



# ANTI-CORRUPTION POLICY

Approved by the A2A S.p.A. Board of Directors on 10 May 2018

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## **1. INTRODUCTION**

### **1.1. INTRODUCTION**

The Global Competitiveness Report generated by the World Economic Forum identifies corruption as the principal obstacle to the proper carrying out of business affairs, which exposes organisations to the risk of not reaching their goals regarding operations, reporting and compliance, and constitutes a significant threat to sustainable growth, stability, and free competition in the markets.

The fight against corruption shall therefore be framed as a company's key strategic objective on a global scale.

A2A S.p.A., as an Italian legal entity, is subject to national law, as well as the provisions of Legislative Decree no. 231/2001 which governs corporate and entity criminal liability with respect to a series of predicate crimes, including specifically crimes of corruption and bribery.

The increasingly significant role that the Company and the Group play on an international level makes it convenient - in addition to the governance tools and previously set strategy, the adoption of one instrument that identifies the principles and policies to be adopted in the carrying out of company operations so that they might be performed in full compliance with international treaties, and the key international regulations geared towards preventing and suppressing the bribery of civil servants, as well as private-sector bribery.

The A2A Group carries out its business operations with loyalty, ethics, honesty, integrity, and transparency.

As confirmation of its own pledge to be a socially responsible company, A2A is a member of the Global Compact<sup>1</sup> observing and promoting the universal principles of the four areas of interest to the latter: human rights, labour, environment, and the fight against corruption.

In order to emphasise how business shall in all cases be conducted in strict compliance with national and international laws and regulations, as applicable with respect to - amongst other categories - anti-corruption, and as further proof of its pledge to uphold the aforementioned values, the A2A S.p.A Board of Directors has decided to implement, in addition to, and as a

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<sup>1</sup> *The United Nations initiative for promoting the culture of business citizenship encourages companies throughout the world to create an economic, social and environmental framework, able to ensure a sound and sustainable world economy, allowing everyone to reap its benefits.*

complement of the Group's Code of Ethics, the present document named "Anti-Corruption Policy" (hereinafter also denoted the "Policy"). That document, therefore, has the objective of providing a systematic framework of reference in fighting corruption, and disseminating Group-wide, as well as to all those who operate for the benefit of, or on behalf of the member Companies, those principles and rules to be followed to disavow bribery in any form (direct or indirect, active or passive, even in terms of solicitation, as well as more generally to warrant compliance contemplated by the Group's Code of Ethics, and applicable Anti-Corruption rules.

## **1.2. SCOPE / RECIPIENTS**

The present Policy has been reviewed and approved by the A2A S.p.A. Board of Directors, and applies to Group personnel and to all those who operate for the benefit of, or on behalf of Group Companies, as part of operations as conducted, and insofar as one's duties require, including the members of the Supervisory Board and the Corporate Bodies (hereinafter, the "Recipients"). Implementing the policy is mandatory for A2A S.p.A. and for all subsidiary Companies who shall adopt it via resolution in their respective Boards of Directors (or corresponding body/role where a BOD is not contemplated by the subsidiary's governance system).

A2A S.p.A. further promotes the implementation and compliance of standards defined by the instant Policy on the part of companies and/or entities falling within the aegis of the Group (consortia, temporary associations of businesses ["ATI"], joint ventures, etc.) or in the alternative the implementation of their own guidelines, which regardless guarantee compliance with the highest ethical standards.

Beginning on the date the present Policy is adopted, the pledge to abide by Anti-Corruption regulations and the principles contained in the same by third parties operating for the benefit of, or on behalf of, the Group Companies, shall be set forth in specific contractual clauses subject to acceptance on the part of the third-party contractor.

We note, finally, that should the provisions set forth in a local regulation in any country where the Group operates be more restrictive than the present Policy, A2A undertakes to comply with the same.

## 2. REFERENCES

### 2.1. ANTI-CORRUPTION LAW

The number of countries that have implemented anti-corruption measures prohibiting and sanctioning bribery and corruption (with respect to its own public officials, and the public officials of other countries, on an international level and amongst private individuals) on the part of entities subject to their jurisdiction, is on the rise.

The A2A Group conducts business operations in different countries and jurisdictions; therefore, it is potentially subject - along with its staff - to comply with both Italian law, and that of the countries in which it presently or hereafter operates (hereinafter, "Anti-Corruption Law") including those that ratify international conventions, including but not limited to:

- The Treaty for the Organisation for the Cooperation and Economic Development of the fight against bribery of foreign civil servants in international economic transactions (1997; executive rules became fully effective in Italy in 2001);
- The Convention of the United Nations against bribery, adopted by the General Assembly on 31 October 2003 and ratified in Italy with Law no. 116 (2009);
- Legislative Decree 231/2001 "Rules governing corporate criminal liability for companies and entities";
- Spain's "Ley Organica" n.5 of 22 June 2010;
- UK's "Bribery Act", promulgated in the United Kingdom of July 2011.

The Anti-Corruption Law, essentially:

- Prohibits payments (directly or indirectly, including those payments made to anyone with the knowledge that the payment would be shared with a civil servant or with a private-sector individual) as well as the offer or promise of a payment or other benefit with the intent of bribing a civil servant or private-sector individual;
- Requires companies to create and to maintain accounting ledgers, registers, and entries which with reasonable detail reflect transactions, expenses (even if not "material" from an accounting standpoint), acquisition and alienation of assets with precision and accuracy.

## 2.2. INTERNAL REGULATION REFERENCES

- A2A Group Code of Ethics;
- A2A S.p.A. Organisation, Management, and Control Model pursuant to Legislative Decree no. 231/2001;
- A2A procedure no. 001.0016/\* *"Management of investigatory verifications and controls carried out by the public administration"*;
- A2A procedure no. 001.0032/\* *"L Guidelines reporting, including anonymous reports, for the A2A Group"*;
- A2A procedure no. 001.0045/\* *"Group Financial Policy"*;
- A2A procedure no. 201.0001/\* *"A2A recruitment and hiring"*;
- A2A procedure no. 201.0003/\* *"Issuance of purchase orders"*;
- A2A procedure no. 201.0011/\* *"Management of sponsorships"*;
- A2A procedure no. 201.0015/\* *"Merger & acquisition transactions"*;
- A2A procedure no. 201.0016/\* *"Management of public disbursements, donations, subsidies, and finances"*;
- A2A procedure no. 201.0028/\* *"Generating and approving the A2A Group's Industrial Plan"*;
- A2A procedure no. 201.0038/\* *"Management of interactions with the external auditing firm"*;
- A2A procedure no. 201.0048/\* *"Management of gratuities and tchotchkes"*;
- A2A procedure no. 201.0054/\* *"Personnel-transfer procedures"*;
- A2A procedure no. 201.0051/\* *"Purchase acquisitions within the A2A Group"*;
- A2A procedure no. 401.0001/\* *"Qualifying and vetting vendors"*;
- A2A procedure no. 401.0044/\* *"Purchasing materials and services in cash"*;
- A2A procedure no. 401.0151/\* *"Authorisation of subcontracting and sub-engagements"*.

### **2.3. ROLES AND RESPONSIBILITIES**

Violation of the Anti-Corruption regulations might seriously damage the Group's reputation, causing serious prejudice to group's activities, including fines, restrictions against contracting with public entities, seizure of the fruits of the crime, claims for damages. Natural persons may also be ordered to serve time in detention.

All Recipients of the instant Policy shall be responsible - to the extent their job duties require - for complying with the same. Furthermore, persons in a supervisory and coordination role shall be responsible for supervising compliance with the Policy on the part of its own associates, and to implement measures for preventing, identifying, and reporting potential violations.

All Recipients shall be required to read, understand, and abide fully by the instant Policy, available on the Group's institutional website: <http://www.a2a.eu/it/gruppo>.

Should clarifications with respect to the content of the Policy become necessary, including its application, or the application of the same with respect to applicable Anti-Corruption provisions, and the domestic or foreign Anti-Corruption regulations as may from time to time apply, Recipients shall be invited to request support from the A2A SpA.

### 3. GENERAL PRINCIPLES

In accordance with what is set forth in the Group's Code of Ethics, A2A S.p.A. prohibits corruption in any form. Specifically, A2A S.p.A. forbids the following:

- Offering, promising, giving, paying, soliciting, authorising someone to give or pay, be it directly or indirectly, including through a strawperson, an economic advantage or other benefit to any civil servant or to any private party (Active Bribery);
- Accepting a request from, or solicitations from, or authorising/soliciting someone to accept, be it directly or indirectly, including through a strawperson, an economic advantage or other benefit from any counterparty (Passive Bribery);

With the intent of:

- a. Inducing, soliciting (whether directly or through a straw person) a civil servant to undertake any public-service function, or to compensate them for having carried it out;
- b. Influencing an official act (or omission) on the part of a civil servant, or any decision in violation of the duties of their office;
- c. Inducing any private-sector counterparty to omit or to carry out an act in violation of the duties of their own office or any fiduciary duty, or to compensate them for having carried out the same;
- d. Securing or ensuring oneself an undue advantage with respect to company operations;
- e. Violating applicable law.

Prohibited conduct includes the offering or receipt, on the part of A2A personnel (direct bribery), or on the part of any person acting on behalf of the company (indirect bribery), an economic advantage or other benefit with respect to company operations, including in terms of conduct that is merely an attempt that is not consummated in the act of bribery.

The present restriction is not just for payments, but also includes (although it is not limited to):

- Gratuities, sponsorships, and donations;
- Third-party meals, entertainment, and transport expenses;
- Supply of goods or materials, professional engagements, hiring or investment opportunities;

- More favourable sales conditions;
- Facilitation Payments as defined in par. 4.5;
- Assistance or support provided to family members;
- Other advantages or other benefits;

If done for the purpose of bribery.

In addition to compliance with the Group's Code of Ethics, and the provisions supra, the general principles set forth below shall apply, in order to ensure a proper internal-control and risk-management system:

- **Segregation of duties:** company operations shall be performed pursuant to a segregation-of-duties principles; thus, the party authorising an operation shall be different from the party carrying it out, and the party supervising it.
- **Attribution of powers:** signing and other types of delegated authority shall be: (i) aligned with assigned organisational and managerial responsibility; (ii) clearly defined, and known throughout the Company. The company roles to which the authority to bind the Company in certain transactions has been assigned, specifying the limits and nature of the same, shall be required.
- **Transparency and process tracking:** every activity shall be subject to review, documented, reasonable, congruent, and properly archived.
- **Sufficiency of internal regulations:** the set of company rules shall align with the transactions actually carried out, and the level of organisational complexity sufficient to guarantee the controls necessary to prevent the commission of bribery and related crimes.
- **Staff training:** specific staff-training programmes shall be created with respect to the anti-corruption measures implemented by the Group with specific reference to those who operate in the "at-risk" areas identified below.

## 4. AT-RISK AREAS

The following paragraphs identify a series of Group operations defined as “at-risk”, which may - at least in theory - be a situation where bribery might occur. Also identified are the rules with which the A2A Group and anyone acting on the Group’s behalf must comply.

### 4.1. PROMOTIONAL AND ENTERTAINMENT EXPENSES

Any gift, economic advantage, or other benefit - including hospitality - may be made or received when it falls under the rubric of common customer courtesy, and such that the integrity and reputation of neither party to the transaction is compromised, and such that it does not influence the recipient’s independent judgement. This is only permitted when and if it accords with defined company procedures, and shall not be granted/received where it might constitute a breach of the restriction against bribery as set by the Group, and any related regulation.

Any gift, advantage or other benefit - including hospitality, promotional, and entertainment expenses<sup>2</sup>- whether carried out directly or through a third party - shall meet the following criteria:

- They shall not be motivated by an attempt to exercise undue influence (e.g. such as largesse toward any third party, be they in the public or private sector, that might influence the recipient’s judgement, or induce the recipient to guarantee any undue advantage);
- These shall be reasonable and provided in good faith;
- They must be provided for legitimate business-related purposes, and be of modest value;
- They shall not be made in money (be it cash, cheques, wire transfers, or any other form);
- They must accord with Anti-Corruption regulations, local laws, and all laws, as applicable;
- They must be recorded in an accurate and transparent manner, with proper supporting documentation;
- They must always be authorised by the designated party pursuant to company regulations.

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<sup>2</sup> “Promotional and entertainment expenses” means expenses for the gratuitous disbursement of goods and services done for the purpose of promotion or public relations; to incur these, they must meet certain criteria regarding reasonableness with respect to the objective pursued, the economic benefits for the company, that is, aligned with industry trade practices (Ministerial Decree of 19 November 2008).

Any gift, advantage, or other benefit received by Group personnel, be it directly or indirectly (e.g. by a family member) shall meet the following guidelines:

- It shall fall under the rubric of common courtesy and be of modest value;
- It shall not be requested, expected, or accepted to carry out an act, or omit any act, in the exercise of one's assigned duties.

Should Group personnel receive an offer of gifts, economic advantages, or other benefit - including hospitality - which cannot be construed as acts of customer courtesy (and of modest value), it shall be refused and reported as required by paragraph 6 herein.

For the economic limits, types of gifts, and promotional/entertainment expenses, and the related method of disbursement/acceptance and accounting, please see the related company protocol.

#### **4.2. SPONSORSHIPS**

Sponsorships take place through donations provided to an activity or an event that serves to promote A2A Group's image and business. Such initiatives may include, but are not limited to: social issues, the environment, sport, visual and performing arts, culture. In order to avoid the donation being construed as pretextual, with the true aim being providing a benefit to a third party to receive an advantage for the Group, the following principles shall be followed:

- They must be made in a manner conforming to the approved budget, and be authorised in accordance with assigned delegations and vesting of authority within the Group;
- The partners in any sponsorship contract shall be well-known, trustworthy individuals;
- The sponsorship-approval protocol shall be strictly followed; for purposes of such approval, a sufficient description of the nature and goals for each initiative, an analysis of potential partners for the sponsorship, and the verification of the lawfulness of the initiative pursuant to applicable law shall all be documented;
- A review of potential conflicts of interests with respect to the initiative being considered for sponsorship shall be conducted;
- The sponsorship contract shall be generated in writing and shall contain:
  - The counterparty's pledge to use the negotiated amount solely for purposes of the programme;

- A suitable description of the nature and goals for the individual programme, the fee, and payment terms and conditions;
  - A provision binding the counterparty to abide by Anti-Corruption and other applicable laws and regulations;
  - The Group Company's right to terminate the contract, suspend payments, and received liquidated damages for any breach by counterparty of the duties and warranties discussed supra, or in instances of any violation of the Anti-Corruption Laws, or the anti-corruption pledge made in the contract;
  - The Group Company's right to conduct controls on the counterparty where there is reasonable suspicion that the counterparty has violated the provisions of applicable law and/or breached the contract.
- The amount paid under the sponsorship contract shall be recorded in the accounting ledgers and books correctly and transparently;
  - Payments shall be made only as indicated in the sponsorship contract, upon verification that the service was actually provided;
  - Documentation relating to any sponsorship provided shall ensure the ability to track it over time.

### **4.3. POLITICAL CONTRIBUTIONS**

Political contributions may be considered criminal bribery because they may be used as an inappropriate means of securing or retaining a business advantage such as, for example: being awarded a contract, or securing a permit or license.

With respect to such risks, in accordance with the provisions of the Code of Ethics as adopted, the Group shall refrain from any direct or indirect pressure (through its own executives, employees, or associates) with any political or union representative, and to refrain from disbursing any type of donation - be it direct or indirect - to any political party, movement, committee, or political or union organisation, nor to their representatives or candidates, be it in Italy or abroad, with the exception of the contributions owed pursuant to specific law.

### **4.4. CHARITABLE AND NON-PROFIT CONTRIBUTIONS**

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Donations to and/or memberships in any charitable organisation, foundation, or non-profit entity ("donations") give rise to the risk that the money or assets might be diverted for personal use, or the use of a civil servant or private-sector individual.

As set forth in the Group's Code of Ethics, Group Companies may agree to provide a donation, provided the solicitation is from a nonprofit entity or association, or one of high cultural or philanthropic value, provided the utmost transparency is observed.

All donations shall be made in a manner compliant with Anti-Corruption laws, respecting the following minimum standards:

- They may only be made to entities of established trustworthiness and a reputation for honesty and integrity;
- They shall be approved by the Parent Company's Board of Directors;
- The Parent Company's Board of Directors shall be provided a suitable description of the nature and intended use for the donation, an analysis of the charitable entity, and a review of the lawfulness of the donation;
- Potential conflicts of interest in the prospective charitable initiative shall be assessed;
- The institutional beneficiary shall prove they hold all required certifications, and meet all other requirements of applicable law;
- The donations shall be disbursed within the limits approved for the specific event;
- Payments to the institutional beneficiary shall only be made to the account held in the institutional-beneficiary's name; payments to encrypted accounts or in cash are strictly prohibited;
- Donations shall be recorded in a truthful and transparent manner on the Company's ledgers and books;
- The institutional beneficiary shall undertake to record any donations received in their own books and ledgers in an appropriate and transparent manner.

Regardless, as contemplated in the Group's Code of Ethics, in interactions with other stakeholder-associations (e.g. industry associations, environmental organisations, etc.) no executive, employee or associate shall promise or pay any amount, promise or grant any in-kind or other benefit, or any other utility in their personal capacity to further the interests of the Group.

#### **4.5. FACILITATION PAYMENTS**

A2A Group restricts the use of “facilitation payments”, that is, payments, benefits, or other utility provided to any civil servant, government contractor, or functionary of the Public Administration, for the purpose of facilitating and/or streamlining decisions and the carrying out of duties incumbent on such parties.

Such payments shall be intended to influence the timing - not the end-result - of any action by a civil servant; they are forbidden regardless of whether they are permitted under local laws in some countries.

#### **4.6. INTERACTIONS WITH CIVIL SERVANTS**

The many interactions with entities of the Public Administration may generate risky situations wherein the Group may be held liable for bribery or attempted bribery of public functionaries, who may demand inappropriate benefits to act in a manner that does not conform to their job duties, or is in fact in breach of the duties of their office.

Potential interactions with entities or representatives of the Public Administration mainly involve:

- *interactions with the Public Administration, as commissioning client for a project*, with activities relating to: i) participation in public-procurement, or private negotiations called by the contracting administration, including the activities of generating and submitting the tender, for the sale of electricity, technical services, and for the realisation and/or management of plants (e.g. thermo-optimisers); (ii) the negotiation and execution of contracts and the agreements with the administration disbursing the award;
- *interactions with the Public Administration and independent administrative authorities, both foreign and domestic* for the carrying out of activities governed by the law (e.g. Internal Revenue Agency; Tax Authorities; Customs Offices; Authorities for the Regulation of Electricity, Gas, and Water; Authority for supervision over public contracts for labour, services, and goods; Antitrust Authority; Data Protection Authority) and all related compliance (e.g. generating and sending data contemplated by industry regulation, or litigation and appeals management);
- *securing / renewing of administrative orders* (e.g. Supplemental Environment Authorisation; permits for industrial waste disposal; permits for non-gaseous combustible transport; permits necessary to exercise wholesale trading and exchange of gaseous

combustibles), *licenses, concessions, and other administrative orders* necessary for the company's core business and/or the carrying out of core operations to those typical to the company and related verifications thereafter;

- *discharging of duties as against the Public Administration, including:* Disclosure or accounting of data and/or information upon request from entities of the Public Administration in accordance with statutory, regulatory, and contractual duties; compliance with respect to the production or disposal of waste; compliance relating to street cleaning and environmental protection arising from the exercise of operations typical of construction sites as well; compliance relating to the mandatory employment of disabled persons, and of protected classes under labour law;
- *verifications and/or controls on the part of the Public Administration;*
- *interactions with the Judicial Authorities for the management of* litigation and out-of-court settlements in which the Company is involved;
- *management of activities intended for application of disbursements, donations, subsidies, public financing, or other subsidies* and their subsequent accounting;
- *management of invoicing and creditor relationships with respect to the Public Administration* including with reference to monitoring matured receivables;
- *management of contributions/compensations granted to public entities:* These are operations tied to the management of agreements with foreign and domestic public entities that contemplate the disbursement of fees to the latter for work performed in areas where A2A manages plants.

All interactions with A2A Group Companies involving civil servants shall be conducted in accordance with the Group's Code of Ethics and the instant Anti-Corruption Policy, in accordance with the following baseline standards and principles:

- Staff must comply with all relevant laws and internal rules/regulations;
- Interactions with the Public Administration shall be marked by the utmost transparency and ethics;
- Offering - be it directly or through any intermediary - money or other benefit to a civil servant or government contractor, for the purpose of influencing such civil servant or contractor in the exercise of their duties, shall be strictly prohibited;

- Proper written reporting (which must then be properly retained) on any interactions with civil servants shall be required;
- Parties tasked with carrying out activities with civil servants shall be formally deputised to carry out such activities;
- Any meeting with the same shall be attended, insofar as possible, by at least two A2A representatives or deputies;

As set forth in the Group's Code of Ethics, interactions with civil servants shall be reserved to designated company functions/organisational units as expressly delegated, in strict compliance with all laws and regulations. Such interactions shall never compromise the Group's integrity and reputation.

#### **4.7. INTERACTIONS WITH THIRD PARTIES**

The chance for bribery occurring is high with respect to interactions with third parties (vendors, customers, consultants, commercial partners) especially when they are acting in the interest of, or on behalf of, the company, or where they interact with civil servants.

Interactions with third parties that take place whilst business affairs are being handled shall be conducted with the utmost ethics, transparency, and possibility for tracking, as well as in compliance with Anti-Corruption Laws and all other applicable laws. That duty shall be explicitly assumed when the contract is being executed, which shall contemplate a specific provision to bind the counterparty. Such provision shall reserve the right of A2A Group Companies to suspend payments, and receive liquidated damages for any breach.

The vetting of vendors and external collaborators, as well as the related contracts, are marked by transparency, certainty, and are always in writing. External vendors and associates are chosen using a vetting procedure that complies with applicable law, and is geared towards a constant pursuit of transparency, competition, and efficiency. Vetting shall take place in pursuant to internal procedures; equal opportunity shall be given to those meeting the basic qualifications.

At the end of the vetting procedure, a certification will be issued that the external vendors and associates: have the means (including financial means), technical skill and expertise, quality-control systems, and resources necessary to fulfil the needs of, and to safeguard the image of, the Company and the Group; they comply with labour regulations, including with respect to child labour, and occupational safety and health.

Any suspected violation of any anti-corruption provision on the part of any third party shall be immediately disclosed as required under the instant Policy.

#### **4.7.1 Vendors and Customers**

A2A Group Companies may be held liable for corruption carried out by vendors providing services for the benefit of / on behalf of A2A Group Companies and their subcontractors/providers.

To reduce that risk, A2A Group Companies shall ensure that staff involved in purchasing is properly trained in anti-corruption, and that the activities are carried out by an at least two-person team, who are not authorised to meet with vendors on their own.

The awarding of contracts shall be equitable and transparent. The roles and responsibilities for the key persons involved in such operations shall be clearly identified.

The process of vetting vendors shall be governed by clear, straight-forward, objective rules; vendors shall be subject to ongoing monitoring.

The purchasing process and the related activities are regulated in detail by company procedures which identify the roles and responsibilities of key actors involved in the purchasing procedure and define the method for a correct and transparent selection of vendors as well as the management of the relevant documentation process.

Activities relating to project execution are deemed "at risk" with respect to potential risks relating to interactions between technical staff and contractors, as well as for the option that projects might be categorised under more remunerative line items within the technical specifications and/or that works not actually performed might be billed.

The sales division is considered at-risk for corruption due to the intrinsic risk that a sales transaction might be carried out through bribery, as well as for the further risk that a customer might attempt to make the Company work with a specific supplier with whom the customer has some type of tie, in order to secure a benefit therefrom.

It is therefore a good idea, in all cases, to monitor the aforementioned risks, for the Group to determine (where deemed relevant) whether the counterparty is listed in: *blacklist* nazionali ed internazionali antiriciclaggio e per il contrasto al finanziamento del terrorismo.<sup>3</sup>

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<sup>3</sup> For example:

- Terrorist Database – UN, OFAC, FBE;
- PEP Database – INFO4C;

#### **4.7.2 Consultants and providers of professional services**

A2A Group Companies may utilise consultants or external professionals in the carrying out of their business. It is important to carry out an assessment of the same, and to be able to determine whether each of these has undertaken, or whether there is a reasonable chance that they might undertake, activities restricted under the Group's Code of Ethics, and the policies set by the instant Anti-Corruption Policy. Vendors of these types of services should be natural persons, legal entities, or de-facto entities. They shall be trustworthy and have an excellent reputation as honest and having integrity. Vetting and contract execution shall be approved in accordance with company procedures.

#### **4.7.3 Trade partners**

A2A Group Companies should, if necessary, collaborate with other legal entities for the purpose of tender submission, or to develop or manage projects (in terms of forming temporary associations of businesses [ATI], consortia, joint ventures). Group Companies shall develop partnership relationships with counterparties with proven reputation and expertise, conducting such interactions in accordance with applicable law and the principles of the instant Code.

For A2A Group Companies, knowing their potential partners, and being able to assess existing and potential risks (arising from activities that conflict with its own internal regulations and/or ethical principles) is crucial. In that sense all employees, executives, and directors shall place particular attention on vetting and engaging partners by conducting a thorough review in advance<sup>4</sup> in order to have a truthful, thorough representation of the status of the same, and to assess the commercial and professional trustworthiness of the same.

Commercial partners shall subscribe to all contractual documentation submitted by the Company which includes the duty to comply with the principles that have inspired the Group's Code of Ethics, as well as other voluntary rules of conduct that the Group's Companies has generated and disseminated for such purpose, and which contemplate the undertaking of specific action for any breach of the same.

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- *Property Crime Databases (CRIME PF and PG) – Anti-money-laundering lists Italy;*
  - *Local Italian politician database (PIL).*

<sup>4</sup> See instructions previously provided in paragraph 4.7.1 "Vendors and Customers".

#### **4.8. ACQUISITIONS, MERGERS, AND SPIN-OFFS**

The A2A Group establishes that, for any unusual operations - such as a merger, acquisition, or divestment - due diligence shall be conducted on the company subject to the transaction in order to have a truthful and thorough representation of its present status, to assess its commercial and professional trustworthiness, and to identify the key risk factors, including those relating to corruption.

The entire process unfolds by ensuring compliance with the tenets of transparency, tracking at all material phases, ethics and punctuality, in accordance with company policies, pursuant to the instructions set forth in the Organisation, Management, and Control Model, and the rules of behaviour set forth in the Group's Code of Ethics.

#### **4.9. KEEPING THE BOOKS**

Key Anti-Corruption laws set specific compliance duties with respect to maintaining one's accounting ledgers. This is done in part to discourage and to reveal any bribery-related deposits or withdrawals.

The Group ensures, including through training activities, that its own executives, employees, and associates are cognizant that they must constantly operate in accordance with the principles of providing truthful, complete, and timely information, whether inside and outside the company.

Pursuant to such principles, each operation / transaction shall be authorised, verifiable, lawful, reasonable, congruent, and shall be correctly and timely recorded / registered in the company's accounting system according to criteria set by law and pursuant to applicable accounting principles.

All A2A Group shall comply with statutory and regulatory provisions and procedures pursuant to company accounting and shall maintain detailed and complete books of each business transaction. Behaviour that might prejudice the transparency and tracking of information in the financial statements shall be strictly prohibited.

All costs and charges, intakes and deposits, income, payments, and expense obligations shall be promptly included amongst the financial information in a complete and accurate manner, supported by adequate documentation.

An internal-control system shall be established with respect to financial information aimed at providing reasonable certainty that the risk of inaccurate, undiscovered accounting entries (in terms of amount, caused by error or by fraud) be significantly mitigated.

The external auditing firm shall, on at least on a quarterly basis, audit the proper keeping of the company's books, and the proper recording of business transactions into the accounting ledgers.

The Designated Executive for generating corporate documents shall conduct, over the course of the year, monitoring over the control system that governs the generation of accounting and corporate documents, and inspection with respect to the finance/accounting procedure through testing aimed at verifying the efficacy of the controls themselves.

#### **4.10. MANAGEMENT OF FINANCIAL RESOURCES**

The A2A Group contemplates that the management of financial resources conforms to the principles of transparency, ability to inspect and track, and the extent to which it is germane to company operations. Group Companies, with reference to both incoming and outgoing cash flows, shall comply with, amongst other rules, the following standards:

- Payments shall be made within budget limits authorised pursuant to internal allocations of authority;
- Exclusively use vetted businesses who warrant they are vested with manual and IT / online garrisons aimed at preventing the occurrence of bribery-related offences and money-laundering;
- Implement suitable instruments for the planning of income / expenses as well as periodic inspections of the alignment between budgeted and actual numbers;
- Perform controls on counterparties to whom payments are directed to make sure the vendor/customer name and the account to/from which to accept payment is held in that name match;
- Guarantee that financial transactions shall always be authorised by parties with suitable powers, and provide, for every financial transactions, adequate supporting documentation;
- Guarantee that sufficient cash is kept on hand as required by protocol, and conduct periodic reconciliation of the same to ensure that any intervening transactions might be traced and reconstructed.

The present Policy also contemplates a restriction against:

- Carrying out transactions with unregistered counterparties, or based on information that is incompletely recorded (e.g. missing identifiers);
- Accepting payments which lack adequate supporting documentation (e.g. without a sales invoice);
- Accepting deposits from parties who cannot be identified (name/trade name, address, and bank account number);
- Using unorthodox payment methods with respect to the nature of transactions or portions of payments in a manner that does not match with the terms of the contract;
- Make payments in countries other than where the vendor's registered office is located, or its operational or sales headquarters;
- Make payments to any third party that are not justified by the contract executed with such party;
- Use cash in amounts above what is permitted by applicable law, or other bearer instrument, or checking accounts or savings booklets in held in a fictitious name or anonymously.

#### **4.11. PERSONNEL RECRUITMENT AND HIRING**

The A2A Group recognises the central role of human resources in the pursuit of company operations, and consequently, it has implemented recruitment and hiring procedures that foster human values, autonomy, and enfranchisement of all staff.

Group Companies shall further govern the hiring process in order to ensure that operational activities are conducted in compliance with the principles of professionalism, transparency, and ethics, in accordance with applicable laws and regulations.

The process in question shall be managed according to the following principles:

- The need for a new hire must be proven through specific plans and contingent needs authorised by parties with the related authority;
- Candidates must be evaluated by more than one person, and the results of the entire assessment purpose shall be sufficiently tracked;

- Alignment shall be assessed between the proposed qualifications and the position to be covered;
- Reference checks on candidates and on their previous professional experiences shall include - at the hiring phase - questions regarding any personal or economic ties to any institutions, which in such cases shall be internally reviewed;
- Respect for laws of the country in which the hiring applies (e.g. in terms of mandatory hiring, valid stay permits, etc.) shall be guaranteed.

## 5. TRAINING AND DISCLOSURE

All A2A Group Company employees shall be properly educated and trained, both at the hiring stage and as well as through continuing education in order to appreciate the risks and responsibilities to which they might be exposed in carrying out their duties.

All new hires shall be provided a copy of the Anti-Corruption Policy (in addition to the copy of the Organisational Model pursuant to Legislative Decree no. 231/2001 and the Group's Code of Ethics); they shall sign a pledge to abide by the principles contained in the same.

In order to raise proper awareness of the content of the instant Policy, and the importance to abide by the same, as well as the Anti-Corruption Laws, the A2A Group Companies, which contemplate that all employees shall a mandatory anti-corruption training programme with differing degrees of sophistication depending on the recipient's role, and their implication in at-risk activities.

Within the first six months of hire, and other times as necessary (e.g. following substantive updates to the content), a training programme on the instant Policy and all Anti-Corruption laws shall be provided in order to defend the principles, pledges, and method of implementing the same.

Training programmes shall be managed by Human Resources, Organisation, and Change Management, responsible for creating training programmes of the A2A Group. The content of the training programme, and the planning of events shall be determined by the Human Resources, Organisation, and Change Management, and by top management. Education and Training shall handle the ongoing monitoring of the training process in terms of: attendance rate, satisfaction rate, learning rates, and is responsible for retaining attendance rosters featuring details on the training held, student evaluations, and any document relating to learning assessments, as well as the material distributed to participants during the training.

The Group's Code of Ethics and the instant Policy shall also be made known to all those who entertain contractual relationships with the Group Companies and are available for all stakeholders on the Group's institutional website <http://www.a2a.eu/it/gruppo>.

## 6. REPORTING

The recipients of the instant Policy shall be required to report - even anonymously - any breach (alleged or adjudicated) or any laws or the present Anti-Corruption Policy on the part of any Group employees, associates, or third parties who operate for the benefit of, or on behalf of the Group's Companies.

In order to streamline the receipt of reports, A2A has established the following lines of communication:

- Regular post:
  - Supervisory Board pursuant to Legislative Decree no. 231/2001 – Corso di Porta Vittoria 4, 20122 Milan;
  - Internal Audit Function – Corso di Porta Vittoria 4, 20122 Milan;
- email:
  - Email address for the Supervisory Board of the Company in question, as set forth in the specific Model 231;
  - Email address for the Internal Audit function, that is: [ina.segnalazioni@a2a.eu](mailto:ina.segnalazioni@a2a.eu)

An employee's failure to report an unlawful act known or suspected by the same shall subject such party to potential disciplinary action.

Anyone who, in good faith, reports potentially inappropriate conduct, or who offers information, or in any other way provides assistance during any enquiry or investigation on potential inappropriate conduct shall be protected from any retribution.

The confidentiality of the whistleblower's identity shall be ensured except insofar as required by law, to protect the Company's rights, or those of the accused, or in instances of intentional misconduct or gross negligence.

The Group shall ensure the protection of all good-faith whistleblowers as against any direct or indirect form of retribution, discrimination, or penalty (application of sanctions, demotion, termination, transfer, or any other organisational measure having negative [be they direct or indirect] effects on their working conditions) for reasons relating - whether directly or indirectly - to a report relating to the compliance with the instant Policy and/or Anti-Corruption regulations.

## **7. DISCIPLINARY SYSTEM**

The policies and procedures contained in the instant Policy constitutes an integral part of the A2A corporate compliance programme.

A2A S.p.A. shall take all reasonable steps to impede any conduct that might breach the Anti-Corruption regulations and/or the instant Policy, and to interrupt or penalise any misconduct carried out by any employee, partner, or third party generally acting on the Group's behalf.

As against such parties, as well as for anyone who unreasonably failed to discover or report any violations or who threatens or undertakes retribution against those who report any violations, a disciplinary action commensurate with the severity of the breach (including the sanctions contemplated by the collective-bargaining contract, or by any other applicable Italian laws, including the potential termination of the work contract) or, in the alternative, with respect to partner or any third party, the termination of the contract, claims for damages or other measures deemed appropriate.

The restriction against discrimination and retribution as against any good-faith whistleblowing shall remain.