



**Terna Group
Anti-Bribery Guidelines**

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Dear Colleagues and Business Partners,

TERNA's Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates.

Based on this commitment, the Group has implemented a comprehensive program to prevent corruption in its business activities.

These guidelines provide rules and guidance regarding the Group's anti-corruption program. It summarizes the laws, policies and procedures to which all of us must adhere at all times regardless of our geographical location and provides for minimum standards of behaviour.

These guidelines also identify the resources that are available within the Group to assist you in complying with our anti-corruption program.

As part of our anti-corruption program, you are required to study these guidelines carefully and to contact the competent functions indicated herein if you have any questions or concerns.

Thank you for your continuing support of compliance and ethics at TERNA.

Sincerely,

Luigi Ferraris
CEO, Terna S.p.A.

DEFINITIONS

In addition to the definitions contained herein, the following terms will have the meanings set forth below:

"Anything of Value" means any form of benefit or advantage offered, solicited, promised, given or received to or by any person or entity, and whether for the benefit or advantage of that or any other person or entity, including, but not limited to: (i) cash or cash equivalents including loans, gifts or prizes; (ii) any form of deferred payment of cash or cash equivalents including but not limited to derivatives and securities, (iii) employment offers or promises of future employment; (iv) favourable terms on a product or service including product discounts; (v) entertainment/hospitality which does not fall within the scope of the permitted payments prescribed in Section 4 of these Guidelines (including payment of travel, hotel, meals, living expenses, or costs of trips or resort stays); (vi) discounted or free tickets to events.

"Bribe/Bribery" means directly or indirectly offering, soliciting, promising, giving or receiving any undue pecuniary or other advantage, whether directly or through intermediaries, to any person or entity, for any person or entity to act or refrain from acting in relation to the performance of their duties, or as a retrospective reward for any person or entity having acted or refrained from acting in relation to the performance of their duties, in order to obtain or retain business or any other advantage. It does not matter whether the person who solicits, or receives the advantage is the same person as the person who is to perform or refrain from performing or has performed or refrained from performing, the function or activity concerned.

"Facilitating Payments" means payments made for the purpose of expediting or securing routine governmental actions (e.g. processing a visa, providing police protection, scheduling an inspection, obtaining an ordinary license or business permit, loading or unloading of a cargo).

"Government Official" or **"GO"** means: (i) any official of all levels of federal, state, provincial, municipal, or other type of government of any country; (ii) anyone exercising a public function (e.g. legislative, administrative or judicial function) or acting on behalf of an instrumentality of any government; (iii) any official of any level of a commercial enterprise owned (in part or in whole) by any government; (iv) any representative or

private person acting in an official capacity for or on behalf of any government or public international organizations such as the International Monetary Fund, the European Union, the World Bank and other similar organization; (v) political parties, representatives of political parties and candidates for public office; and (vi) any person responsible for a public service (*i.e.* an activity that is regulated in the same manner as a public function but lacks the power which is typically associated with the public function).

“Private Party” means companies, foundations, associations and other private entities, also without legal status, other than any entity belonging to the Group.

“Recipients” means all employees, (including those on temporary or fixed term contracts), agency workers, directors and members of corporate bodies including any member of corporate bodies or employee of the Group companies (**“Corporate Recipients”**) as well as any third party acting on TERNA’s or the Group’s behalf, such as suppliers, commercial agents, consultants, business partners or other contractors (**“Third Parties”** or **“Other Recipients”**).

SCOPE OF APPLICATION

TERNA - Rete Elettrica Nazionale Società per Azioni ("**TERNA**") is the Italian electricity transmission company which conducts electricity transmission and dispatching over the high voltage and very high voltage grid throughout Italy. Its shares are listed on the Italian Stock Exchange managed by Borsa Italiana S.p.A..

TERNA is the parent company of a multinational group operating in a complex and highly regulated business sector and in different economic, political, social and cultural environments (the "**Group**").

TERNA is committed to conducting all business in an ethical manner. Integrity is fundamental to TERNA's many operations and, accordingly, TERNA requires that all of its Recipients conduct business in accordance with the highest standards of ethical behaviour and honesty and in strict compliance with legislation and regulations, international standards and guidelines, both domestic and foreign.

For this purpose, these global anti-bribery guidelines (the "**Anti-Bribery-Guidelines**" or the "**Guidelines**") states certain rules and procedures to ensure compliance with applicable anti-bribery and anti-corruption laws.

These Guidelines are applicable to **all Recipients**, wherever located, and applies regardless of the local customs and practices of a particular country.

These Guidelines aim at defining the minimum standard of conduct required of **all Recipients** to ensure compliance with applicable anti-bribery and anti-corruption laws in the many jurisdictions in which the Group operates. If local laws and regulations, or individual company policies, contain mandatory requirements that exceed the requirements of these Guidelines, such requirements will prevail.

These Anti-Bribery Guidelines are intended to:

- (i) establish procedures to assist TERNA and the Group in preventing Bribery and corruption;
- (ii) ensure that Recipients act in accordance with TERNA's and the Group's values;

- (iii) protect TERNA's and the Group's reputation;
- (iv) establish TERNA's and the Group's zero tolerance approach to Bribery and corruption; and
- (v) strengthen the awareness of anti-bribery laws.

Because the Group conducts business in various jurisdictions, it is important to understand the fundamentals of various anti-bribery laws and regulations. Accordingly, these Anti-Bribery Guidelines have been construed taking into account:

- (i) the Italian criminal code and article 2635 of the Italian civil code;
- (ii) the Italian Legislative Decree 231/2001 (the "**231 Decree**") - implementing some international agreements such as the Anti-Bribery Convention signed in Brussels on May 26, 1997 and the OECD Anti-Bribery Convention dated December 17, 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions and European regulations such as the Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector - which disciplines a regime of administrative liability (akin to a criminal liability) of legal entities as a result of certain offences committed on behalf or for the benefit of such entities;
- (iii) the United States Foreign Corrupt Practises Act (the "**FCPA**");
- (iv) the United Kingdom Bribery Act 2010 (the "**Bribery Act**");
- (v) international anti-corruption treaties such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the United Nations Convention against corruption

(collectively, the "**Anti-Corruption Laws**");
- (vi) the Good Practise Guidance on Internal Controls, Ethics, and Compliance adopted by the OECD Council on 18 February 2010;

- (vii) the Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide adopted by UNODC in September 2013);
- (viii) the Rules on Combating Corruption adopted by the ICC;
- (ix) OECD Regional initiatives;
- (x) International Standard ISO 37001: 2016 on anti-bribery management systems;
- (xi) existing internal policies, procedures and instructions - currently in force within the Italian companies of the Group - which are related to the purpose of these Guidelines, as listed in **Annex 1** (the "**Related Procedures**").

For the purpose of these Guidelines all references to "**Company**" refer to TERNA and all of its subsidiaries located in Italy or worldwide.

These Anti-Bribery Guidelines have been adopted by the Board of Directors of TERNA on November 10, 2017. Each Company shall adopt these Guidelines in a timely manner by resolution of the board of director or the corresponding body or function.

1. LEGAL FRAMEWORK

These Anti-Bribery Guidelines require all Recipients to be familiar with and to be at all times in compliance with their terms and spirit, all related internal policies and procedures of the Company in force from time-to-time and all applicable Anti-Corruption Laws. This section provides a brief summary of the main rules set out in the 231 Decree, the FCPA and the Bribery Act.

1.1. THE 231 DECREE

The 231 Decree introduces into Italian law a regime of administrative liability (akin to a criminal liability) of companies as a result of certain offences (the so called “underlying crimes”) – specifically listed in the 231 Decree - committed, in Italy or abroad, on behalf or for the benefit of such entities.

Amongst the “underlying crimes” the 231 Decree includes bribery crimes. This type of crimes refer to the offering, giving or soliciting Anything of Value for the purpose or with the intention of influencing the recipient (which can be an individual belonging to a Private Party or a GO) in some way favourable to the party which provides the Bribe.

Favourable treatment may include, for example:

- the hiring or engagement of the briber in a contract (either with a public administration or a private company);
- the award of a public tender;
- a false deposition or statement, favourable to the briber, by a witness in a trial;
- a lenient report by a functionary after an inspection; or
- avoiding or reducing taxes.

The violation can occur whether the offer or payment is made directly or indirectly through a third party. The 231 Decree does not require that a corrupt act succeeds in its purpose. The offer or payment must be made wilfully.

Should a Bribe be committed by an individual belonging to an entity subject to the 231 Decree on behalf or for the benefit of such entity, a corporate liability would add to the personal liability of the individual who has taken the illicit behaviour, in so far as all the other legal requirements are met.

All the Companies which have their legal seat in Italy are subject to the 231 Decree.

A non-Italian subsidiary belonging to the Group may also be convicted for a crime under the 231 Decree - irrespective of whether the laws of its own country contain similar rules or not - in two different situations:

- (i) in the event of a crime committed in Italy by a Recipient of a non-Italian subsidiary;
- (ii) in the event that a Recipient of a non-Italian subsidiary contributes - pursuant to article 110 of the Italian criminal code - to the crime committed in Italy and/or abroad¹ by a Recipient of an Italian company of the Group.

1.2. THE FCPA

In 1977 the United States Congress enacted the Foreign Corrupt Practices Act.

The FCPA “*prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official (i.e. non U.S.) in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain a business*”.

The law prohibits the offer or payment whether it is made directly or indirectly through a third party. The FCPA does not require that a corrupt act succeeds in its purpose. The offer or payment must be made wilfully with the aim to assist in obtaining or retaining business or securing a business advantage.

¹ Article 4 of the 231 Decree provides that legal entities with headquarters in Italy can be liable according to such decree also for crimes committed abroad if certain circumstances are met under the Italian criminal code and only to the extent that the same crime is not prosecuted in the country where it was committed.

Obtaining or retaining business goes beyond simply attempting to win a contract, it can also include efforts to:

- influence legislation;
- evade taxes or penalties;
- bypass licensing and permit requirements;
- avoid contract termination.

Although, Facilitating Payments may constitute an exception to the FCPA, TERNA strictly prohibits facilitation payments of any kind. Any form of facilitation payments would constitute a breach of these Guidelines.

The FCPA also requires entities whose securities are publicly traded in the U.S. to (i) make and keep accurate and reasonably detailed books and records and (ii) devise and maintain a reasonable system of internal controls to ensure that no improper payments are made with Company assets.

There are three categories of persons and entities covered by the anti-bribery provisions of the FCPA, as listed below:

- (i) any (U.S. or foreign) company with a class of stock on a U.S. exchange as well as their shareholders, employees and directors, wherever located;
- (ii) entities organized under U.S. laws or with a principal place of business in the U.S. as well as individuals associated with those entities, wherever located;
- (iii) foreign entities who are neither issuers nor domestic concerns, but have engaged in any act in furtherance of a corrupt payment while in a U.S. territory (*i.e.* an act that is planned and takes place entirely outside the U.S. may fall under the FCPA if information or funds are processed through the U.S.).

Given the above, the Group companies may only fall under point (iii) except for those Companies organized under the U.S. laws.

Violating the FCPA may subject an individual or a company to both civil and criminal liability enforced by the U.S. Department of Justice and the Securities Exchange Commission.

1.3. THE BRIBERY ACT

The Bribery Act came into force in the United Kingdom on 1 July 2011.

The Bribery Act covers both public and private sector Bribery, makes no exception for Facilitating Payments (which are prohibited by the Company under these Guidelines in any event) and has a wide extraterritorial scope.

The Bribery Act does not require that a corrupt act succeeds in its purpose in order for a successful conviction.

Penalties for offences under the Bribery Act include imprisonment (for individuals) and unlimited fines (for companies and individuals).

There are four principal offences under the Bribery Act. The term "person" is used throughout the Bribery Act and refers to both individuals and corporate entities:

- (i) bribing another person;
- (ii) being bribed;
- (iii) bribing a Government Official; and
- (iv) a failure of a "*relevant commercial organization*" to prevent Bribery committed on its behalf.

The offences at points (i) or (iii) above may be committed by any person associated with a "*relevant commercial organization*" (including agents, partners, consultants, suppliers and contractors) intending to obtain or retain business or an advantage in the conduct of business for the organization. It should be assumed for the purposes of these Anti-Bribery Guidelines that the Company is a "*relevant commercial organization*" and that each Recipient will be "*associated with*" the Company for the purposes of the Bribery Act.

Under point (i), a person will be guilty if he/she:

1. offers, promises, or gives Anything of Value to another person: (i) to induce the latter to perform improperly a

relevant function or activity; or (ii) to reward a person for the improper performance of such a function or activity;

2. offers, promises or gives Anything of Value to another person in the knowledge or belief that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

The definition of “*relevant function or activity*” encompasses functions of both a public and a private nature.

The offence under point (ii) above covers four possible scenarios:

1. a person requests, agrees to receive or accepts Anything of Value intending that, in consequence, a relevant function or activity should be performed improperly (whether by himself or another person);
2. a person requests, agrees to receive or accepts Anything of Value and the request, agreement or acceptance itself constitutes itself the improper performance of a relevant function or activity;
3. a person requests, agrees to receive or accepts Anything of Value as a reward for the improper performance of a relevant function or activity;
4. in anticipation of or in consequence of a person (“R”) requesting, agreeing to receive or accepting Anything of Value, a relevant function or activity is performed improperly by R or by another person at R’s request or with R’s assent or acquiescence.

Under the offence at point (iii) above, a person (“P”) will be guilty of an offence if he bribes a foreign public official (“F”) intending:

1. to influence him in his capacity as a foreign public official;
2. to obtain or retain business, or an advantage in the conduct of business.

These three types of offence have an extra-territorial reach as the UK courts will have jurisdiction if:

1. any act or omission which form part of the offence takes place in the UK; or
2. the offence is committed outside the UK by a person who has a "close connection" with the UK (e.g. the author of the Bribe is a British citizen, an individual ordinarily resident in the UK).

The offence at point (iv) above, the corporate offence of failure by a "*relevant commercial organization*" to prevent Bribery committed on its behalf, is committed when a person "*associated*" with that organization bribes another person or a Government Official intending to obtain or retain business for that organization, or to obtain or retain an advantage in the conduct of its business. For the purposes of these Guidelines, it should be assumed that the Company is a "*relevant commercial organization*" and that each Recipient is "*associated*" with the Company. This offence is in addition to (and not instead of) the underlying offence of paying or receiving a bribe and it does not displace or limit the liability of the person who committed that act in any way.

The offence under point (iv) above has very wide extra-territorial scope as, provided that the definition of "*relevant organization*" is satisfied, the UK courts will have jurisdiction, irrespective of where in the world the acts or omissions which make up the Bribery offence took place.

It is, however, a defense for the commercial organization to prove that it had in place adequate procedures designed to prevent persons associated with it from undertaking such conduct.

These Anti-Bribery Guidelines are intended to further the Company's objective of ensuring that it has such adequate procedures in operation and it is therefore imperative that all Recipients adhere to the rules set out herein.

If any person or entity is found to have committed an offence contrary to the Bribery Act which is proved to have been committed with the consent or connivance of a senior officer of the Company or a person purporting to act in such a capacity then that senior officer, as well as the Company itself, shall also be liable for that offence and may be proceeded against and punished accordingly.

2. GENERAL STANDARDS OF BEHAVIOR

TERNA prohibits all forms of Bribery.

In particular, TERNA prohibits:

- (i) offering, promising, giving or authorising someone to give, directly or indirectly, Anything of Value to a GO or Private Party or any individual ; or
- (ii) accepting a request from, or solicitation by, or authorising someone to accept or solicit, directly or indirectly, Anything of Value from any person

with the purpose to:

1. induce a GO or a Private Party or an individual to perform improperly any public function, or any activity connected with a certain business, or compensate them for having carried it out;
2. influence any official act (or failure to act) by a GO, or any decision in violation of any official duty;
3. influence or compensate a GO, an individual or a Private Party for an act by his/her/its office;
4. obtain, secure or maintain a business or an improper advantage in relation to a business activity.

The prohibited conduct includes offering to, or receipt by, Corporate Recipients or by any person acting on behalf of the Group (indirect bribery) of an economic advantage or other benefit in relation to business activities.

Furthermore, each Recipient is required (to the extent applicable):

- (i) to comply with rules set out in Section 4 below in relation to gifts, entertainment and hospitality received by - or offered to - a GO, individuals belonging to a Private Party or any individual;
- (ii) to declare any conflict of interest or potential conflict of interest with the Third Party or the Company (as the case maybe) as soon as any such conflict or potential conflict is

known or suspected. Conflicts of interest include but are not limited to: (1) family members or friends who are employed or connected with the Third Party or the Company (as the case maybe); (2) any direct or indirect financial interest in the Third Party and/or the Company's relationship with the Third Party; (3) any personal or professional reason to believe or suspect that a Recipient would not be able to conduct their duties in the best interests of the Company with commercial objectivity;

- (iii) prior to engaging Third Parties to act on the Company's behalf, to conduct appropriate due diligence on the Third Party's reputation and background and to properly manage the relevant contractual relationship as better described in Sections 5 and 9 below;
- (iv) not to engage in Facilitating Payments as better described in Section 6 below;
- (v) not to make any political contribution as better described in Section 7 below;
- (vi) to exercise caution when making a charitable donation or sponsorship on the Company's behalf, as better described in Section 8 below;
- (vii) to exercise caution when making or accepting (whether directly or through an intermediary) any investments in securities, derivatives or other financial products;
- (viii) to report any knowledge or suspicion of any Bribery as soon as practicable according to Section 10 below.

3. GIFTS, ENTERTAINMENT AND HOSPITALITY

In accordance with applicable Anti-Corruption Laws, these Guidelines recognize that legitimate business may involve entertainment or the giving of gifts for personal events.

These Anti-Bribery Guidelines are not intended to prohibit legitimate business and hospitality, to the extent that the purpose of legitimate business entertainment or hospitality is to create sound working relationships and not to gain or give an unfair advantage. Accordingly, it is never permissible to pay for (regardless of whether the recipient is in the private or public sector) or accept even modest gifts, meals, travel, lodging and entertainment if it is done with a corrupt purpose to gain or give an improper advantage. Some hallmarks of appropriate gift-giving are when the gift is given transparently and properly recorded in the Company's books.

Thus, only reasonable and *bona fide* gifts, entertainment and hospitality are allowed (e.g. travel and lodging expenses directly related to the promotion, demonstration or explanation of products or services, the execution or performance of a contract with a foreign government, the participation in training seminars or workshops).

Although stricter rules may apply in certain locations, the following gifts and entertainment are always forbidden:

- (i) gifts or entertainment which are offered or received for something in return, or which may have, or may be seen as having, a material effect on any business transaction to be entered into by the Company;
- (ii) gifts or entertainment involving parties which participate to a tender or competitive bidding process where the Company is bidding or has launched the bid;
- (iii) any gift or entertainment that is illegal or known to be prohibited by TERNA or the other party's organization;
- (iv) any gift of cash or cash equivalent (e.g. gift cards, shares and share options).

TERNA permits the payment (or acceptance by a Corporate Recipient) of certain business travel and accommodations expenses if all of the following requirements are met:

- (i) it is for legitimate business purposes;
- (ii) it is reasonable, not lavish, given the guest's level or seniority;
- (iii) attendance at business activities is mandatory or necessary;
- (iv) it is for the individual conducting business only (no friends or family members may be paid for by TERNA or any third party acting on behalf of TERNA); and
- (v) no side trips are planned.

This is a general guideline and more specific rules are provided by the Group's internal guidelines and instructions and local policies adopted by each Company, where applicable, on corporate giving.

4. THIRD PARTIES

Anti-Corruption Laws prohibit any Bribe through intermediaries.

An entity may not make payments to a third party when it knows, or has reason to believe, that such payment will be passed to another to improperly influence the decision making authority of that individual. Put simply, neither TERNA nor its employees may use an agent or third party to make any payment TERNA and its employees could not make directly.

Moreover, TERNA may not avoid liability by simply ignoring facts that suggest a prohibited payment has been or may be made. Knowledge includes conscious disregard and deliberate ignorance of facts which indicate a high probability that the prohibited payment will occur.

These Guidelines are intended to help Corporate Recipients in understanding their obligations and provides guidance aimed at preventing this type of indirect bribery.

4.1. DUE DILIGENCE PROCEDURES

Whenever a Company engages in business activities through a joint venture or intend to engage or retain a consultant, agent, contractor or other independent Third Party in connection with any business, a review of the Third Party shall be conducted in order to determine its reputation, beneficial ownership, professional capability and experience, financial standing and credibility and its compliance with applicable Anti-Corruption Laws or similar applicable legislation in the countries in which it operates or will operate on behalf of any of the Group's companies.

The precise mechanisms and procedures for conducting due diligence shall be determined by the Group's internal guidelines and instructions and local policies adopted by each Company, where applicable. However, at a minimum, all due diligence investigations conducted by the Company shall include an analysis of potential "red flag" issues in advance of any relationship formation.

The following represent examples of red flags which may require further or enhanced due diligence, or may represent sufficient

information to determine that the relationship should not move forward:

- insufficient, false, or inconsistent information provided by the Third Party or apparent attempts to conceal a beneficial owner's identity;
- transactions or requests that are not consistent with the business activities of the Third Party, for example requests for payments to a high risk jurisdiction with no connection to the person (e.g. jurisdiction with a strict banking secrecy laws, weak anti-money laundering controls or where crime/corruption is widespread). For these purposes, high risk jurisdictions shall be evaluated taken into account international indexes such as the Transparency International Corruption Perceptions Index;
- a request to structure a transaction to evade normal record keeping and/or reporting requirements or to structure it in a way that appears to have no legitimate business purpose, for example increasing prices or paying funds under cover of a side letter;
- use of consultants or other third parties who are closely connected with the government or a political party, or have been specifically requested by a public official or a client;
- requests for unusually large commissions, retainers, or other fees or requests for payments in cash;
- Third Parties who lack apparent qualifications, experience or resources;
- refusal by Third Party to sign a contract;
- refusal by Third Party to abide by these Guidelines and/or other internal procedures adopted by the Group.

4.2. CONTRACT PROCEDURES

All fees and expenses paid to Third Parties must represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances and for legitimate services rendered by the Third Party.

Contracts which require the disbursement of funds by the Company shall require that funds shall be transferred only to the designated recipient and that, in the event that a bank account is used for the payment, such account shall be located in the jurisdiction where the relevant business services are to be performed unless the Company determines that payment in another jurisdiction does not violate local law and that a valid business reason for payment in another jurisdiction exists.

Accurate financial records of all payments must be kept.

Company's relationships with the Third Parties it retains should be duly documented.

5. FACILITATING PAYMENTS

Although there is a narrow exception for Facilitating Payments under the FCPA, such payments are prohibited under the 231 Decree, the Bribery Act and the laws of many other countries.

Therefore, in order to ensure compliance with all applicable anti-bribery laws, TERNA prohibits any kind of Facilitating Payment.

6. POLITICAL CONTRIBUTION

Financial or other support given to political parties or political campaigns on behalf of the Company could be perceived as an attempt to gain an improper business advantage.

Corporate Recipients may not give any political contribution to parties or campaigns on behalf of the Company.

Political contributions can include without limitation:

(i) monetary items;

(ii) non-monetary items (such as loaned or donated equipment, free technology services, or a donation of an employee's time); and/or

(iii) use of corporate resources (such as: facilities, email, stationery, personnel time).

This rule does not prohibit a Corporate Recipient from exercising his/her personal right to participate in political and democratic processes.

7. CHARITABLE CONTRIBUTIONS AND SPONSORSHIPS

While donations to charitable organizations ordinarily are regarded as good corporate citizenship, those made to organizations in which government officials possess a role, such as trustee, cause concerns under international anti-corruption laws.

In fact, charitable donations can in some circumstances be used as a disguise for Bribery, for example where a donation is provided to a charity which is controlled by a foreign public official who is in a position to make decisions affecting the Company.

For instance, the FCPA and the U.S. authorities have taken the position that a donation made to a charity associated with a government official is considered a benefit for that official.

Therefore, although community support and donations can be made, Corporate Recipients must be careful to ensure, through due diligence and transparency, that charitable contributions do not constitute or give the appearance of Bribery or conflicts of interest.

In particular, such charitable donations or contributions, when made on behalf of TERNA, must comply with the following minimum standards:

- (i) all contributions must be made within the approved budget;
- (ii) contributions must only be made in favour of entities that are reliable and with outstanding reputation for honesty and correct business practices;
- (iii) an appropriate authorization matrix with appropriate approval levels should be established for each Company relating to charitable donation or contributions and the request for charitable donation or contribution shall include: (a) an adequate description of the nature and purposes of the individual contribution, (b) due diligence on the beneficiary entity, and (c) verification of the legitimacy of the contribution according to the applicable laws;

- (iv) upon approval, payments to the beneficiary entity must be made exclusively on the account registered in the name of the beneficiary entity; and
- (v) contributions must be properly and transparently recorded in the Company's books and registers.

This rule does not prohibit a Corporate Recipient from exercising its personal right to make charitable donations from its own resources, providing this does not give rise to any actual or apparent conflict of interest or appearance of impropriety for TERNA and is not done in an effort to obtain or retain some improper business advantage.

Similar to charitable donations, sponsorship activities may also raise anti-corruption issues and, therefore, must comply with the following minimum standards:

- (i) all sponsorships activities shall be carried out within the approved budget;
- (ii) partners under sponsorship agreements must only be reliable entities or individuals with outstanding reputation for honesty and correct business practices;
- (iii) an appropriate authorization matrix with appropriate approval levels should be established for each Company relating to sponsorships and the request for sponsorship shall include: (a) an adequate description of the nature and purposes of the sponsorship, (b) a due diligence review on the potential partner or recipient of the sponsorship contract, and (c) verification of the legitimacy of the initiative under applicable laws;
- (iv) the sponsorship contract must be drawn up in writing and must include: (i) a declaration by the counterparty that the amount paid by TERNA will be used exclusively as a consideration for the service rendered by the counterparty, and that these sums will never be given to a GO, individuals or Private Party for corrupt purposes or transferred, directly or indirectly, to members or the corporate bodies, directors or employees of TERNA; (ii) a declaration by the counterparty that, as of the signing of the agreement and during its execution, neither the counterparty nor, in the case of a company, the company itself or its owners, directors or employees are or may

become GOs; (iii) the currency and the amount paid pursuant to the sponsorship agreement; (iv) the terms for invoicing (or payment methods) and the conditions of payment, taking into account that these payments may exclusively be made to the counterparty and in the counterparty's country of incorporation, exclusively to the counterparty's registered account, as indicated in the contract, and never to numbered accounts or in cash; (v) the counterparty's commitment to comply with the applicable laws, the Anti-Corruption Laws and the anti-corruption provisions of the relevant sponsorship agreement;

- (v) sponsorships must be properly and transparently recorded in the Company's books and registers.

More precise rules shall be determined by the Group's internal guidelines and instructions and local policies adopted by each Company, where applicable, on corporate giving.

8. TRAINING AND COMMUNICATION TO RECIPIENTS

TERNA will arrange compulsory training sessions to be conducted periodically for all Corporate Recipients (including new employees) on:

- (i) the applicable Anti-Corruption Laws and the importance of compliance with those laws and the potential penalties in the event of their violation;
- (ii) the contents of these Guidelines and related internal policies and procedures of the Company in force from time-to-time.

The training should provide practical examples of how corruption may be relevant to Corporate Recipients and should include information about how to escalate concerns, how to deal with suspected or reported Bribery, instructions to recognize “red flags”, avoid questionable actions for the purpose of these Guidelines , and conduct proper due diligence on a Third Party.

Each Company may evaluate – with the support of TERNA’s Human Resources – to provide for specific and more frequent training sessions for Corporate Recipients who are likely to have, or supervise an individual who has, significant contact with a GO or a Private Party in connection with his/her work, or who have the power to execute contracts with Third Parties on TERNA’s behalf.

TERNA’s Human Resources is responsible for:

- (i) planning and delivering the training session with the support of Presidio Modello 231;
- (ii) ensuring that each Corporate Recipient regularly attends training sessions; and
- (iii) collecting attendance registration and copies of training materials and training dates.

The principles and contents of these Guidelines which are applicable to Third Parties are brought to their attention through proper contractual documentation which shall provide for standard clauses that, based on the activity regulated by the contract, shall bind the counterpart to comply with the Guidelines’ standards of behaviour directly applicable to them.

9. REPORTING SYSTEM

Any doubt concerning the interpretation and/or the application of these Guidelines shall be reported by each Corporate Recipient to Presidio Modello 231 using the e-mail address published on TERNA's website and by any Other Recipient to the competent contract manager by making recourse to the communication channels provided for in the relevant contract.

When in doubt about a payment or Third Party relationship, each Corporate Recipient shall consult with the Fraud Management before acting using the e-mail address published on TERNA's website.

Each Corporate Recipient shall also report to the Ethical Committee:

- (i) any improper or suspicious activities or payments other than expenses that are in compliance with these Anti-Bribery Guidelines;
- (ii) any direct or indirect request by a Government Official, Private Party or any other person for Anything of Value;
- (iii) any suspected violation of these Guidelines or Related Procedures.

The following is a non-exhaustive list of possible "red flags" that a Corporate Recipient may be breaching the Anti-Bribery-Guidelines by accepting or paying Bribes and/or of an employee who may be at a high risk of doing so:

- a relaxed attitude to compliance and procedure;
- a high success rate for an employee who operates in high risk markets with a reputation for corruption;
- a Corporate Recipient who is known for regularly offering and/or accepting inappropriate gifts or enjoying lavish entertainment;
- an employee with an unusually close relationship with a supplier;

- an employee who is overly protective of his/her relationship with a supplier and objects to others making contact;
- an employee who appears to be living an extravagant lifestyle beyond the scope of his/her Company salary with no known explanation;
- a Corporate Recipient who is known to be gambling addicted;
- a Corporate Recipient with a reputation for taking action on her/his own, or for directing subordinates, to bend, break, or ignore rules and procedure to benefit a particular contractor;
- an employee who shows a tendency to insert herself/himself into areas in which she/he is normally not involved (this type of behaviour risks circumventing the checks and balances incorporated within the approval process);
- a tendency to assert authority or make decisions in areas for which the Corporate Recipient is not responsible (this type of behaviour risks circumventing the checks and balances incorporated within the approval process); and/or
- an inclination to tolerate and make excuses for deficiencies in a Third Party's products or services, such as poor quality, late deliveries, or high prices.

The way in which these issues should be dealt with will depend on the circumstances themselves but, in general terms, it may be appropriate to consider: (1) the re-allocation of a supplier, business relationship or market to another employee; (2) the provision of additional training; and/or (3) the escalation of the matter to legal for further review and/or compliance monitoring.

Any Corporate Recipient should always seek advice before taking any such steps on their own and should not disclose their suspicions (or any reports of suspicions) to the employee in question or any other employee before a course of action has been determined.

When contacted by the Ethical Committee and/or the Vigilance Body appointed by the Company in accordance with the 231 Decree, each Recipient shall be obliged to cooperate with investigations relating to the alleged misconduct. Failure to cooperate and provide honest, truthful information could result in disciplinary action.

TERNA and any other company belonging to the Group will not tolerate retaliation against anyone who, in good faith, reports a concern or cooperates with an investigation. Managers or other employees who retaliate against any other employee will be subject to disciplinary action, up to and including termination for cause, in accordance with applicable laws. Any suspected retaliation should be reported immediately.

Any report made to the Ethical Committee in accordance with this Section may be made by using the whistleblowing portal accessible at the following link: <https://whistleblowing.terna.it/>.

The Company shall take any proper measure to grant confidentiality.

10. DISCIPLINARY MEASURES AND CONTRACTUAL REMEDIES

Violations of anti-corruption laws can cause criminal, civil and regulatory penalties, including fines and jail, as well as a damage to the Group's reputation.

Deviations or non-compliance with these Guidelines by any Corporate Recipient may result in disciplinary actions up to and including termination for cause, in compliance with applicable laws.

Each Company will take appropriate measures, including but not limited to contract termination, against Third Parties whose action are found to violate the Anti-Corruption Laws or these Anti-Bribery Guidelines.

11. MONITORING AND AMENDMENTS TO THE GUIDELINES

Funzione Sistemi Di Gestione of TERNA will:

- (i) monitor the proper transposition of the principles contained in these Guidelines into the Related Procedures;
- (ii) propose the updating of these Guidelines and the Related Procedures by preparing specific proposals for the competent department/body (for example in the event of amendments to the Anti-Corruption Laws or impossibility to enforce certain provisions in one or more Companies); and
- (iii) supervise the training activities set out in Section 9.

Furthermore, each business unit, vigilance body appointed under the 231 Decree, the Internal Audit Department and the Legal Department] are entitled to suggest any amendment to these Guidelines based on international best-practice or in the event that any gap in its provisions or implementation has been identified.

ANNEX 1 – RELATED POLICIES

- Ethical Code
- Organizational model adopted in accordance with 231 Decree
- Global Compliance Program
- MSGI – Manuale del Sistema di Gestione Integrato
- Politica integrate del Gruppo Terna
- Politica anticorruzione redatta ai sensi della UNI EN ISO 37001:2016
- Modello LBG
- LG 009 – Regolamento Acquisti
- LG 024 – Politica di corporate giving
- LG 025 – Affidamento di incarichi professionali e consulenze
- LG 030 – Affidamento ad operatore economico predeterminato
- LG 042 – Golden Rule
- LG 054 – Whistleblowing
- IO 003 OI – Rapporti con le Istituzioni
- IO 004 CO – Gestione delle richieste di sponsorizzazioni e liberalità
- IO 005 RU – Recruiting e selezione
- IO 007 CO – Cessione a titolo gratuito di beni aziendali
- IO 009 CO – Gestione del volontariato