

JV RENCO TERNA

**ANTI
CORRUPTION
COMPLIANCE
PROGRAM**

***ANTI-CORRUPTION
POLICY***

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1. INTRODUCTION

1.1 Objectives

The JV RENCO TERNA (hereinafter also "JV"), in accordance with the Anti-Corruption Compliance Program, is committed to conducting its business in order to minimize the corruption risk.

This Policy defines the general rules must be followed by the JV employees during day-to-day activities and forms part of the Anti-Corruption Program.

Any questions related to the content or application of anti-corruption laws in specific situations or any issue related to this procedure must be addressed to the Anti-Bribery Compliance Unit.

1.2 Scope of application

The JV's Steering Committee has approved the adoption of Anti-Corruption Program, which includes the present Procedure, in the resolution of 16th June 2016.

This Policy is applicable to all JV employee involved in field operations and/or in home office activities and third parties acting for or on behalf of the JV.

2. DEFINITIONS OF KEY TERMS

The terms defined in the Anti-Corruption Compliance Program have the same meanings in this policy. In addition, the following terms are defined as follows:

DONATIONS OR CHARITABLE CONTRIBUTIONS – gift given in favor of a Public Official or individuals typically with the purpose to obtain or retain business or ensure to the JV an unfair advantage.

ENTERTAINMENT EXPENSES – free provisions of goods and services deriving from relational obligations and/or hospitality duties, based on business customary in the field and related to business activities.

FACILITATION PAYMENT – unofficial payments made to public officials in order to secure or expedite the performance of a routine necessary action. Facilitation payments are sometimes referred to as 'grease' or 'acceleration' payments. The payer of the facilitation payment usually already has a legal or other entitlement to the relevant action and intends to accelerate the process. Certain laws or regulations may regard a facilitation payment as a form of bribery. Expediting fees or similar payments for express service, that are generally available and publicized, are not considered facilitation payments.

GIFTS AND OTHER ADVANTAGES - involve the conduct of offering or accepting gifts, other advantages, the offer/acceptance or transfer of benefits not linked to an immediate return of something. This conduct of giving or receiving is meant to be unconditional and is, as such, an expression of appreciation of a business or other relationship.

HOSPITALITY EXPENSES – entertainment expenses incurred (e.g. travel expenses, accommodation and meals) to give hospitality to suppliers/customers or other individuals, with regard to business activities.

RED FLAG – any circumstance or event able to alert, with respect to a possible hazardous situation, a violation of anti-corruption laws or principles contained in the Anti-Corruption Compliance Program.

SOCIAL SOLIDARITY – free activity provided to people in a "state of need and disadvantage" inclining to offer social assistance, health care support, social rehabilitation, social rehabilitation and protection of rights.

3. GENERAL PRINCIPLES

In accordance with the Code of Ethics, the JV prohibits the personnel of the JV, Business Partners, and anyone who carries out activities in the name of or on behalf of the JV, any offer, promise, request (active bribery) or acceptance (passive bribery) of any form of improper and/or illicit payment, either directly (by the JV personnel) or indirectly (by anyone acting in the name of and/or on behalf of the JV), in cash or other utilities, or whatever represents advantage for the person, material or moral, economic or other, considered as such by customs and common belief, considered also as facilitation, or guarantee for the achievement of due performances, in business activities or also in relationships with its stakeholders or the Public Administration.

Therefore, the JV prohibits:

- inducing a public official, a public service officer, or a private person to improperly perform any public function or any activity associated with a business or reward him/her for having carried it out;
- influencing an act (or omission) or any decision by a public official or a public service officer or an individual in violation of an official or loyalty duty;
- unfairly obtaining, ensuring or retaining a benefit or an advantage in relation to business activities;
- obtaining, ensuring or retaining an unfair benefit of any kind, not only in the interest of and/or to the advantage of the JV but also for personal interests or interests of family members or acquaintances - in violation of the duty of loyalty;
- violating applicable laws, more generally.

The respect of the Anti-Corruption Policy, Anti-Corruption Procedures and the Code of Ethics is mandatory for all personnel of the JV, Partners, Agents and Relevant Third Parties representing the JV, in particular:

- The JV personnel is responsible, each within its competences, for the respect of the Anti-Corruption Compliance Program. Furthermore, directors and managers are responsible for supervising the respect of the Anti-Corruption Compliance Program by its employees and for adopting measures to prevent, identify and report potential violations;

- no activity that violates the Anti-Corruption Policy and Procedures and/or anti-corruption laws can be justified or tolerated given the fact that it is “customary” in the field and/or in the countries where the JV operates. No performance may be imposed or accepted in violation of the Anti-Corruption Compliance Program;
- Partners, Agents and Third Parties representing the JV that violate the Anti-Corruption Policy and Procedures and/or anti-corruption laws will be subject to contractual provisions (such as, the suspension of the contract execution, claims for damages, termination of the contract, the prohibition from doing future business with the JV);
- working conditions of the JV’s personnel may not be affected, in case of refusal by the personnel to engage in an action that violates the Anti-Corruption Compliance Program and/or anti-corruption laws, even though such refusal may have resulted in the loss of a deal or other detrimental consequences for the business.

3.1. Relevant Third Parties

The JV requires that relations with third parties (business partners, suppliers and other individuals), resulting during the execution of business activities, are marked by the highest standards of correctness, transparency and traceability of information sources and are in compliance with anti–corruption laws and all other applicable laws.

The JV and their employees can be considered liable for the misconduct of Relevant Third Parties.

Third parties considered relevant to the JV are currently identified as the following:

- Members of the Joint Venture;
- Agents;
- Suppliers and Sub-contractors (included Consultants).

Misconducts performed by third parties, and in particular by relevant ones, may produce legal risks for the JV even if the JV and its employees have not directly authorized or are not aware of irregular activities by the third parties. Moreover, the JV or its employees may be held liable in situations of corruption even if the JV employees were aware of or should have been aware of improper payments or other irregular activities carried out by a Relevant Third Parties.

Even a single operation with a Relevant Third Party can expose the JV to legal risks; therefore, it is essential that all Relevant Third Parties are assessed according to the criteria listed below and defined in the operational procedures, adopted by the JV, and in those procedures attached to the Anti-Corruption Compliance Program.

Taking this into consideration, the JV requires for compliance with applicable laws by Relevant Third Parties, including anti-corruption laws, during business activities carried out with the JV.

JV performs the proper procedures of control and approval to ensure that it is able to determine if a Relevant Third Party could potentially act or acts in violation of these procedures, other JV Guidelines, the Code of Ethics or applicable laws.

In particular, the JV requires that before establishing a relation with a Relevant Third Party, and during the entire duration of the contract, the following assessment procedures are performed:

- conduction of a proper verification (so-called due diligence) to be performed with the methods defined by the Compliance Procedures attached to the Anti-Corruption Compliance Program, prior to establishing a relation or performing an operation with a Relevant Third Party;
- during the due diligence process, in case of alerts (so-called Red Flags), assessment that these have been adequately resolved or that appropriate safeguards are established to guarantee the JV;
- monitoring any possible alert that might occur during the relationship or the execution of an operation with the Relevant Third Party, providing for a comprehensive review of all administrative and accounting aspects related to this relationship, the verification of the persistence of conformity requirements of the counterparty and general oversight over the activities of the Relevant Third Party.

The Anti-Corruption Compliance Program sets out the necessary steps, which allow the JV to effectively assess the risks related to the Relevant Third Party. In particular, the JV's employees must be able to document that:

- the Relevant Third Party has an ethically verified reputation;

- there is a valid business reason to justify a relation with that Relevant Third Party;
- the methods of payment are reasonable from a commercial perspective and proportionate to the level and type of the services provided;
- once the due diligence is carried out, according to the provisions prescribed by the Compliance Procedures attached to the Anti-Corruption Compliance Program, it was determined that there is no improper relation between the Relevant Third Party and Government Officials or individuals in conflict of interests with the JV, nor are any other alerts identified that indicate possible irregularities;
- the relation is structured and regulated by specific written documents, containing appropriate contractual protection against improper behavior by the Relevant Third Party;
- the relation is monitored effectively and promptly, from the inception of the agreement until its end, taking care to check that all elements evaluated during the due diligence are valid for the entire duration of the contract.

Before establishing a new relation with a new Relevant Third Party, the JV's employees will have to take all the measures foreseen by the Anti-Corruption Compliance Program and the Anti-Corruption Procedure.

Third Parties

Q: A supplier offered us a paid holiday in a resort while in the process for vendor qualification. Are we allowed to accept his offer?

A: No, such offers should not be accepted as this could lead to business relationships which lack transparency, independence and cost-effectiveness and may have a negative impact on the business results and on the JV's reputation.



3.2 Acquisitions and Dispositions

External (in the case of acquisitions) or internal (in the case of dispositions) due diligence (including the respect of compliance with the anti-corruption laws) is an important aspect of any proposed acquisition or disposition. The JV's Department or any other counsel working on such transactions will assist, with the support of the Anti-Bribery Compliance Officer, in identifying key

risk factors and Red Flags to look for in acquisitions, in helping to prepare anti-bribery compliance information that a prospective purchaser may require, and in drafting anti-corruption representations and warranties for inclusion in the sale/purchase/merger agreement.

Whenever an acquisition¹ is made by the JV, a plan for compliance with this Guideline must be part of the JV's post-acquisition integration plan. In addition, external or internal legal counsel working on an acquisition must advise the Anti-Bribery Compliance Officer of any new or increased anti-corruption risk to which the acquisition may expose the JV, so that the Anti-Corruption Compliance Program and related protocols, procedures may be revised appropriately to protect the JV from the anticipated new risk.

3.3 Facilitating payments

The JV prohibits paying or promising payments or benefits in kind, directly or indirectly, in favor of public officials in order to accelerate or facilitate activities due as per their official duties. These payments, so-called "Facilitating payments", are considered so whereas they concern activities that the public officer would do in any case, for routine and non-discretionary tasks, and that all legal requirements for obtaining performance have already been satisfied.

Payments for benefits include the giving of small amounts in order to accelerate or facilitate, for example:

- obtaining non-discretionary permits for the conduct of the activity;
- non-discretionary processes, such as customs practices or visas;
- provision of a public service.

Although some laws (e.g. FCPA) include an exception for "Facilitating Payments", this exception is not available to the JV's Associates. Consequently, facilitating payments are not authorized by this Policy. These are payments of small amounts to a low-level foreign government employee to expedite or secure performance of a routine, non-discretionary governmental action, such as properly obtaining visas, permits and licenses, police protection or utility services in a foreign country.

Facilitating Payments

Q: After a storm, our offices (or sites) suffered a power outage. The local company that provides power has informed us that it could take from two to three weeks to restore it. The head of the company in charge of local public services and owned by the government says he will make sure that the power is restored within a few days in exchange for a payment of modest value. Can we make the payment?

A: No. It would be a facilitating payment, since it would have the purpose of speeding up a routine action by the government, and JV's anti-corruption policy prohibits this kind of payment. You must say no to this request.



3.4 Sponsorship activities

Sponsorship activities are sensitive to matters relating to anti-corruption laws. The JV pays attention to any possible personal or corporate conflict of interest for any sponsorship activity, which may represent a risk to the JV if it was configured as a corruption act.

The JV prescribes that sponsorships, in order to be carried out, are to be initiatives that have the exclusive aim of promoting brand, activities or services and similar of the JV.

All sponsorship activities must be in writing form as a contract, in order to prevent being considered as an illusory form of conferring a benefit to a third party to the advantage of the JV.

The JV sets the procedures for the authorization, execution and management of sponsorship contracts, which must comply with the following principles:

- sponsorships must be made in accordance with the approved budget;
- a check must be carried out in order to identify potential conflicts of interest in the initiative that it intends to sponsor;
- partners in sponsorship contracts must only be organizations or individuals well-known, reliable and with an excellent reputation;
- a due diligence must be carried out on potential partners of the sponsorship contract and the verification of the legality of the contract, in accordance with applicable law;
- sponsorship contracts must be made in writing and include:
 - ✓ an adequate description of the nature and purpose of the single initiative, amount, terms and conditions of payment;
 - ✓ a statement of the counterparty that the amount paid is used exclusively for the purpose of the initiative;
 - ✓ a clause for the counterparty to comply with anti-corruption laws and applicable laws;
 - ✓ an “Administrative Responsibility” clause for the counterparty by which the latter is committed to act in accordance with the Code of Ethics and the Anti-Corruption Compliance Program of the JV;
 - ✓ the right for the JV to terminate the contract, stop payments or receive compensation for damages in case of violation by the counterparty of the

- obligations and statements listed above or in the event of violation of the anti-corruption laws or anti-corruption commitments required by the contract;
- ✓ the right for the JV to perform audits on the counterparty, in the event that it has a reasonable suspect that the latter may have violated the provisions required by the legislative instrument and/or the contract.

Sponsorships

Q: A request has arrived to the JV from a company, with whom we have done business for a long time, requesting our participation in a sponsorship of an initiative promoted by themselves. We know that this company is managed by people having family connections with the JV employees. Can we participate?

A: Any request for participation in sponsorship initiatives should be:

- *carefully considered;*
- *performed a due diligence on potential partners of the sponsorship contract;*
- *verified potential conflicts of interest;*
- *verified the legality of the agreement, in accordance with applicable laws.*

If you have any doubt about the level of due diligence to carry out, contact the Anti-Bribery Officer.



3.5 Political contributions

Political contributions represent a corruption risk for the JV. In particular, political contributions could be used as an improper means to obtain or retain a benefit, such as obtaining a contract, permit or license, influencing political affairs, etc.

The JV prohibits any direct or indirect form of pressure and/or influence on politicians and pays attention in the evaluation of granting contributions to:

- political parties, movements, committees, or their representatives or candidates;
- conferences, events or parties that have the purpose of political propaganda.

Political contributions with the purpose of influencing or gaining an advantage by public entities are prohibited. Using funds, properties, services and valuables of the JV for political parties, candidates for public offices, or to support them is generally prohibited. Any exceptions to these prohibitions must be verified by the Anti-Bribery Compliance Officer, with prior written approval of the Steering Committee.

In any case, political contributions must comply with the following standards and must also be consistent with the guidelines established by the Code of Ethics, namely these:

- should be granted only to known, reliable beneficiaries, with an excellent reputation and should be granted only to the beneficiaries to whom it can be excluded any connivance or influence aimed at advantaging the JV;
- must be limited to proposals coming from non-profit organizations and associations, with regular articles of association and incorporation and with high cultural or charity values.

Political Contributions

Q: The local government has launched a call for bids, and we intend to participate. It seems to be customary for new companies to grant contributions to politicians. Can we grant these contributions?

A: The JV prohibits any form of pressuring and/or influencing politicians and consequently pays close attention in the evaluation of granting contributions. These contributions could be an instrument for obtaining a contract. You should contact the Anti-Bribery Officer in order to evaluate the opportunity of granting these political contributions.



3.6 Charitable contributions

Donations and charitable contributions in favor of a Public Official or individuals present a risk for the JV if these have the purpose of obtaining or retaining business or ensuring an unfair advantage to the JV. Charitable contributions and donations must belong to the initiatives that have the exclusive aim of the social solidarity for disadvantaged people. The JV is committed to offering assistance to organizations and charitable causes that improve the quality of life of the communities in which the JV operates.

The JV defines the procedures for the approval and the provision of charitable contributions and donations, which respect the following principles:

- contributions must be authorized by the Steering Committee;
- verification on potential conflicts of interest of the solidarity initiative that is intended to be carried out;
- the beneficiaries must be well-known, reliable and have an excellent reputation;

- due diligence on the potential beneficiary and verification that it has all the certifications required for its activities and satisfies all requirements to operate in accordance with applicable laws;
- verification of the legitimacy of the contribution in respect to applicable anti-corruption laws;
- all the proposals must be verified and approved in advance by the Anti-Bribery Compliance Officer, as well as by their supervisors, as required by the JV's procedures in place.

Any request coming from a Public Administration representative or from an employee of a specific organization is an alert. Similarly, there is an alert if a director or a manager of the proposed beneficiary is a Public Official or a Public Official's relative.

Moreover, all contributions must be granted by traceable and non-transferable payment means and accompanied by an official JV letter, confirming that the JV is aware that the purpose of the contribution is legitimate. If the JV intended to grant contributions in kind (supplying of building materials or building for charitable purposes), in addition to respecting the above described principles and requirements, contributions must be adequately accounted by means of all the necessary administrative and accounting supporting documentation. If appropriate, declarations and guarantees may be required from the contribution recipient relating the use of funds/donated goods or, if necessary, the provision of other reporting tools in order to monitor the donated

Charitable Contributions

Q: A customer contacted us to ask for a contribution to a charity that he is a director of, Children Movie. We have never heard of the charity before and suspect that it may not be legitimate. He is pressuring for an immediate answer as the charity is running an event this Saturday, and he suggested that we sponsor a cash prize for the raffle. What should we do?

A: Tell him no. Our JV has a strict policy on donations, and it would need prior approval which there is no time for.

funds.



3.7 Gifts, entertainment and hospitality expenses

With reference to gift, entertainment and hospitality expenses, the JV provides, in addition to those listed below, that employees must be comply with the provisions of the Procedure "Gift, hospitality and entertainment" attached to the Anti-Corruption Compliance Program.

3.7.1 Gifts

Gifts, economic benefits and similar can be granted or received if they belong in the context of a commercial courtesy act and are such not to jeopardize integrity and/or reputation of either party and if they cannot be interpreted by an external observer as aimed at creating an obligation of gratitude or to obtain an improper advantage. The JV prohibits the execution and the acceptance, directly or indirectly, of any form of gifts aimed at obtaining an improper advantage, personal or business related, or that could be interpreted so.

Gifts and/or free giveaways should not be granted if these may generate the violation of the corruption prohibition, prescribed by the JV and/or applicable laws.

The only forms of gifts accepted must be:

- made in relation to legitimate business purposes, in good faith and in accordance with morality principles;
- recorded accurately and transparently within the JV financial records according to the JV regulations;
- supported by appropriate documentation in order to identify the name and title of each beneficiary, as well as the purpose of the expenditure in question;
- strictly of limited value that is commensurate with the position and circumstances of the beneficiary and not luxurious;
- granted in good faith;
- complied with generally accepted professional courtesy standards (e.g. Christmas gift) or having promotional/informational purposes;
- not granted in payment form;
- complied with the local laws and regulations that apply to the Public Official and private party, including when existing, codes of conduct of the organizations or entity to which they belong;

- complied with the Code of Ethics, the Anti-Corruption Compliance Policy and Anti-Corruption Procedures.

These principles cannot be derogated and are applicable with regard to the JV's employees and third parties, even in countries where it is customary to offer gifts and free giveaways or any other benefits. Moreover, the JV provides that, in case of gifts given or received, is adequately traced the estimated value and the names of individuals/companies involved (e.g. beneficiaries and grantors).

3.7.2 Entertainment expenses, travel and hospitality

Also visits to the headquarters, off-site meetings and other transactions related to commercial activities that may involve the payment or the reimbursement by the JV of travels and related expenses (e.g. transportation, accommodation, meals and additional expenses) of individual administrative officials or employees of a business partner may generate corruption risks. Entertainment expenses incurred must be justified by business activities, and the main purpose must not be visits to tourist attractions or foreign officials' families.

Transactions, such as the payment of travel expenses, meals and/or accommodation for an official to enable him/her to attend an event sponsored by the JV or visit a the JV's site must be properly accounted for, in order to ensure compliance with the anti-corruption laws. Similarly, local laws and regulations define, in most cases, provisions regarding payments or reimbursements of expenses incurred by third parties. Even when local laws allow the JV to pay the expenses of an official, there may be applicable legal requirements for the management, accounting and reporting of such payments.

These laws and regulations must be observed also during the planning of an official trip paid by the JV. Each situation must be evaluated rigorously, taking into account all relevant facts and circumstances.



Trips and Gifts

Q: Some important clients are in the area and the only time they could meet us is in the evening, so we arranged to take them out for dinner. We have already received approval for the dinner and our intention is to ensure the cost is within policy limits. When we arrive at the restaurant the clients are already there, they have brought their spouses with them and they have ordered a large bottle of champagne. What should I do?

A: Go ahead with the evening; you cannot call it off now. Speak to your superiors as soon as you get back to the office the next day and explain what happened.

3.8 Human resources management

The JV complies with all domestic laws concerning employment, international labour codes and conventions, and is committed to upholding the principles set out in the United Nations Universal Declaration of Human Rights.

During the hiring process the JV shall at least carry out checks over the previous professional experience and qualification declared by the candidate and verifies suitability for the role and include the following pre-recruitment checks in accordance with and as permitted by applicable local laws:

- a) Reference Lists;
- b) the presence of any conflicts of interest or relations that could interfere with the function of Public Officials called to operate in relation to the activity for which the JV has a firm interest as well as with representatives of the management of companies, consortia, foundations, associations and other private entities, including those without legal entities, that carry out professional and corporate business that are particularly pertinent for the JV purposes;
- c) any previous criminal record or criminal proceedings that are ongoing and any civil or administrative sanctions or pending investigation related to the professional ethics of the candidate, considering the role the candidate will hold.

The outcome of such checks should be assessed in relation to the role and duties the candidate will carry out.

4. REPORTING VIOLATIONS

Any known or suspected violation of anti-corruption legislations or of this procedure must be immediately reported in one or more of the following ways:

- to the direct supervisor of the employee (or to the main contact in the JV of the business partner, when the violation is reported by a business partner);
- to the Anti-Bribery Compliance Unit;

The direct superior, the Anti-Bribery Compliance Unit and the Human Resources Department shall identify together the most appropriate way to proceed, including the application of adequate disciplinary measures

5. DISCIPLINARY MEASURES

The JV makes every reasonable effort to prevent any conduct that could violate anti-corruption Laws, the Anti-Corruption Compliance Program and/or policy and procedures as well as to stop and sanction any misconduct by recipients of this procedure.

Any employee or collaborator, who is not acting in compliance with this policy, or who does not report known or suspected illegal actions, will be subject to disciplinary action, commensurate with the seriousness of the violation carried out, as set out in paragraph 6.3. of Anti-Corruption Compliance Program.