilitating Payments**') and political contributions, the NICs guarantee:

- that any kind of Facilitating Payment by Company Representatives and Other Recipients is prohibited;
- that any type of political contribution to parties or any form of support for political campaigns on behalf of the Non-Italian Company or any Terna Group company is prohibited. Such political contributions or support may include, without limitation:
 - a) money;

- b) goods other than money (e.g. loaned or donated equipment, free technology services, provision of human resources); and/or
- c) the use of corporate resources (e.g. facilities, e-mail, offices).

This rule does not prohibit the Company Representative from exercising his/her right to participate in political activities on an unequivocally personal level.

With reference to any other Risk Areas not identified in this section, reference should be made to the Principles of Conduct identified in the Processes indicated below and in the Anti-Bribery Guidelines (LG059) referred to in section 5.1.

8. INSTITUTIONAL RELATIONS AND MANAGEMENT OF CORPORATE GIVING ACTIVITIES, INCLUDING DONATIONS AND SPONSORSHIPS

The Principles of Conduct in this paragraph refer to the process of institutional relations, management of corporate giving, including donations and sponsorships.

POSSIBLE RISK AREAS

- (i) Management of relationships between the Recipients and national or international representatives concerning monitoring activities and the analysis of the political and institutional environment;
- (ii) Corporate giving activities in favour of Public Officials, Public Administration, scientific societies, foundations and associations and, more generally, of private parties, such as sponsorships, donations in cash, donations in kind (free transfers or making available to third parties of company assets, know-how or services), as well as volunteer programmes.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Corporate crimes
- Money laundering, related crimes and terrorist financing
- Organised crime, also of a transnational nature
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

With reference to the area concerning **institutional relations**, in each NIC the Recipients are prohibited from:

- making cash donations on one's own initiative or as a result of solicitation towards Public Officials in order to obtain an advantage for the Non-Italian Company or any Terna Group company;
- submit documentation containing data, untrue information and/or omitting data, information, in order to facilitate the obtaining of authorisations/securities in favour of the Company.

When it comes to **corporate giving** activities, each NIC prohibits its Recipients from distributing and/or receiving gifts and presents or other advantages of a nature other than what envisaged by the corporate policy. In particular, any kind of donation is prohibited - on one's own initiative or as a result of solicitation - towards Public Officials (even in those Countries where making gifts is a widespread practice) or their families,

which may influence the independence of judgement or ensure an advantage for any Non-Italian Company or any Terna Group company.

The donations allowed by corporate policies must always be of a small value or aimed at promoting social, environmental, humanitarian and/or cultural initiatives or the brand image of the Terna Group. Gifts offered or received must be sufficiently documented as per the company procedures.

In addition, corporate giving activities:

- (i) must be carried out consistently with the principles of the Code of Ethics and the applicable company procedures, including the Corporate Giving Policy (LG024) referred to in section 5.1, and within the limits of the approved budget;
- (ii) must only be carried out in favour of trustworthy entities/subjects known for their integrity and professional correctness. To this end, corporate officers must carry out prior checks on the good repute of the persons benefiting from corporate giving;
- (iii) must be approved according to appropriate authorisation levels and the application must include: (a) an adequate description of the nature and purpose of the individual contribution/sponsorship, (b) a Due Diligence on the beneficiary, and (c) verification of the legality of the contribution or sponsorship, according to applicable laws;
- (iv) must be formalised in specific written agreements/letters that (i) clearly define the purpose and scope for which the contribution may be used, (ii) provide, where applicable, for controls on the use of the contribution granted in accordance with the terms of the agreement, and (iii) contain appropriate provisions to ensure compliance with applicable laws.

Company Representatives are required to:

- maintain the traceability of corporate giving authorisation processes, guaranteeing the collective character of related decisions;
- make payments to the beneficiary exclusively to an account in the beneficiary's name;
- verify that the funds paid have been used for the intended purposes;
- verify ex post the effectiveness of the consideration concerning sponsorship activities;
- inform the CO at least once a year about corporate giving activities, donations and sponsorships during the period of reference.

9. COMMERCIAL ACTIVITIES AND CUSTOMER RELATIONS

The Principles of Conduct referred to in this paragraph relate to the business process and customer relations.

POSSIBLE RISK AREAS

- (i) Negotiation and management of contracts concluded with any entity (public or private)
- (ii) Participation in tenders or direct negotiation procedures initiated by public and private entities for the assignment of orders (contracts, supply, services), concessions, partnerships, assets (company complexes, participations, etc.)
- (iii) Relations with business partners (including joint venture partners, agents and intermediaries) and management of partnership relations
- (iv) Financial or commercial transactions involving Terna Group companies concluded with natural and legal persons resident (or with companies directly or indirectly controlled by them) in risk countries identified in Lists of Countries and/or in Lists of natural or legal persons also indicated by the FATF-GAFI which coordinates the fight against money laundering and terrorist financing.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Corporate crimes
- Money laundering, related crimes and terrorist financing
- Organised crime, also of a transnational nature
- Crimes against Individuals
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

Relations with customers or potential customers as well as with business partners must be managed in a fair, transparent, equitable and cooperative manner.

In each NIC, the Recipients are prohibited from:

- making cash donations on their own initiative or as a result of solicitation towards Public Officials;
- presenting documentation containing false data or relevant information and/or omitting data or information aimed at making the company obtain tenders/orders;

- entrust works, services and supplies and arrange the related payments without complying with the form and traceability requirements of the current regulations on public contracts and the traceability of financial flows, where applicable;
- making payments or recognising compensation in favour of third parties, without adequate contractual justification or in any case not adequately documented, justified and authorised.

Non-Italian Companies must guarantee:

- compliance with the procedures adopted by the Terna Group applicable to the trade process (such as the guidelines and/or instructions issued for the Terna Group and the local policies adopted individually by each Non-Italian Company or its parent, where applicable, for the management of export controls (Trade Compliance Policy - LG061).

Furthermore, as part of the business process, it is obligatory to:

- conduct Due Diligence against the counterparty in line with the provisions of section 5.3;
- base all relations with the counterparties on the principles of transparency and integrity and envisage performances and compensations in line with market practices, making sure that there are no aspects that may favour the commission of Crimes in Italy or abroad;
- in the event that persons whose names are on the Lists, or who are known to be controlled by persons on the Lists, are involved in business transactions, during due diligence or subsequent monitoring of the business relationship, ensure compliance with the provisions of the Third Party Due Diligence Guidelines (LG070) and the Trade Compliance Policy (LG061);
- verify that the documentation and formal communications produced during the tender procedure/or allocation of the order are managed and signed only by subjects previously identified and authorised by the NIC;
- ensure the traceability of decision-making and levels of authorization so that they can always be reconstructed using the internal records and documentation;
- define all partnerships and sales activities through contractual relationships, signed on the basis of the system of powers and delegations in force in the company and including compliance clauses (corporate liability or GCP, Code of Ethics, Trade Compliance and export control procedures, anti-corruption);
- with particular reference to contracts with **agents and intermediaries**, provide that they must also (i) clearly describe the services to be provided; (ii) define the nature of the commissions/fees (fixed, variable, success fees, etc.) and their amount in line with market standards (iii) establish the targets to be achieved;
- archive all documentation supporting individual activities.

The principles of the free market are among Terna's fundamental values and inspire its organisation and activities. Therefore, conduct is adopted in accordance with the rules of fair competition.

10. EXTRAORDINARY TRANSACTIONS (M&A, TRANSFERS, ETC.) AND MANAGEMENT OF CASH FLOWS

The Principles of Conduct referred to in this paragraph relate to the process concerning extraordinary transactions (M&A, transfers, etc.) and the management of cash flows.

POSSIBLE RISK AREAS

- (i) Carrying out extraordinary transactions (acquisitions and transfers of company shareholdings, mergers, demergers, acquisitions, transfers and leases of business branches, etc.)
- (ii) Management of post-acquisition integration activities
- (iii) Management of cash flows, by which is meant all those activities or relationships involving a payment or collection to or from the NIC, including so-called intra-group relationships.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Corporate crimes
- Money laundering, related crimes and terrorist financing
- Organised crime, also of a transnational nature
- Tax crimes
- Market Abuse

KEY STANDARDS OF BEHAVIOUR

(I) Extraordinary transactions and post-acquisition phase

The following standards must be observed when conducting M&A transactions:

- conduct a Due Diligence on the target company (including the target company's existing contractual relationships) and potential counterparties, taking into particular consideration its ethical and reputational profile and, in the case of companies, the company's business history and background;
- perform checks on the tax implications deriving from the operations to be carried out;
- formalise transactions in written contracts by including the necessary clauses to ensure compliance with applicable laws and the procedures adopted (corporate liability or GCP, Code of Ethics, Trade Compliance and export control procedures, anti-corruption) by the Terna Group;
- correct valuation, accounting of acquisitions and/or corporate transactions;

- once a company has been acquired, actions will have to be taken to:
 - adopt the GCP and, therefore, also carry out the transposition and any necessary adaptation of the procedures in force and applicable in the Terna Group such as those set forth in section 5.1 i) and ii) of this GCP in the new legal entities resulting from the acquisition;
 - adopt control measures as close as possible to those referred to in section 5.2 and 5.3 of this GCP;
 - train and/or inform the relevant personnel for integration.

(II) Cash Flow Management

The management of payments and collections must comply with the following minimum standards:

- payments are to be made/received only in accordance with the legislation applicable from time to time, the contractual provisions from which they originate, and the applicable cash flow accounting principles;
- all payments must be authorized in compliance with the proxies and powers of attorney issued;
- as far as possible, it is necessary to ensure the segregation of roles and responsibilities of the parties involved in the payment process (e.g. management of supplier master data, payment receipt, material execution of payment, etc.);
- in any case, the NICs will not accept or make payments:
 - (i) to/from a party other than the contractual counterparty or (ii) from/to a current account other than those contractually provided for or (iii) from/to a country other than that of the parties or of performance of the contract, without adequate contractual justification or otherwise not adequately documented, justified and authorised.
 - from/to numbered accounts or cash or similar instruments⁶;
 - in the event that a third party is indicated/delegated/appointed as payer, documentation must be requested as to the formal identification of that party as payer and the underlying reasons for such interposition or triangulation⁷;
- it is prohibited to make payments or collect money to/from countries included in International lists without suitable documentation proving a real and specific need;
- particular attention must always be paid to and appropriate checks must be carried out in relation to (i) the registered office of the counterparty company (e.g. tax havens, countries at risk of money laundering or terrorist financing, etc.) and any company and trust structures used for extraordinary transactions or operations; (ii) transactions to/from current accounts opened in countries at risk of money laundering or terrorist financing (as set out in the GAFI/FATF lists, for example);

⁶ Transactions are managed in compliance with the prohibition to use cash or any other bearer financial instrument, for any operation of collection, payment, transfer of funds, use or other use of financial resources; as well as in compliance with the prohibition to use current accounts or passbooks in anonymous form or with a fictitious heading. Any exceptions to the use of cash or other bearer financial instruments must be expressly provided for in the applicable Company or Terna Group procedures, and the limits on the use of cash provided for by the relevant regulations must be scrupulously observed.

⁷ By way of example, the following may be requested: (i) a certificate from the chamber of commerce relating to the paying entity; (ii) an identity document of its legal representative; (iii) a power of attorney attesting to the power of payment conferred on that paying entity; (iv) any document giving the reason for such payment made by the paying entity).

- checks on payments must also include consistency checks and the correspondence between the entitlement of the contractual relationship (i.e. the creditor of the payment) and the heading of the account on which the transaction is to be carried out;
- all payment/collection transactions must be carried out with licensed financial operators that have adopted safeguards to prevent money laundering;
- in any case, no payments may be made to persons who are not clearly identifiable;
- during the execution of contracts from which cash flows are derived, constant monitoring of financial transactions made/received is envisaged. With particular reference to intra-group transactions, it must be ensured that services rendered from/to Terna Group companies are at market conditions and regulated by specific contracts.

These Principles of Conduct are to be understood as applying to all receipts and payments and also across all Processes regulated by the GCP in paragraphs 7 to 16.

11. PROCUREMENT

The Principles of Conduct referred to in this paragraph relate to the procurement process.

POSSIBLE RISK AREAS

- (i) Management of tender/purchasing procedures;
- (ii) Appointment of professional and consultancy roles.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Corporate crimes
- Money laundering, related crimes and terrorist financing
- Organised crime, also of a transnational nature
- Crimes against Individuals
- Crimes related to Copyright infringement
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

NICs must ensure:

- that all relations with suppliers are characterised by the principles of transparency and integrity and the absence of conflicts of interest;
- that all relations with suppliers provide for services and fees in line with market practices, ensuring the absence of terms and conditions conducive to the commission of crimes;
- Due Diligence on suppliers, taking into account their commercial, reputational and professional reliability;
- that relations with suppliers are formalised in written contracts that identify, among other aspects:
 - the object of the assignment/performance and the persons who will perform the assignment/performance;
 - the agreed amount/compensation and its currency;
 - the current account to which/from which payment will be made as well as the terms for invoicing (or the method of collection/payment) and the terms of payment;
 - an undertaking by the supplier/consultant to comply with the applicable NIC national laws and procedures of the Non-Italian Company;

- a clause according to which suppliers commit to the performance of activities, to respecting the principles of the Code of Ethics also when it comes to the commitment not to make donations that exceed a modest value and that could be interpreted as exceeding the normal commercial or courtesy practices, or anyway aimed at acquiring preferential treatment in conducting activities;
- in the agreements with the Third Parties where Company's liability under environmental law may arise, specific and enforceable contractual penalties in case of breach, by a contractor or any of its subcontractors, of any applicable international or local legislation addressing the issue in question;
- during the execution of the contract:
 - the following control measures are envisaged: (i) periodic updates of the Due Diligence at a frequency to be determined according to the counterparty's level of risk and/or in the event of revision/amendment/renegotiation of the contract; (ii) monitoring of the proper performance of the contract;
 - refusal of requests by the counterparty for unjustified fee increases or discounts, for matters not related to changes in contractual conditions, advances not provided for in the contract;
 - consideration shall be paid only upon verification of the correspondence between the service received and the contractual provisions;
- the results of selection activities, due diligence, accounting documentation and documentation relating to contractual agreements with the supplier must be recorded and archived;
- the validity of the payments is verified by checking that the person receiving or paying amounts is the person named in the contractual documentation.

12. HUMAN RESOURCES

The Principles of Conduct referred to in this paragraph relate to the Human Resources process.

POSSIBLE RISK AREAS

- (i) Staff selection and recruitment
- (ii) Staff incentive and salary review
- (iii) Management of staff training and of relations with the P.A. for the purpose of obtaining training grants/funding
- (iv) Staff administration
- (v) Expense report management
- (vi) Management of relations with Trade Unions

ABSTRACTLY CONFIGURED CRIMES

- Corruption between individuals
- Bribery of Public Officials
- Fraud against the Public Administration
- Organised crime, also of an international nature
- Money laundering, related crimes and terrorist financing
- Crimes against individuals
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

Within the NIC, the respect for and observance of all local laws and regulations and the procedures of the NIC concerning the recruitment and management of human resources must be ensured.

In particular, the following is provided for in each NIC:

- the prohibition to recruit or make promises to **recruit personnel** unless based on real and demonstrable business needs, using a process of **personnel selection** which involves at least two functions and is based on criteria of objectivity, competence and professionalism, avoiding any favouritism or conflict of interest, or any action that takes the form of favouritism, nepotism or forms of patronage suitable to influence the independence of a Public Official or induce him/her to ensure any advantage for the Non-Italian Company or for the Terna Group;
- the prohibition to **encourage** certain employees through promotions, money or other prizes not based on criteria of objectivity, competence and professionalism;

- grant that management **incentive** plans are adopted in a way to ensure that the objectives set thereto are such as not to lead to abusive behaviour and are focused on a well determined and measurable outcome;
- the clear segregation of the functions involved in personnel selection and recruitment activities;
- the formalisation and preservation in the company files of the candidates' evaluations;
- decisions regarding **staff salary review**, career advancement and salary increase, based on merit, skills, professionalism and experience;
- planning and provision of **training**, differentiated according to the levels and tasks carried out by individual employees;
- the company's ethics and compliance documentation, including the GCP, is made available to corporate officers by means of publication on the company intranet or parent company portals or by email or other means of sharing company documents, and each new employee is given (or indicated and made available in the manner identified above) the compliance documentation relevant to the NIC;
- new employees are made to sign a declaration of acknowledgement and commitment to the principles contained in the ethics and compliance documentation.
- with reference to **staff administration**, the proper preparation, recording and archiving of all documentation relating to the administrative management of the contractual relationship as well as the social security, insurance and tax treatment of personnel, in order to allow the reconstruction of the different stages of the process;
- in relation to reimbursement of **expenses**, proper documentation, including original receipts supporting the payment of the expenses or incurring the cost, needs to be submitted to the appropriate accounting department before payment. These reimbursements must then be accurately reported in the accounting records of the NIC;
- employees are required to report any situation that indicates or suggests a potential conflict of interest in their activities and any potential breach of the above policies and procedures;
- in the management of **relations with trade unions**, provision is made for the formalisation of meetings and, at least for the most significant cases, meetings and/or communications with such persons, as well as the adequate archiving of relevant documentation.

13. ADMINISTRATION, BUDGET AND TAXATION

The Principles of Conduct referred to in this paragraph relate to the Administration, Budget and Taxation process.

POSSIBLE RISK AREAS

- (i) Drafting of documents to be released to shareholders or to the public (e.g. financial statements, periodic financial reporting) regarding the assets and liabilities, revenues and expenses or cash flows of the Non-Italian Company, even if such documents are other than the periodical accounting ones;
- (ii) Management of relationships with the external auditors;
- (iii) Management of keep books, records and accounts (assets and liabilities);
- (iv) Management of inter-company relations, with specific reference to the management of inter-company contracts;
- (v) Management of tax requirements.

ABSTRACTLY CONFIGURED CRIMES

- Corruption between individuals
- Bribery of Public Officials
- Fraud against the Public Administration
- Corporate crimes
- Organised crime, also of a transnational nature
- Money laundering, related crimes and terrorist financing
- Tax crimes
- Market Abuse

KEY STANDARDS OF BEHAVIOUR

Non-Italian Companies are required to properly keep books, records and accounts, in a duly and accurate manner.

Personnel which have been assigned to **keep books, records and accounts** are required to properly act to ensure that:

- a) the data and information used for the preparation of periodic financial reporting are accurate and diligently verified;

- b) all balance items, whose determination and quantification entail discretionary valuations, are objective and supported by appropriate documentation;
- c) checks are envisaged, aimed at ascertaining the correct closure of economic/financial documents and, if anomalies are found in the accounting activities performed, provide for the obligation to report them to the competent units;
- d) transactions are executed in accordance with the management's general or specific authorizations;
- e) invoices and other relevant documentation related to the transactions are properly vetted, recorded and stored;
- f) transactions are recorded as necessary to permit the preparation of financial statements in conformity with the applicable accounting principles or any other criteria applicable;
- g) access to such transactions records is allowed only in accordance with management's general or specific authorizations.

Furthermore, the Non-Italian Companies are prevented to perform any conduct which impedes and, in any case, obstructs the **checking, supervisory and auditing activities** by the external auditors through the concealment of documentation or the use of other fraudulent means.

In each NIC, it is forbidden to:

- manage **taxation** in breach of the legislation in force;
- state, send for processing or include in **communications** false, artificial or incomplete data, or in any case data which does not correspond to the truth, regarding assets or the economic or financial position;
- enter into the **accounts** - or transmit for the processing and entering into financial statements, reports and prospectuses or other social communications - false or incomplete data or anyway data that do not correspond to the truth concerning assets or the economic and financial position;
- record in the accounts transactions at values that are incorrect with respect to the reference documentation, or with respect to transactions that do not exist in whole or in part, or without adequate supporting documentation to allow, firstly, a correct accounting entry and, subsequently, an accurate reconstruction.

Finally, Non-Italian Companies are required to make all **communications towards any public financial authority** (as provided for by the local applicable law) in a correct, complete, proper and expeditious manner, not preventing them, in any way, from performing their duties, even in the context of any inspection.

In relation to **intra-group relations**, activities must be governed by formalised service contracts. In addition, transactions with Terna Group companies must be assessed to ensure (a) the technical and economic convenience of the transaction, (b) that the economic amount of the services is measured at actual market

value, and (c) that the contractual relationship is substantially consistent with the business transactions actually carried out and their accounting representation.

14. MANAGEMENT OF CONFIDENTIAL AND PRIVILEGED INFORMATION

The Principles of Conduct referred to in this paragraph relate to the Confidential and Privileged Information Management process.

POSSIBLE RISK AREAS

- (i) Management of relations with investors, with financial analysts, the media and public information management in general;
- (ii) Management of corporate content published on the company website and social media and organising events;
- (iii) Management of corporate information concerning the NIC or other Terna Group companies, including Privileged Information and/or potentially privileged information, which is not in the public domain and which, due to its subject matter or other characteristics, is confidential to parties not bound by confidentiality obligations under current laws or contractual agreements identified by the procedure for managing, processing and communicating corporate information of Terna S.p.A. and its subsidiaries (LG005) as per section 5.1 (**Confidential Information**);
- (iv) Management of privileged and/or potentially privileged information related to listed companies and, in particular, to listed companies belonging to the Terna Group and to the related financial instruments identified by the procedures for managing, processing and communicating corporate information of Terna S.p.A. and its subsidiaries (LG005) for keeping and updating registers of persons who have access to privileged and potentially privileged information (LG008) as per section 5.1 (**Privileged information**);
- (v) Any kind of transactions relating to financial instruments in the NIC portfolio.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Market Abuse
- Crimes of Money Laundering, Related Crimes and Terrorist Financing
- Corporate crimes
- Organised crime, also of a transnational nature
- Tax crimes

KEY STANDARDS OF BEHAVIOUR

Management of Confidential Information and/or Privileged Information is guaranteed in compliance with the procedures applicable to the Terna Group regarding market abuse (LG005; LG008) as well as in compliance with relevant EU and local regulations.

The Corporate Representatives of the NIC:

- undertake not to express opinions, make statements or provide information to the media on behalf of the NIC or Terna Group companies outside the channels and methods established within the company, adopting all necessary caution so that the relative circulation within the company context can take place without prejudice to the confidential/privileged/potentially privileged nature of the information itself and according to the principle of the need to know and taking into account the guidelines as per LG005 and LG008;
- undertake to make sure that the organisation of corporate events dedicated to the media is regulated in such a way so as to avoid the offer of gifts or forms of entertainment that may affect the objectivity and independence of the media taking part;
- undertake to make sure the relationships between rating agencies and certification companies are limited to the exchange of information deemed necessary, based on the contractual provisions agreed, to perform the assignment, avoiding any conduct that could potentially affect their independence.

Corporate officers of the NIC are prohibited from:

- using privileged Information to carry out, either directly or indirectly, negotiation of financial instruments in order to obtain personal advantage or favour Third Parties or a Terna Group company;
- recommending or inducing anybody, on the basis of Inside Information, to perform transactions on financial instruments;
- disclosing Privileged Information to Third Parties, except when this is requested by a Public Authority or is set out in specific contracts according to which the counter-parts are obliged to use the information just for the originally intended purpose and to maintain its confidentiality;
- spreading false or misleading information (whether about the NIC/Terna Group company) through the media, the Internet, or else, in order to alter the market price of financial instruments;
- performing any transactions on financial instruments against the market abuse regulations envisaged by applicable laws;
- abusively accessing the company's computer or telematic system in order to alter and/or delete data or information;
- sending through a company computer system falsified or, in any way, altered information or data.

15. HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Principles of Conduct in this paragraph refer to the Health, Safety and Environment ('HSE') process.

POSSIBLE RISK AREAS

- (i) Compliance with applicable health and safety and environmental laws and with the relative obligations;
- (i) Training of personnel on health and safety and environment;
- (ii) Selection of Third Parties that are required to carry out specific activities that may have an impact on the environment (e.g. waste management and disposal) as well as Third Parties involved in the management of health and safety aspects in the workplace.

ABSTRACTLY CONFIGURED CRIMES

- Bribery of Public Officials
- Fraud against the Public Administration
- Corruption between individuals
- Organised crime, also of a transnational nature
- Environmental crimes
- Crimes concerning Health and Safety in the Workplace
- Crimes against Individuals

KEY STANDARDS OF BEHAVIOUR

A) Health and Safety in the Workplace

Regardless of the wideness of local legislation addressing health and safety in the workplace, NIC shall promote a strong culture of workplace safety protection, increasing awareness regarding risks and responsibilities of individual behaviours.

NICs shall always take into account the safety of workers, throughout any phase of the activity and shall commit to adopting all the measures which are deemed to be necessary to protect their workers' physical and moral integrity.

In particular, an NIC must:

- a. consider the compliance to the provisions of law governing the health and safety of workers in the workplace as a priority and allocate the necessary economic resources to this purpose;
- b. make the company organisation responsible in order to avoid prevention activities being considered the exclusive responsibility of certain individuals;

- c. correctly identify health and safety requirements in the workplace from local laws and regulations;
- d. as far as possible and allowed by the best techniques' evolution, evaluate the risks for workers with the aim of protection, also by adopting the most adequate and safe materials and equipment, in order to reduce the risk at the source;
- e. commit to continuous improvement and prevention, correctly assessing those risks that cannot be avoided and mitigating them adequately through the implementation of appropriate individual and collective safety measures (e.g.: provide personal protective equipment appropriate to the tasks performed; equip the work area with a first aid kit);
- f. disseminate information regarding health and safety in the workplace, up to date and specific with reference to the activity performed, ensuring that workers are properly instructed and trained;
- g. ensure that workers are regularly involved in occupational health and safety issues and carry out appropriate monitoring activities to manage, rectify, inhibit behaviour in breach of the rules;
- h. grant that management incentive plans are adopted in a way to ensure that the objectives set thereto are such as not to lead to abusive behaviour and are focused on a well determined and measurable outcome;
- i. timely consider and analyse any non-compliance or improvement area emerged during the working activity or during inspections;
- j. set the organization of the working activity in order to protect the integrity of workers, Third Parties and the community within which the NIC operates.

Furthermore, with particular reference to the **selection of Third Parties involved in managing workplace health and safety**, the NIC must ensure:

- the verification of the technical-professional suitability of the Third party;
- the stipulation of a contract that also provides for specific penalties applicable in the event of violation by a supplier or its subcontractor of any applicable international or local regulations on health and safety in the workplace;
- the management of security and risk analysis issues.

In order to keep a proper monitoring of the Areas at Risk, each Non-Italian Company assigns organizational, instrumental and economic resources to ensure, on the one hand, full compliance with the current provisions of law on accident prevention in the workplace and, on the other hand, the continuous improvement of health and safety in the workplace, also by means of implementing and updating the relevant preventive measures.

Company Representatives must cooperate in order to grant the full respect of the provisions of law, corporate procedures and of any other internal regulation aimed at protecting the safety and health of workers in the workplace.

B) Environment

The NIC shall consider the respect and protection of the environment as a priority and, in particular, it shall:

- a. disseminate within the company information regarding environmental protection with reference to the activities performed, promoting awareness to such issue and ensuring that the activities are performed in compliance with relevant applicable legislation;
- b. correctly identify the environmental requirements of local laws and regulations and assess the environmental risks associated with the main activities carried out;
- c. adopt appropriate instruments to prevent corporate activities from causing any form of harm or damage to the ecosystem (e.g. due to incorrect waste disposal management or failure to respect local fauna) and carry out appropriate monitoring activities for the management, rectification, inhibition of conduct in breach of the rules;
- d. grant that management incentive plans are adopted in a way to ensure that the objectives set thereto are such as not to lead to abusive behaviour and are focused on a well determined and measurable outcome;
- e. work towards managing waste so as to recover, re-use and recycle the materials and guarantee a higher level of protection for human health and the environment.

Similarly to the above, when selecting Third parties involved in the management of environmental aspects, the NIC must ensure:

- the verification of the technical-professional suitability of the Third party;
- the stipulation of a contract that also provides for specific penalties applicable in the event of violation by a supplier or its subcontractor of any applicable international or local environmental regulations;
- the management of problems related to environmental issues.

16. INFORMATION & COMMUNICATIONS TECHNOLOGY ("ICT")

The Principles of Conduct in this paragraph refer to the Information & Communications Technology ("ICT") process.

POSSIBLE RISK AREAS

- (i) Management of company computer systems to ensure their operation and maintenance, the evolution of the technological and applicative IT platform, as well as information, physical and logical security; including:
- a. management of the maintenance of the existing systems and management of data processing activities;
 - b. any company activity performed by using Intranet, Internet, the mail system or any other IT instruments;
 - c. management and protection of workstations, laptops, mobiles and storage devices;
 - d. planning of the measures to be adopted on transmission systems as well as security, classification and processing of information and data.

ABSTRACTLY CONFIGURED CRIMES

- Cybercrimes
- Bribery of Public Officials
- Corruption between individuals
- Fraud against the Public Administration
- Corporate crimes
- Tax crimes
- Organised crime, also of a transnational nature
- Copyright Crimes
- Market Abuse

KEY STANDARDS OF BEHAVIOUR

Each Company Representative shall refrain from incurring into (and the NIC shall ensure, through the implementation of proper organizational, technical and physical measures, the avoidance of) the following misconducts:

- the tampering or alteration of the NIC's computer system and/or IT documents;
- the illicit access of Third Parties to the computer systems;

- an improper use of IT credentials;
- the unlawful interference in any way with data, information or computer programmes;
- the unauthorised sharing of business information outside the company and the use of personal or unauthorised devices to transmit or store company information or data (e.g.: disclosing, handing over or sharing one's own access credentials to the company's or third parties' systems and corporate network; unauthorised access to third parties' computer systems);
- the exploitation of any flaws in the security measures of corporate IT system to gain access to the information without proper authorization;
- the installation of or changes to the software or databases or hardware without prior authorization;
- the use of unauthorized software or hardware that could be used to compromise the security of IT systems (such as software to identify the credentials, decrypt encrypted files, etc.);
- hide, render anonymous, or substitute one's own identity and send of e-mails reporting false information or intentionally send e-mails containing viruses or other programs that can damage or wiretap data;
- acquire and/or use products that are protected by copyright in violation of contract guarantees provided for the intellectual property rights of others;
- illegally access the NIC's website in order to illegally tamper with or alter any data contained therein or enter multimedia data or content (images, infographics, videos, etc.) in violation of copyright laws and applicable company procedures;
- leave computer equipment such as personal computers or smartphones unattended or unlocked when not in use;
- open suspicious e-mails or attachments received by e-mail or other means of communication. In that case, any suspicious communications should be reported to the relevant cybersecurity structure.

Non-Italian Companies must also ensure that backup copies are made of the computer data on the company servers in compliance with the information confidentiality criteria provided for by the relevant legislation, including company regulations.

NICs shall ensure a periodical monitoring, in compliance with local applicable law, on the activities performed on the corporate IT system by the personnel, in order to detect unusual behaviour and potential vulnerabilities in corporate systems.

Furthermore, the Non-Italian Companies shall increase, also through specific training sessions where needed, the personnel's awareness about the importance of a correct and proper use of the IT tools in their possession.

17. TRAINING FOR CORPORATE OFFICERS AND INFORMATION OF RECIPIENTS

TERNA's People Organization and Change ('POC') structure shall periodically organise mandatory training sessions for all Company Representatives (including newly-hired personnel) on the contents of the Global Compliance Program.

Training should be based on applicable regulations and best practices and the importance of GCP compliance. In this way, Company Representatives will be put in a position to clearly understand and be aware of the different crimes, the risks, the related personal and corporate responsibilities and the actions to be taken to prevent the commission of unlawful activities.

POC is responsible for:

- (i) planning and delivering training with the support of the PCR;
- (ii) ensuring that each Company Representative regularly attends training sessions; and
- (iii) collecting attendance registration and copies of training materials and training dates.

Each Non-Italian Company is responsible for ensuring adequate training for Company Representatives and inform Recipients on their local Compliance Programmes and procedures.

Each Non-Italian Company may evaluate the organisation of specific training sessions for Company Representatives who are more directly involved in its Processes and related Risk Areas. The Non-Italian Company may in this case avail itself of the support of POC if specific intercompany service contracts exist in this regard. POC support may also be provided if TERNA assesses the training to be provided as necessary to comply with legal obligations.

The NIC shall ensure that the corporate ethics and compliance documentation, including the GCP, is made available to Company Representatives by means of publication on the corporate intranet or portals of the parent company or by e-mail or other means of sharing corporate documents, and that each new employee is given (or indicated and made available in the manner identified above) the compliance documentation relevant for the NIC.

Newly recruited staff will be made to sign a declaration of acknowledgement and commitment to the principles contained in the ethics and compliance documentation.

The principles and contents of the GCP that are applicable to Third Parties shall be made known through contractual documentation, which shall include clauses aimed at ensuring compliance by the Third Party with the Principles of Conduct identified by the GCP that are directly applicable to them. Where the NIC has adopted its own Local Compliance Programme, the contractual clauses shall also provide for compliance with the aforementioned programmes and applicable regulations.

Information and training activities are documented, monitored and evaluated in terms of adequacy and effectiveness.

18. WHISTLEBLOWING SYSTEM

18.1. Reporting system (whistleblowing)

Anyone can report unlawful acts and/or conduct, whether committed or omitted, that constitute breaches - or even suspected breaches - of the Rules of Conduct referred to in the GCP and in the Local Compliance Programmes of the principles sanctioned in the Code of Ethics, of internal regulations represented by all the provisions, procedures, guidelines or operating instructions of the company receiving the Report, as well as violations of policies, company rules that could result in criminal crimes or, in any case, that could result in damage to the Group or individual Group companies.

Company Representatives have a duty to report any violation or alleged violation of the Principles of Conduct set out in the GCP and the Local Compliance Programmes adopted in the specific NIC set out in the relevant Country Annex.

Reports of violations of the GCP and the Local Compliance Programmes and their implementing acts adopted in the specific NIC reported in the relevant Country Annex must always be brought to the attention of the CO.

The Companies must set up a system for reporting violations and indicate its manager, explain the system, guarantee the confidentiality of the whistleblower's identity and of the contents of the report, unless when otherwise prescribed by Law, safeguard those making reports in good faith and in spirit of loyalty towards the company against retaliation or negative effects in relation to their professional positions; collect the reports, assess them according to the procedures provided and, in case of an ascertained violation, define any penalties proportionate to the severity of the violation.

The reporting procedure and the management of Whistleblowing reports are disciplined by LG054, which is also applicable to Non-Italian companies in compliance with local legislation and regulated by infra-group agreements.

a) Whistleblowing according to LG054

Should the NIC adhere to the reporting system set out by LG054, please bear in mind that the internal reporting channels are the following:

1. **IT portal**, accessible at <https://whistleblowing.terna.it/Segnalazioni/InvioSegnalazione>. (ITA/ENG)
2. **Ordinary Mail** to: Audit Manager c/o TERNA S.p.A., Viale Egidio Galbani, 70 – 00156 Rome, using the following wording “**whistleblowing report, confidential – do not open**”.
3. **Face-to-face meeting**: the Whistleblower has the option of requesting a meeting with the Audit Manager to inform him/her directly of the subject of the report. This meeting is arranged by means of a request sent by the whistleblower via the Portal (<https://whistleblowing.terna.it/Segnalazioni/InvioSegnalazione>)

or by e-mail to whistleblowing@terna.it, specifying the name of the Terna Group company that is the subject of the report.

The applicable provisions of LG054 are those envisaged for ordinary reports, as the specific Italian provisions on the matter are not applicable.

The processing of data in accordance with the applicable Privacy Policy must be guaranteed, as well as the general prohibition on retaliation contemplated in the Code of Ethics, which expressly protects Reports made in good faith and in a spirit of loyalty to the company.

b) Non-Italian Company Whistleblowing

Should it be impossible for the NIC to adopt the whistleblowing regulation using internal reporting channels as per LG054, the NIC shall put in place - in line with local regulations - reporting procedures for Information on breaches that are consistent with the provisions of the Code of Ethics mentioned in paragraph 18-1 above referring to the protection of the Whistleblower and shall:

- notify Terna S.p.A., also via the CO, of the controls introduced or that will be introduced, which could involve the CO appointed in terms of the Global Compliance Program, as the Compliance program addressed to all NICs;
- ensure that adequate information is available regarding the reporting system for Information on breaches, the user procedures and protection system put in place.

In addition, the NIC must implement a suitable monitoring system for the preparation of an annual report to Terna S.p.A., also via the CO, concerning the reports received, featuring the following information:

- number of reports received;
- brief description of the area of reference of the report (e.g. Privacy; Cyber security; Corporate Governance; Health and safety; Human Resources; Sustainability; Tax; Procurement; Security), with specific evidence of the number of cases when discrimination or harassment has taken place (also for sustainability accounting purposes in accordance with GRI standards);
- number of reports managed;
- number of unfounded reports;
- number of founded reports; for which the type of activities promoted (e.g. information or training activities or in-depth or information activities on the territory concerning existing procedures, correction of internal processes, start of a disciplinary procedure, transfer of the results of assessment activities to the judicial authority, archiving due to lack of evidence) must be indicated separately.

In no case must the object and/or content of the reports received be shared with Terna S.p.A.

The report shall be addressed, in addition to the CEO/AU/Executive Director and CO, also to the Chief Risk Officer, the Internal Audit Manager and the Ethics Committee appointed by Terna.

The NIC must also identify the manager of the reporting channel in compliance of the applicable privacy rules and the person analysing and promoting the most appropriate measures based on the investigative findings as well as identify the management controls with its own provision/procedure, also updating the reminders in the local Compliance Programme and on the website where available.

With regard to roles and responsibilities, support may be requested in handling reports which fall under the responsibility of the Manager from the Compliance Officer appointed by the company concerned and/or external consultants.

18.2. Investigation

All the times a report is received, a procedure is activated to handle the report and monitor its prompt resolution. Such procedure is implemented and tracked by the subjects formally identified to manage the reports.

Following the report, Company Representatives are required to cooperate with the relevant investigation where involved. Failure to cooperate and provide honest, truthful information could result in disciplinary action. On the basis of the findings, the most appropriate actions will be taken against the reporter, the reported person, as well as the most appropriate corrective actions with reference to the Processes concerned by the report.

19. MONITORING AND CONTINUOUS IMPROVEMENT

TERNA monitors the effective implementation of the GCP at the Terna Group level. To this end, the Corporate Liability and International Compliance structure is clearly identified at Terna Group level as being responsible for monitoring and continuously improving the GCP.

In particular, periodic auditing and testing activities are envisaged aimed at:

- ensuring the effectiveness of the GCP;
- intercepting possible violations;
- identifying any improvement or corrective actions at a structural level or within individual Processes, with a view to strengthening the Internal Control and Risk Management System.

Furthermore, the monitoring of the actual implementation of the GCP as supplemented by the relevant Country Annex by Non-Italian Companies is carried out by the appointed CO (see section 6).

When in doubt about the interpretation, implementation, or compliance with any Area at Risk, General Standards of Control or Key Standard of Behaviour respectively, each Company Representative shall consult with the Corporate Liability and International Compliance structure in advance, using the dedicated e-mail address published on the TERNA website.

20. DISCIPLINARY SYSTEM AND CONTRACTUAL REMEDIES

Violations of laws on criminal or quasi-criminal liabilities of corporate entities can cause criminal, civil and regulatory penalties, including sanctions (fines and disqualification measures) and jail, as well as a damage to the Terna Group reputation.

The full effectiveness of the GCP and/or a related local policy, procedure or instruction or any other applicable Terna Group procedure, as well as of the Local Compliance Programmes, is guaranteed through the application of appropriate sanctions in the event of violation of the principles contained in the aforementioned documents.

In the event of violations committed by Company Representatives, the relevant disciplinary sanctions will be imposed by the individual Non-Italian Company, in accordance with the disciplinary system already in force and in line with the national collective bargaining agreement and the applicable local regulations on the matter, as well as on the basis of the Local Compliance Programmes.

In addition, Non-Italian Companies shall adopt appropriate sanctions in the event of (i) violation of local corporate liability regulations (where applicable); (ii) direct or indirect retaliatory or discriminatory acts against whistleblowers for reasons related to whistleblowing, as well as violation of whistleblower protection measures and malicious or grossly negligent reporting that proves to be unfounded.

Applicable disciplinary measures may include termination of employment and compensation for damages (see relevant Country Annexes).

The disciplinary measures shall be applied despite the results of any possible criminal procedure carried out by the relevant judicial authority.

In the event of violations by Third Parties, each Non-Italian Company shall take appropriate measures, including but not limited to termination of the contract.