



Model of organisation and management

Italian Legislative Decree no. 231 of 08 June 2001

Approved by the Board of Directors on 8 August 2017

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Definitions

In addition to the definitions contained in other parts of the model, the terms and expressions with an initial capital letter used in this text have the meaning assigned to them, it being specified that the same meaning applies to both the singular and the plural:

Waters

All waste water from a drainage system as well as the sea water used to cool the plants, rainwater, process water and oily waters.

Tax authorities

We are here referring, by way of a non-limiting example, to the Ministry of Economy and Finance, the Finance Department, the Public Property Agency, the Customs and Monopolies Agency, the Presidential Council of Tax Justice and the Financial Police.

Sensitive Activity or Activity

Activity performed directly by ERG Power Generation or on behalf of the same, by an ERG Group company or by a third party in a context in which there is the potential risk to perform the crimes detailed under Italian Legislative Decree 231/01.

Public Authority or Administration

We are here referring, by way of a non-limiting example, to the Judicial Authorities, Italian and foreign, national, regional and local Institutions and Public Administrations, CONSOB, Anti-trust Authority, the Guarantor for the Protection of Personal Data, the Authority for Electrical Energy, Gas and the Water System (AEEGSI), the Electrical Services Managing Body (GSE) and the Electricity Market Managing Body and the other Supervisory Authorities, both Italian and foreign, national, regional and local, or equivalent private subjects in so far as they are provided with supervisory powers as well as their officers and internal bodies, including Public Officers, persons responsible for public services as well as politically exposed persons.

Italian Electricity Exchange (IPEX) or Exchange

Is the Italian wholesale market for electrical energy where electrical energy producers or traders, which provide the offer, sell energy wholesale and where the suppliers of the free market, the major consumers and the Single Purchaser purchase energy for their own purposes or to supply third parties.

Branch

Fixed business branch through which the non-resident company partially or entirely exercises its activity within a foreign state. This is stable organisation devoid of independent judicial status.

List of Crimes

The list of crimes foreseen by Italian Legislative Decree 231/01 published in the "Supervisory and Anti-Corruption Organisms" section of the company's intranet.

CCC

Tool used to cover the volatility risk of the fee for the right to use the capacity to transport electrical energy (CCT). In particular this is a financial contract signed between Terna S.p.A. and the user of the dispatching (ERG Power Generation) the purpose of which is to cover the volatility risk of the CCT relative to national transits. In particular, the CCC, assigned by means of annual and monthly auctions by Terna S.p.A., foresees the payment of a fixed price to the latter by the dispatch user in exchange for the return of the value of the CCT.

CCNL or National Collective Labour Agreement

National Collective Labour Agreement currently in force and applied by ERG Power Generation to its employees.

White Certificates or Energy Efficiency Certificates or EECs

Tradable instruments that provide proof of the achievement of end-use energy savings through energy improvement initiatives and projects.

Clients

“Medium-large” clients and “site” clients to which the Group sells directly produced electrical energy or energy purchased on the market as well as utilities (e.g. steam).

Commodity

Exchangeable goods on a sufficiently broad market in standard uniform quantities and qualitatively equivalent. These include electrical energy, natural gas, steam, etc.

Intragroup Contracts

Contracts between ERG Group companies that regulate the supply of goods and/or services within the ERG Group.

We are here specifically referring to:

- Intragroup Service Contracts;
- Intragroup Lease Contracts;
- Intragroup Centralised Treasury Contracts;
- Intragroup Operation & Maintenance Contracts;
- Intragroup Electrical Energy Purchase Agreements;
- Tolling Contracts.

Counterparties

Physical persons (not Employees) and legal entities that have set up a contractual agreement with the Company regarding, among other things, the purchase or sale of companies, company branches, shareholdings or the joint engagement in economic activities through shareholdings in companies or temporary partnerships.

Intragroup Service Contracts

Intragroup Contracts through which the Company supplies the other ERG Group companies (directly or indirectly through ERG) or receives from ERG, among other things, goods, services, professional services.

Infragroup Operation & Maintenance Contracts

Infragroup Contracts related to management and maintenance, by ERG Power Generation (even through its own Branches), of the electrical energy production plants of certain subsidiary Companies.

Tolling Contracts

Infragroup Contracts through which ERG Power Generation (so called toller), on payment of a fee for the use of the CCGT electrical power station owned by ERG Power S.r.l. (so called tolling fee) and the supply to the latter (so called processor) of the necessary fuel, receives the electrical energy and other utilities produced.

Employees or Personnel

Individuals who have an ongoing labour relationship with the Company (or with other Companies of the ERG Group, where expressly specified), including managers.

Italian Legislative Decree 231/01 or the Decree

Italian Legislative Decree no. 231 of 8 June 2001 and its subsequent amendments and supplements.

EEX (European Energy Exchange)

European Energy Exchange.

Atmospheric Emissions or Emissions

Any solid, liquid or gaseous substance introduced into the atmosphere that in certain conditions or quantities may cause atmospheric pollution.

ERG or the Parent Company

ERG S.p.A.

ERG Power Generation or the Company

ERG Power Generation S.p.A.

European Market Infrastructure Regulation or EMIR

European regulation that has introduced a series of obligations to be fulfilled by the counterparties of derivative Contracts (including those that involve informing the Authorities) in order to reduce the risk of derivative markets and improve their transparency.

Suppliers or Consultants or Contractors

Physical persons (not Employees) and legal entities that have a contractual relationship with the Company that relates to, among other things, the supply of goods, services, professional services or the execution of works.

GME or Energy Market Manager

The Authority that is entrusted with the organisation and economic management of the electricity market.

ERG Group or ERG Group Company

ERG, ERG Power Generation and the Subsidiary Companies.

GSE or Energy Services Manager

Authority responsible for promoting, stimulating and developing renewable energy sources in Italy.

Person entrusted with a public service

The person who, for whatever reason, performs an activity regulated according to the same rules that apply to public appointments, but featuring a lack of the powers usually associated to the latter. The performance of simple jobs involving the application of order and the supply of merely material operations are excluded. By way of non-limiting example the following may be considered persons entrusted with a public service: the employees of the Supervisory Authority that are not involved in establishing the will of the Authority and have no powers of authorisation, the company employees, even in a private company, that perform services under license (e.g. Terna S.p.A.), the manager of a public waste disposal unit with administrative authorisation.

Confindustria's Guidelines

The Guidelines for the construction of organisation, management and control models pursuant to Italian Legislative Decree 231/01 approved by Confindustria, issued in March 2014 and published in July 2014 following approval from the Ministry of Economic Development.

ERG Management

The first appointees made by the Managing Director granted competence over various issues at various times.

Organisation Manual

We are here referring to the document which, given the Company's framework at any given time, defines, for each organisation role found within the company's organisational chart:

- the purpose, understood as being the main objective;
- the responsibilities, with regard to the macro-activities involved in the various main processes;
- the professional context they belong to;
- the expected range of their technical (know-how) and managerial competence.

Specific company roles mentioned in the Model 231 are expressly defined within the Organisation Manual.

Model

The Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01, as adopted by ERG Power Generation.

Internal regulations or Regulations

We are here referring to the company regulations adopted by the ERG Group including those adopted as part of the Integrated Management system.

Supervisory Bodies

The Board of Statutory Auditors and the Auditing Companies, as well as their members.

Corporate Boards

ERG S.p.A. Board of Directors, the Board of Statutory Auditors and their relative members.

Supervisory Committee or SC

Committee responsible for verifying the effectiveness of the Model and proposing its updating to the Board of Directors when it considers it necessary. The Supervisory Committee is also required to oversee compliance with the Code of Ethics.

P@R or Profit at Risk

This is a risk indicator that measures the maximum loss of profit or value of an activity or a portfolio of activities.

Public Official

Anyone a) exercising a public legal, judicial or administrative function; b) acting in an official capacity in the interest or on behalf of (i) a national, regional or local Public Administration, (ii) an agency, office or organism of the European Union or of an Italian or foreign, national, regional or local Public Administration, (iii) a company, owned, controlled or jointly owned by an Italian or foreign Public Administration, (iv) an international public organisation. By way of non-limiting example the following may be considered public officials: the technical consultants and appointed experts, judicial officers and liquidators, as assistants to the judge; the health inspectors and officers; notaries; mayors in their role as government officers; municipal councillors; persons pertaining to the Police Force or the Armed Forces; Fire fighters and traffic wardens; magistrates in the exercise of their functions; council employees that issue certificates (for example, Registry Office employees) and council technicians.

PUN

Is the reference price for electrical energy purchased on the Exchange (Single Nationwide Price).

Crimes

The crimes to which the regulations foreseen by Italian Legislative Decree 231/01 apply.

Dispatching Service or Dispatching

Is the service that all times covers the balance between the demand and the supply of electrical energy.

Drainage

Any introduction of waste waters into a surface or, underground water or drainage system, regardless of their polluting nature, even when subjected to preventive treatments.

Power allocation system

Refers to the set of powers granted, within the Company, through proxies and assignments, to be exercised (where applicable) within the limits of the approved budget, as well as all that is foreseen in the Guidelines for the identification and performance of significant operations and in any case bearing in mind the roles assigned through the Organisation Manual.

Integrated Management system or System

Is the set of policies, guiding principles, plans and programmes, organisational structure, roles and responsibilities, procedures, practices, actions and resources, coordinated and aimed at controlling and constantly improving the protection of health and safety at the workplace and the environment.

Subsidiary Companies

ERG Power Generation Subsidiary Companies pursuant to art. 93 of Consolidated Financial Law¹.

Senior Parties

The Board of Directors of ERG Power Generation and, in particular, the Chairman, the Managing Director, as well as the other Directors or holders of proxies assigned directly by the Company's Board of Directors. More in general, those considered in senior posts are those subjects who are responsible for representing, administration or management of the Company.

Environmental Certificates

CO₂ quotas and White Certificates.

Politically exposed Subjects

We are here referring to political parties, members of a political party or a candidate for a political assignment, whether Italian or foreign.

Top Management

The Chairman and the Managing Director of ERG Power Generation.

¹ (...) are considered subsidiaries, in addition to those indicated in article 2359, section one, numbers 1 and 2, of the Italian Civil Code, as follows: a) Italian or foreign companies, over which a party, by virtue of a contract or a statutory clause, has the right to exercise significant influence, when the applicable law permits said contracts or clauses;
b) Italian or foreign companies, over which a shareholder, on the basis of agreements with other shareholders, alone has sufficient voting rights to exercise a significant influence at the shareholders' meeting.
[...] rights held by subsidiary companies are also valid or those exercised by means of trustees or intermediaries; those due on behalf of third parties are not considered valid.

1. Italian Legislative Decree no. 231/2001

1.1. Decree content and law references

Italian Legislative Decree 231/01², which came into force on 4 July 2001, introduced into our legislation the concept of administrative liability for legal entities, which is to be added to the criminal liability of the natural person who has materially committed certain unlawful deeds and which aims to involve, in the punishment of said crimes, the organisation in whose interest or to whose advantage these Crimes have been committed.

The responsibility of the entity (even for crimes committed abroad, provided that the state where the crime was committed is not already pressing changes and the other conditions foreseen by art. 4 of the Italian Legislative Decree 231/01 are met) is ascertained when one of the crimes foreseen by Italian Legislative Decree 231/01 is committed by a natural person who is part of the entity, in the interest or to the advantage of the entity itself and if the latter has not adopted suitable organisation models to prevent the crimes listed under Italian Legislative Decree 231/01 being committed (so called "organisational liability")

With reference to the natural persons who have committed the Crime, it takes into consideration the conduct of (i) Top management personnel and (ii) natural persons under the management or supervision of said subjects.

In relation to the crimes that may lead to organisational liability, the Italian Legislative Decree 231/01 included, in its original text, only crimes against the Public Administration (articles 24 and 25); subsequently, via further legislative actions often dictated by the need to align the regulation to European community norms and international conventions, other instances were introduced (the complete list of which is published in the Crime List, published in the "Supervisory and Anti-Corruption Bodies" section of the company intranet).

1.2. Company actions that the decree considers as exemptions from its administrative liability

Italian Legislative Decree no. 231/01 provides a specific exemption from administrative liability, if the Entity can demonstrate that the management, before the crime was committed, had adopted and effectively implemented, "organisational and management models designed to prevent the kinds of crimes that have been committed".

The Model must meet the following requirements:

- identify the activities where the Crimes stated in the Decree may be committed;
- define specific decision making protocols with reference to the Crimes that must be prevented;
- identify procedures for managing financial resources capable of preventing the commission of such Crimes;

² Adaptation of Italian law on liability of legal persons, to the Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Community, to the Brussels Convention of 26 May 1997 on combating the bribery of public officials of the European Community and of Member States and to the OECD Convention of 17 December 1997 on combating the bribery of foreign public officials in international business transactions.

- implement reporting processes towards the Board in charge of supervising the effectiveness of the Model;
- introduce an internal sanction system to appropriately punish the failure to respect the measures indicated in the Model.

Therefore a specific exemption from liability is provided for if the Entity proves that:

- prior to the commission of the Crime, it had adopted and effectively implemented, an organisational and management model capable of preventing the commission of the offences included in the Decree;
- it had established an internal body with autonomous decision-making and control powers, charged with the responsibility of supervising the effectiveness of the Model, as well as ensuring it is regularly updated;
- there is no evidence of omitted or insufficient control by the Supervisory Committee;
- the individual who carried out the offence acted by fraudulently ignoring the organisational and management Model.

ERG Power Generation, in drafting the Model has appropriately taken into account the guidelines drawn up by Confindustria; any differences that exist between the Model and any specific indication of the guidelines, do not affect the basic accuracy and validity of the Model, since guidelines are general in nature, while the Model has been adapted with reference to the current organisation of the Company.

1.3. Sanctions foreseen by the Decree

The Decree defines four types of administrative sanctions for violations:

- **pecuniary** sanctions, established through a system that sets a minimum and a maximum number of "quotas" for each offence. In order to make sanctions truly effective, the rule gives the law courts the power to define the number of the "quotas" used to sanction³ the organisation (between 100 and 1000, according to the gravity of the offence, the degree of responsibility of the entity and what has been done to eliminate or mitigate the consequences of the offence and prevent further abuses) and the relative value (from EUR 258 to EUR 1549 set "based on the entity's economic and financial situation")
- **disqualification sanctions**, i.e.:
 - i) the prohibition from operating core business activities;
 - ii) the suspension or revocation of authorisations, licenses or concessions functional to the committing of the offence;
 - iii) prohibition from entering into contracts with the Public Administration, other than to obtain public services;

³ There are cases in which the penalty can be reduced if (alternatively) the offender has committed the act in his best interests or in the best interests of third parties and the entity has not obtained any advantage, or has obtained a minimal advantage and if the damage caused is negligible. The financial penalty is also reduced by a third to a half if, before the opening statement of the proceedings of first instance, the entity (i) has fully compensated the damage or has eliminated the damaging or dangerous consequences of the crime (or has tried to do so), (ii) or has adopted a suitable Model to prevent the same offence being committed in the future. The pecuniary sanction is reduced by a half to two thirds if both the above conditions are present.

- iv) the exclusion from facilities, loans, grants and subsidies as well as the revocation of those already granted;
- v) the prohibition from advertising goods or services
- the **confiscation** of the cost or profit deriving from the offence
- the **publication of the sentence**.

With reference to the crimes attempted that are relevant pursuant to the Italian Legislative Decree 231/01, without prejudice to the possible reductions of the pecuniary sanctions foreseen, no other responsibility falls on the shoulders of the entities if they have voluntarily avoided the perpetration of the actions or the criminal event.

2. Model adopted by ERG Power Generation

2.1. Reasons for adopting the Model

ERG Power Generation, formerly ERG Nuove Centrali S.p.A.⁴, was set up on 9 September 2003.

The Company is engaged in the overall integrated management of three different and complementary energy production technologies which the ERG group currently has at its disposal and the sale of electrical energy (produced in Italy) through the single centralised Energy Management⁵ structure.

ERG Power Generation has set up Intragroup Operation & Maintenance Contracts with its Subsidiary Companies; with ERG Power S.r.l. it has also set up a Tolling Contract.

ERG Power Generation operates abroad through its Branches and its foreign Subsidiary Companies governed by local regulations. As for the Branches and their personnel, with reference to the specific activities performed, the provisions of this Model shall be applied; while for Subsidiary Companies set up under foreign law, the Anti-corruption Policy and the Internal regulations of reference must be applied.

In 2006 ERG Power Generation, in order to ensure conditions based on correctness and transparency in the management of its activities, it has seen fit to adopt the Model in accordance with the prescriptions of the Decree, subsequently updated in order to take into account the organisational changes and the regulatory updates that have taken place over time up to the publication of the one currently in force.

In implementing the Model, the Company has considered it advisable to apply the “Guidelines for Compliance with Italian Legislative Decree 231/01 and the anti-corruption laws within the ERG Group companies” approved by ERG and distributed to the ERG Group companies in order to provide methodological indications, over and beyond the management and coordination activities performed by the same, with regard to the management of “231 compliance”.

The Company believes that the adoption of this Model, along with the Code of Ethics provides an additional tool, over and above legal provisions, to ensure that all its Top Management, all its Employees, Suppliers, Consultants and Contractors and Counterparties in general as well as any other interested parties (stakeholders), conduct themselves in an appropriate and transparent way when performing their activities, in line with ethical and social values that ERG Power Generation is based on in pursuing its corporate purpose, thus preventing the risk of any Crime contemplated by the Decree being committed.

As a consequence, the adoption and effective implementation of the Model are intended to improve corporate governance, reduce the risk of committing Crimes and provide clear evidence that the Company should not be considered liable.

The Company has been awarded the certification of its Health and safety at work Management system (BS OHSAS 18001), of its Quality Management system (ISO 9001)

⁴ The change of the company's name took place on 8 May 2014.

⁵ Each of the Group's foreign companies sells the electricity produced based on the dispositions currently in force in the country in question.

and of its Environmental Management system (ISO 14001). Moreover the hydroelectric plants operated by its subsidiary ERG Hydro S.r.l and its proprietary CCGT plant of the ERG Power S.r.l. subsidiary have been granted EMAS certification.

2.2. Activities related to intragroup service contracts

The ERG Group's organisational model foresees the centralisation of shared activities within the Companies of the ERG Group. In particular, ERG – which guarantees strategic management – has the direct responsibility for business development processes and ensures management of all business support processes by means of an Intergroup Service Contract with ERG Power Generation and, indirectly, with the other Subsidiary Companies, through separate Infra-group Service Contracts between the latter and ERG Power Generation. Thus ERG Power Generation, through the above mentioned Intragroup Service Contracts provides its Subsidiary Companies with services performed by its own personnel (for example: “Engineering & Construction”, “Regulatory, Market Analysis & Performance Control”) as well as ERG Parent Company personnel that ERG Power Generation uses to perform certain activities (i.e. Administration, Finance and Control).

The Intra-group Service Contracts ensure that each Company of the ERG Group can:

- reach independent and autonomous decisions, for which it must be granted broad responsibility, including decisions relative to the infra-group services received from the Company.
- consequently maintain control regarding the appropriateness of the intragroup services supplied/received.

The Intragroup Service Contracts foresee:

- a detailed description of the activities that are the object of the contract
- the procedures involved in the provision of services
- the powers of verification and control granted to the individual ERG Group Companies
- the procedures for calculating the fees of the Infra-group Services supplied
- appropriate clauses protecting the informational assets of the individual ERG Group Companies and the security of the transactions
- the obligation, befalling the company, to operate in compliance with current applicable laws and regulations as well as requiring compliance of the same even by possible Suppliers, Consultants and Contractors to which it might subcontract the entire or partial supply of Infra-group Services
- the right, for the ERG Group Companies receiving the intragroup services, to terminate the contract following any violation:
- of the legal and regulatory dispositions that may lead to sanctions pursuant to Italian Legislative Decree 231/01 charged to ERG Group Companies receiving intragroup services
- the obligation to execute the activities in compliance with the principles contained in the organisation, management and control model foreseen by Italian Legislative Decree 231/01, adopted by each company of the ERG Group as well as the Code of Ethics and Internal Regulations.

More in general, each Intra-group Contract must be drafted in such a way as to be fair and transparent and the relative services supplied in compliance with the principles of sound management, accounting transparency and segregation of assets.

Taking into account the above, the Personnel in performing its own activities must comply with the principles of conduct foreseen by this Model and those of the Group Companies for whom these activities are carried out.

2.3. Construction and structure of the Model

The Model has the purpose of defining a comprehensive set of prevention, deterrence and control tools aimed at reducing the risk of Crimes being committed, by identifying Sensitive Activities and, if necessary, their resulting regulation.

Therefore, the activities performed to develop⁶ the Model can be summarised as follows:

- mapping of business operations affected by the risk of Crime in order to identify Sensitive Activities, understanding possible ways of committing Crimes ("risk assessment") and identifying any need for corrective action
- examination of existing corporate documentation, interviews with key corporate employees, identification of existing Internal Regulations, understanding the segregation of duties model, mapping existing controls and understanding how they are documented, analysis of risk situations that have occurred in the past and their causes
- creation of a "map of 231 risks" and of a "gap analysis", which identifies any areas for improvement, with a view to guaranteeing the effectiveness of the controls set in place by the Model
- definition of control protocols and formalisation of plans of action through measures (organisational, procedural or relating to information systems) necessary to define a control system reasonably able to prevent or reduce the risk of committing Crimes.

As far as the effectiveness of the Model is concerned, particular importance has been assigned to the organisational structure, the activities performed by Top Management and, more in general, by the corporate staff, with the aim of ensuring the effectiveness and efficiency of management operations, the reliability of outward and inward Corporate communication, the compliance with currently applicable laws, regulations, procedures and Internal Regulations.

The most important case law and legal provisions were considered in developing the Model to ensure it complied with all the characteristics it was supposed to possess. In particular:

- **effectiveness:** namely the adequacy of all the established controls in order to prevent the committing of Crimes;

⁶ According to the provisions of the Decree, the Guidelines published by Confindustria, the "Position Paper" of the Italian Internal Auditors Association, the CoSO Report (proposed by the Committee of Sponsoring Organizations of the Treadway Commission) as an international standard on internal control matters and Position Paper published by the "Associazione degli Organismi di Vigilanza" - Association of members of supervisory bodies (AODV).

- **specificity:** model provisions must take into account the Company characteristics, its size and type of activities performed, as well as the history of the Company;
- **constant updating:** its suitability in reducing, over time, the risk of a Crime being committed, in relation to the structure and nature of the business, taking into account the operations of the Supervisory Committee which is required to keep the Model up-to-date and current, suggesting to the Company's Board of Directors all required variations to this end.

The structure of the Model adopted by ERG Power Generation is characterised by the presence of the following major components:

- **Code of Ethics**, to which reference should always be made, which states the principles on which the work of all those who contribute with their work to the development of company activities must be based;
- **General Section**, defines the overall layout of the Model in relation to the provisions of the Decree and the specific choices made by the Company in its development, with reference to the Disciplinary System, to be applied in case of violation of the envisaged rules and procedures
- **Special Section**, which provides a definition of the rules to be followed in performing Sensitive Activities relative to the kinds of crimes to which the Company is even just potentially exposed to
- **Disciplinary System**, to be applied in the event of a breach of the Ethical Code, the Model and/or the Internal Regulations and, more in general, the rules and procedures provided by the Internal Control and Risk Management System adopted by ERG

2.4. The Internal Control System and Model

The regulatory system of reference for the Sensitive processes and Activities does not solely comprise the provisions of this Model, but rather a structured, coherent set of regulations which constitute an integral and substantial part of the Internal Regulations:

- the **Code of Ethics**, targeting all stakeholders, which summarises the ethical principles adopted by the ERG Group in the performance of its business activities
- the **Policies**, targeting all stakeholders, which, based on values expressed in the Code of Ethics, define the basic operating principles to be applied when conducting company activities
- the **Guidelines**, mainly targeting those responsible for initiating operations and overseeing them, which define the principles according to which business should be conducted
- the **Procedures**, targeting those involved in the operating processes governed by the Procedures in question
- the **Operating Notes**, targeting those operationally involved in the activities or activity phases governed by the document;
- the **Integrated Quality, Health and safety and Environmental Management System**; (UNI standards UNI EN ISO 9001, UNI EN ISO 14001 and BS OHSAS 18001) within which the appropriate procedures are duly adopted
- the **Intragroup Contracts**.

The current Power Allocation System adopted by the Company envisages the conferral of:

- special powers assigned by the Board of Directors to the Chairman, the Managing Director and certain Directors in order to regulate the Company's operation
- proxies for the allocation of signing, representation and external negotiation powers
- special powers for the performance of one or more specific, well-defined actions, the completion of which invalidates said powers;
- special proxies (both external and internal)
- involving signing, representation and external negotiation powers (on a case to case basis) required in order to adopt certain measures with no negotiated value outside the company granted to Employees responsible for organisation positions
- organisational responsibilities by defining the job description within the Organisational Manual.

The **Power Allocation System** is designed in such a way as to ensure continuous coherence between the organisational structures, in line with the powers assigned (through proxies and powers of attorney) and the Internal Regulations. all of which in compliance (where possible) with the "Segregation of Duties". This approach guarantees that the same person is not assigned all responsibility/powers to independently manage an entire Sensitive Activity.

In particular, when delegating powers (through proxies and powers of attorney), the exact limits (including spending limits) are identified within which the powers are exercised, with the delegation of "unlimited" powers prohibited while also taking into consideration the current Organisation Manual and Power Allocation System.

Where it is not possible to guarantee the Segregation of Duties the Sensitive Activity must in any case be subject to alternative compensatory control instruments.

The principle of Segregation of Duties is outlined in specific organisational documents such as the "Segregation of Duties" Guideline, the Role, Responsibilities and Powers Segregation Model and the relative Incompatibility Matrix and must be taken into consideration every time one encounters, by way of non-limiting example, one of the following events:

1. internal reorganisation;
2. optimization / modification of an existing process and/or the start of a new process;
3. a request for authorisation to access IT systems;
4. changes in organisational responsibilities and/or of the Power System.

Specific periodic controls are also in place to ensure alignment between the powers and the organisational roles, also in reference to any organisational changes.

The Organisation Manual, on the basis of the Company structure (meaning the functions present in the Organisation Chart), describes the various organisational positions and identifies their goals and responsibilities.

The Model is therefore made up of the set of rules of conduct and controls established in this document and in the regulatory system, and the system of delegated powers and responsibilities stated above.

2.5. Model adoption process

Although the adoption of the Organisational and Management Model is merely "voluntary" and not mandatory, ERG Power Generation has decided to set up and adopt its own Model and appoint the Supervisory Committee considering this choice as representing an opportunity to improve its corporate governance.

Since the Model is a "document issued by the Management Body", its adoption and any subsequent amendments and supplements will be responsibility of the Company's Board of Directors.

The Supervisory Committee, as described in the following paragraphs, has the task of verifying the content of the Model and updating it with the support of any necessary resources, coordinating the analysis and mapping of Sensitive Activities, ensuring Model operation and compliance.

3. Supervisory Committee

3.1. Identification of the Supervisory Committee

The Decree identifies an "entity organism", with independent authority of action and control, as the organism to be put in charge of supervising the functioning, effectiveness and observance of the Organisation, Management and Control Model as well as continuously and promptly updating it.

The generic concept of "entity organism" justifies the multiple solutions that companies can adopt, considering their dimensions, Corporate Governance rules and the need to achieve a fair balance between costs and benefits.

Confindustria's Guidelines suggest appointing an organism, other than the Board of Directors, which has characteristics of **autonomy, independence, professionalism and continuity of action**, as well as **integrity and absence of conflicts of interest**. Internal and external members can be nominated to be part of the collective Supervisory Committee, provided that each of them has the above-mentioned prerequisites. If members are both internal and external, as is specified in the Confindustria Guidelines, independence must be considered with reference to the Supervisory Committee as a whole and not to the individual members, since complete independence from the organisation is not enforceable for members appointed internally.

3.2. Appointment and composition of the Supervisory Committee of ERG Power Generation

The Board of Directors has the power to appoint the Supervisory Committee. Considering the previous section provisions, the Board believes that the best solution to ensure compliance with the requirements of the Decree is represented by granting the functions and powers of the Supervisory Committee to a collective body consisting of a Chairman, as an external member, and two internal members (preferably the Chief Audit and another Manager with adequate abilities) identified as meeting the requirements set by Italian Legislative Decree 231/01 and by Confindustria Guidelines.

In particular, the members of the Supervisory Committee shall possess knowledge and/or expertise in the field of financial audit, tax compliance, management control, finance, risk management, internal audit, business organisation and legal.

The Supervisory Committee thus identified shall only respond to the Company's Board of Directors and has direct access to Top Management, the Board of Statutory Auditors and the Board of Directors. In order to ensure the necessary autonomy of action and independence, the Supervisory Committee has no operational duties.

The members of the Supervisory Committee may not, in carrying out their duties (so called incompatibility causes):

- directly or indirectly engage in economic relations (or be able to influence the independence of opinion, also evaluated in relation to the individual financial condition) with the Company, its subsidiaries, its directors, the shareholder or group of shareholders controlling the Company, with the exception of any employment relationship;

- directly or indirectly own shares enabling them to exercise control or significant influence over the Company;
- be close relatives (meaning spouse/partner, relation or in-law to the 4th degree of kinship) of Company directors or of persons in the situations mentioned in the previous paragraphs;
- been convicted, even with no final judgement, for offences or to have accepted to plea bargain ("patteggiamento" under art. 444 of the Italian Code of Criminal Procedure).
- been declared debarred, disqualified or undergoing bankruptcy proceedings or have been convicted with sentences that entail disqualification from public offices, from the offices of Companies and legal entities, from a profession or a craft, as well as been forbidden to negotiate with the Public Administration.

The Company's Board of Directors verifies that the members of the Supervisory Committee fulfil the requirements of integrity, professionalism, autonomy, independence and continuity of action, also taking into account the instructions provided in Confindustria's Guidelines.

3.3. Duration of appointment, replacement and removal of Supervisory Committee members

Members of the Supervisory Committee shall remain in office for a period preferably not exceeding three years and may be re-elected. In case of revocation of the appointing Board of Directors, whatever the reason, Committee members shall be resigned while remaining in force until new ones are appointed, or the ones in force are confirmed by the new Board of Directors.

The Company's Board of Directors has the power and responsibility to appoint and remove the Supervisory Committee.

Members of the Supervisory Committee cannot be revoked except for good reason, by special resolution of the Board of Directors. Good reason for dismissal shall be intended as the occurrence of any of the following circumstances:

- occurrence of one of the reasons for incompatibility listed in point 3.2;
- repeated breach of their duties;
- violation of the Model;
- unjustified inactivity (e.g. repeated failure to participate in the regular meetings of the Supervisory Committee);
- conviction, even without final judgement, or application of the "plea bargaining" penalty for facts relating to the performance of their duties. The Board of Directors will decide on a case-by-case basis, taking into consideration the seriousness of the Offences involved, suspension or revocation of membership of the SC, even if not convicted of a "Crime included in Italian Legislative Decree 231/01" with final judgement, but in any event convicted or subjected to personal injunction orders;
- occurrence of a permanent condition of conflict of interest;
- changes in stock ownership resulting in a change of the party holding the majority of votes that can be exercised at ordinary shareholders' meetings.

At the time they are appointed, Supervisory Committee members must issue a declaration stating the absence of the mentioned conditions of incompatibility with reference to their specific activity along with the undertaking to promptly communicate any variation that may intervene regarding what has been stated.

Members of the Supervisory Committee can resign from their role at any time. In this case, they must notify the other members of the Company's Supervisory Committee, the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors in writing of the reasons for their resignation. Should one or more members of the Committee resign at the same time, the resignation would not take effect until a new Supervisory Committee member/members is/are appointed by the Board of Directors.

3.4. Duties, powers and activities of the Supervisory Committee

The Supervisory Committee is responsible for carrying out, with autonomous powers of action and control, the following activities:

- supervising the respect of the Code of Ethics;
- verifying the effectiveness and adequacy of the Model, that is to say the ability of the Model to prevent the occurrence of Crimes included in the Decree;
- analysing the business in order to update the mapping of sensitive areas;
- promoting training initiatives for the recipients of the Model, its communication and diffusion in collaboration with the competent functions;
- collecting, processing and storing of all relevant information received in accordance with the Model;
- ensuring that recipients' behaviour is consistent with the provisions of the Model;
- making periodical checks according to an annual plan notified to the Board of Directors;
- making any "out of plan" checks retained necessary, subsequently notifying the Board of Directors;
- coordinating with Company departments in order to acquire information useful for regularly monitoring sensitive activities;
- verifying that corrective actions necessary to make the Model operate are promptly and effectively implemented;
- carrying out internal audits, in order to obtain information necessary for its supervisory activities;
- updating the Model with reference to both regulatory changes and corporate structure, so that the Board of Directors may approve it, this way keeping the document consistent with the purposes described in the Decree.

As part of its checks on Model effectiveness, the Supervisory Committee:

- must take all necessary action in order to adapt behaviour to the provisions of the Model, if it appears that the status of implementation of rules is deficient;
- must act as soon as possible, when Model adaptation is required
- can communicate results of its audits in writing to the competent Heads of Departments involved, requesting an improvement action plan;
- must acquire directly from Heads of Departments all the elements needed to promote the application of the Disciplinary System.

The Supervisory Committee must inform the Board of Directors and the Company's Board of Statutory Auditors as soon as possible about significant violations of the Model, asking for support of ERG's functions in a position to collaborate in audit activities and in defining appropriate actions in order to prevent the recurrence of such circumstances.

Activities carried out by the Supervisory Committee in the exercise of its functions cannot be controlled in any way by any other body or company department, without prejudice to the fact that the Board of Directors is in any case obliged to carry out an inspection in order to evaluate the adequacy of the intervention of the Supervisory Committee.

The Supervisory Committee is granted the following powers and rights in order to perform its assigned duties:

- to access any kind of business document, relevant in relation to its functions;
- to benefit from the assistance of any Company department;
- to request any Employee to promptly provide information, data and / or news necessary for identifying relevant aspects of company activities with reference to the Model and for monitoring its effective implementation;
- to request the Board of Directors and the Company's Board of Statutory Auditors to be convened.

In addition, the Company's Board of Directors must grant the Supervisory Committee with an annual appropriate financial allocation in order to conduct its business, based on a proposal from the Supervisory Committee, as well as any additional funds that may be required during the year.

The operations of the Supervisory Committee must be governed by a **regulation**, approved by the same, in which (at least) the following aspects are defined:

- **the types of verification and supervisory activities performed by the Committee;**
- **activities connected to the updating of Model;**
- **training and information activities of the recipients of the Model and Code of Ethics;**
- **operation and internal organisation of the Supervisory Committee (summoning of meetings, voting procedures, voting quorums, minutes of meetings, resources, reporting and disclosure obligations).**

With specific reference to the meetings of the Supervisory Committee and respecting the autonomy of the same, at least 4 meetings a year should be held (and reported in minutes).

3.5. Reporting to Corporate Bodies

Despite its autonomy and independence, the Supervisory Committee must report to the Board of Directors:

- at the beginning of each year, about the plan of activities that it intends to carry out;
- the state of progress on activities and the reasons for any changes introduced to the plan;

- immediately, in writing, any significant issue arising from its activities;
- at least every six months, in a specific report, the outcome of its activities;
- any violations of the Model and/or of the Code of Ethics.

To this end, the Supervisory Committee prepares a half-yearly report for the Board of Directors regarding its activities, providing it with information on any violations that it has encountered regarding the Model and/or the Code of Ethics. The Company's Board of Statutory Auditors attends the Board of Directors meetings.

3.6. Reporting duties to the Supervisory Committee

The Supervisory Committee must be forwarded all information deemed useful for its activity by all parties involved, including but not limited to:

- results of controls set in place to implement the Model, from which discrepancies emerge;
- measures and / or information from the judicial police or any other authority from which one can infer investigations concerning the Company;
- internal and external communications relating to facts that could be in connection with cases considered offences;
- any requests for legal assistance submitted by company personnel that are being investigated for potential crimes by the judicial authorities;
- results of internal audits from which responsibility for offences emerges;
- news relating to organisational changes;
- updates to the Power System, also by publishing on the intranet portal;
- significant or atypical operations that may be at risk of offences;
- significant violations of the rules relating to accident prevention and hygiene in the workplace, where accidents and occupational diseases have arisen;
- any communication from the Audit Company regarding issues that may indicate deficiencies in the system of internal controls, reprehensible facts, comments on the Company's financial statements;
- exceptions to the application of Internal Regulations currently in force (guidelines, procedures, etc.).

The Supervisory Committee draws up and approves a specific procedure for the flow of information concerning the Sensitive Activities identified in the Model.

The Supervisory Committee shall also be granted direct access to any electronic and/or hardcopy filing systems in use that may contain information relevant to its activity, such as:

- corporate archive (minutes of meetings of corporate bodies, Articles of Incorporation, etc.);
- any communications protocols in input and output.

All documentation relevant to the application of the Model must be kept on file by the Organisation Unit responsible for Sensitive Activities for a period of 10 years and shall be subject to "handover" if any relevant organisational changes are introduced.

3.7. Communication with the Supervisory Committee

Communication with the Supervisory Committee must take place through the specific mailbox odv.powergeneration@erg.eu or to the following address: **via De Marini 1, 16149 Genova.**

The Supervisory Committee verifies and ensures that those who report in good faith are not subject to any form of reprisal, discrimination or penalisation, and ensures that their identity is protected, without prejudice to legal obligations and the protection of the Company's rights or those of all persons who have been accused through falsehood or in bad faith.

The Supervisory Committee will consider reports received with a professional and responsible approach; it can interview the author of the report and / or the person responsible for the presumed violation, documenting in writing reasons for any independent decision not to proceed.

Any substantiated anonymous reports (containing all the objective details required to move to the next verification phase) shall be taken into consideration by the Supervisory Committee for further investigation.

3.8. Coordination between the SC and the Supervisory Committees of the other Group Companies

In order to perform its activities, the Supervisory Committee establishes a specific procedure, in conjunction with the other SC's of the Group Company, according to which the latter undertake to supply all information on relevant facts and critical aspects uncovered during their inspections and verifications, as well as the reporting methods and timing to be complied with. The Supervisory Committee also establishes the information that the latter undertakes in its turn to supply the Parent Company SC.

The exclusive competence of the Supervisory Committees over (direct and indirect) Subsidiary Companies in verifying possible violations of the Model and/or the Ethical Code within the Company in question remains.

4. Training and information

For the purposes of the implementation of the Model, ERG Power Generation believes that it is necessary to ensure correct knowledge and disclosure of the rules of conduct contained therein, both to its own employees (already employed by the Company or new recruits) and to Clients, Suppliers, Consultants, Contractors and Counterparties in general, who maintain relations, of any kind whatsoever, with the Company.

Training and information activities are managed by the Supervisory Committee which, if necessary, can call on the support of internal or external resources within the Company; participation in training activities is mandatory, and failure to comply with this obligation, which can also be verified by ERG's HR Officer & Security as well as the Supervisory Committee, is subject to disciplinary assessment.

In order to ensure the effective distribution of the Model and information for Company staff in relation to the contents of the Decree and the obligations arising from the implementation thereof:

- a copy of the Model is posted on company notice boards
- the section of the intranet portal dedicated to the Supervisory Committee is regularly updated.

The Company's Supervisory Committee promotes the dissemination and knowledge of the Model even with specific reference to Personnel operating in the Branches.

4.1. Staff employed in risk areas

Training of managers, staff vested with powers of representation and non-managerial staff employed in the company's risk areas must be based on classroom training provided following updates to the Model and on the basis of specific needs, for example on issues of particular interest (newly introduced Crimes, particularly significant Sensitive Activities, etc.). The training activities must be repeated on a regular basis.

With regard to the Code of Ethics, the completion of a dedicated e-learning course is envisaged, tracked on the system and monitored by the Business Partner's HR department. The e-learning on the Code of Ethics must also be repeated periodically.

4.2. Newly-recruited staff

Information and training activity is planned for newly recruited staff, based on:

- the delivery, together with the letter of appointment, of a copy of the Code of Ethics and an information sheet about the Model adopted by the Company;
- the provision of an e-learning course on Legislative Decree 231/01 issues: sanctioned Crimes, the Model, the Supervisory Committee, the main sensitive activities identified in order to prevent the crimes sanctioned by Italian Legislative Decree 231/01, the information flows that must be communicated to the Supervisory Committee
- provision of an e-learning course dedicated to the Code of Ethics.

E-learning training is tracked by the system and monitored by the Business Partner's HR Department. After the initial training and information, new recruits follow the training path envisaged for existing company staff.

4.3. Company Personnel operating abroad

Company Personnel operating abroad on a permanent basis, allocated to the foreign branches shall be provided with specific training activities referring to Company responsibility for crimes committed abroad pursuant to Italian Legislative Decree 231/01.

4.4. Directors

Informative activities are foreseen for Company Directors on the issues raised pursuant to Italian Legislative Decree 231/01, with particular reference to sanctioned crimes, the risks connected to the business and judicial precedents.

4.5. Other Personnel

Information to staff which does not fall within the categories referred to in the preceding paragraphs shall be effected by the Supervisory Committee through the periodic publication of information documents on the company intranet and other means of internal communication (such as corporate boards and periodical internal communications).

4.6. Information to Clients, Suppliers, Consultants, Contractors and Counterparties

The Clients, Suppliers, Consultants, Contractors and third parties in general shall be informed of the rules of conduct adopted by the Company, through the circulation of the Code of Ethics and publication of an extract of the Model on the ERG Group's internet website.

It is also required that the above subjects that collaborate with the Company issue a signed statement (even in the form of a specific contractual clause) in which they certify knowledge of ERG Power Generation's Code of Ethics and Model and undertake to comply with its prescriptions as well as not engaging in conduct that may lead to an involvement of the Company in the Crimes.

5. The Disciplinary System

The Disciplinary System identifies the sanctions imposed for violations of principles, conduct, and specific control elements required by the Model and Code of Ethics, and applies to Company employees, directors, statutory auditors, and to Clients, Suppliers, Consultants, Contractors and third parties in general, by way of appropriate disciplinary or contractual / negotiation sanctions.

In particular, the following are always violations liable to disciplinary assessment and consequent application of penalties:

- non-cooperation, when required, with the Supervisory Committee
- failure to send information and reports provided by the Model and the information flow procedure to the Supervisory Committee when repeated and designed to hinder supervisory functions
- repeated failure to participate to training activities on the model and/or the Code of Ethics, when not properly motivated;
- violation, infringement, circumvention, imperfect or partial application of the rules of conduct contained in this Model and the Code of Ethics.

Should the conduct to be censured be considered a crime pursuant to Italian Legislative Decree 231/01, the procedures foreseen by the Disciplinary System will be applied regardless of the holding and outcome of criminal proceedings initiated by the Judicial Authorities.

5.1. Disciplinary system for Managers

The violation, offence, circumvention, imperfect or partial implementation made by managers of ERG Power Generation, of any rule of conduct referred to in the Model and/or Code of Ethics constitutes a disciplinary offence punishable by ERG's Chief Human Capital & ICT Officer, without prejudice to the guarantee of adversarial hearings.

The Company, taking into consideration the seriousness of the proven conduct, can apply provisions designed to limit or revoke delegated powers, in addition to changing the employment position of the person subject to disciplinary proceedings, until the moment of dismissal.

In any event, sanctions will be defined according to the level of responsibility and autonomy of the Manager, the intentionality of his/her behaviour and its seriousness, considering both the relevance of the violated obligations and the effects which can reasonably impact ERG Power Generation – also pursuant to the application of the Decree – as a result of the sanctioned conduct. When a single behaviour constitutes a multiple violation of the law, subject to different types of sanctions, the most serious applies.

It remains still the right for the Company to also apply measures to limit or revoke powers or proxies, in addition to changing the position of the individual subjected to disciplinary proceedings.

5.2. Disciplinary system for Employees

The violation, offence, circumvention, imperfect or partial application by employees of any single rule of conduct referred to in the Model and/or Code of Ethics, constitute a punishable disciplinary offence.

For the purposes of this Disciplinary System, sanctions applicable to employees not at managerial level - according to the currently applicable procedures foreseen in article 7 of the "Workers' Statute" and of the National Collective Bargaining Agreement, as well as any applicable special regulation – are, by way of example:

- oral warning;
- written warning;
- suspension from work without pay for up to a maximum of 8 working days;
- dismissal.

In any event, sanctions will be defined according to the level of responsibility and autonomy of the Employee, the intentionality of his/her behaviour and its seriousness, considering both the relevance of the violated obligations and the effects which can reasonably impact ERG Power Generation - also pursuant to the application of the Decree - as a result of the sanctioned conduct. When a single behaviour constitutes a multiple violation of the law, subject to different types of sanctions, the most serious applies. The relapse within three years will automatically result in the immediate application of the more serious sanction. Under the current system of powers, the task of ascertaining and applying sanctions to Company employees rest with the Business Partner HR Department and ERG Power Generation's Managing Director respectively, who may rely on the support of the Supervisory Committee which will be required to provide a non-binding opinion. The Business Partner HR Departments are also responsible for monitoring Company employees' conduct with reference to their compliance with the Model and the Code of Ethics, while the Supervisory Committee must monitor the effectiveness of the adopted Disciplinary System.

5.3. Measures towards Directors and Statutory Auditors

In the event of a violation of the Model and/or Code of Ethics perpetrated by Company Directors and Statutory Auditors, the Supervisory Committee shall inform the Company's Board of Directors and the Board of Statutory Auditors which shall take appropriate actions, according to the level of responsibility of the person involved, the intentionality and seriousness of his conduct while guaranteeing an adversarial hearing on these issues. In severe cases, involving a breach of the relationship of trust with the director/auditor, the removal from office may be put forward during the first Shareholders' Meeting (even in an extraordinary meeting, in order to ensure the timely imposition of the sanction).

5.4. Actions taken against Clients, Suppliers, Consultants, Contractors and Counterparties

All violations of the rules of the Model and/or the Code of Ethics that apply to Clients, Suppliers, Consultants, Contractors and Counterparties in general and committing any

of the Crimes is sanctioned according to the provisions foreseen in the specific contractual clauses that govern the relationship between the Company and the above subjects.

In any event:

- ascertainment of the above subject's behaviour must comply with the adversarial system;
- the application of the sanction must take into account the seriousness of the contractual breach, i.e. both the relevance of the violated obligations as well as the effects to which ERG Power Generation could be exposed - also with reference to the Decree - as a result of the sanctioned conduct.

This is without prejudice to any request for compensation should any actual damage be caused to the Company by the behaviour of the Client, Supplier, Consultant, Contractor or Counterparty, as would be the case of measures prescribed in Italian Legislative Decree no. 231/01 and imposed on the offender by the court.

The company asks its Employees, Directors, Statutory Auditors, Suppliers, Consultants, Contractors and Counterparties in general to report any violations of the Code of Ethics and/or Model and welcomes their contribution, even if the person issuing the report has participated in the violation.

5.5. Actions taken against members of the SC

If any of the reasons for just dismissal as defined in paragraph 3.3 take place, the other members of the SC or any of ERG Power Generation's directors, shall immediately inform the Company's Board of Directors, which, having taken into consideration the seriousness of the violation and following a direct interview, having first consulted with the Board of Statutory Auditors, shall take advisable action.

Special part – Sensitive activities and Control protocols

6. Special Section

6.1. Introduction

The Company has analysed business processes to identify areas at risk of Crime perpetration and to verify the adequacy of its Model in relation to issues covered by the Decree.

Control protocols were established with reference to identified risk areas, after evaluating existing controls and identifying action plans necessary to remedy identified deficiencies.

The purpose of this Special Section is to regulate Sensitive Activities and introduce appropriate controls, in order to ensure the effectiveness of the Model adopted by the Company. Therefore:

- all Personnel that, regardless of the role performed within the organisational structure, should be responsible, with regard to their assigned tasks, of the possible crimes considered must comply with the conduct rules contained therein
- the persons responsible for the individual Organisation Units must exercise the utmost care in communicating the dispositions contained therein within the context of their areas of responsibility
- any failure to comply with the rules foreseen therein shall lead to the application of disciplinary sanctions, in compliance with legal provisions, the current contractual regulations and the Disciplinary System adopted by the Company.

With reference to the possible crimes that, if committed abroad, may entail ERG's responsibility pursuant to Italian Legislative Decree 231/01, a specific risk activity assessment has been carried out in order to understand which Sensitive Activities expose the Company to responsibility based on Italian Legislative Decree 231/01, according to the provisions of art. 4 of the same Decree.

6.2. Special section Structure

The special section identifies and describes the Sensitive Activities carried out by the Company either directly or through Suppliers, Consultants, Contractors and Counterparties in general.

For each Sensitive Activity the following elements are identified:

- **Process:** provides a short description of the Sensitive Activity and identifies the main phases or procedures by which it is implemented;
- **Scope:** identifies the main subjects involved in the Sensitive Activity;
- **Regulation:** recalls the dispositions that apply to each Sensitive Activity;
- **Code of conduct:** indicates the rules of conduct that the subjects involved in the Sensitive Activity must observe and the relative controls implemented to oversee said conduct;

Special part – Sensitive activities and Control protocols

- **Segregation of duties:** identifies the procedures that guarantee the segregation between the execution, authorisation and control activities;
- **Proxies and powers of attorney:** identifies the Power System that refers to each Sensitive Activity;
- **Traceability:** identifies how the main phases of the Sensitive Activity are reported;
- **Crime risks to which the business is potentially exposed:** identifies the individual Crimes to which the Company is potentially exposed within the context of the Sensitive Activity.

The Sensitive Activities and the control protocols identified are shared among the persons in charge of the activities to which they refer.

In relation to the Crimes to which the Company, by virtue of its activities carried out, is potentially exposed, the following are the sections of the crime evaluated as entirely or partially relevant:

- Crimes against the Public Administration (art. 24 and 25);
- Computer crimes and illicit data processing (art. 24 bis);
- Corporate crimes (art. 25 ter);
- Crimes committed for terrorist purposes or in order to subvert the democratic order (art. 25 quater);
- Crimes by organised crime (art. 24 ter);
- Offences against individuals (art. 25 quinquies);
- Market Abuse Crimes (art. 25 sexies);
- Manslaughter or serious or very serious bodily harm committed through violations of the regulations governing the protection of health and safety at the workplace (art. 25 septies);
- Receiving, recycling or using illicitly gained cash, goods or benefits as well as anti-money laundering (art. 25 octies);
- Offences involving violation of copyright (art. 25 novies);
- Incitement to not bear witness or to make false statements to the judicial authorities (art. 25 decies);
- Environmental crimes (art. 25 undecies);
- Employment of third country individuals with irregular permits of stay (art. 25 duodecies);
- Transnational crimes as defined by art. 3 of Law no. 146 of 16 March 2006.

A few of the crimes foreseen in the decree to which the Sensitive Activities may be exposed have not been listed (in particular: Forging money and public credit cards, duty stamps and in instruments and signs of recognition (art. 25 bis), Crimes against industry and trade (art. 25 bis. 1), Mutilation of female genital organs (infibulation) (art. 25 quater1) - seeing as the related risk has been assessed as abstract and not feasible in relation to the Company.

6.3. General control principles

General principles at the base of tools and methodologies used to define control protocols listed in this Special Section can be summarised as follows:

- **Compliance with the Code of Ethics:** all sensitive activities must be carried out in accordance with the principles of conduct set out in the Code of Ethics adopted by the Company.
- **Segregation of duties:** business processes must comply with the principle of segregation of duties, whereby the authorisation of an operation must be under the responsibility of someone other than the person who performs that operation or those supervising it. Segregation of duties should be guaranteed by the intervention, within the same process, of more than one person; it can be implemented by using computer systems that allow the execution of certain operations only by specifically identified and authorised persons. Where the Segregation of Duties cannot be fully guaranteed, additional controls have been foreseen.
- **Assignment and revocation of powers:** Authorisation and signing powers must be: i) consistent with organisational and managerial responsibilities; ii) clearly defined and known within the Company. Business roles assigned the power to act in the Company's name and/or on its behalf in certain operations must be identified by specifying the limits and the nature of said authority. The prompt revocation of powers (and the blocking of their phone lines) must be guaranteed in the event that the beneficiary leaves the company or its role within the organisation is changed (if deemed necessary).
- **Transparency and process traceability:** each activity relevant to the Decree must be verifiable, documented and, consistent with the activities performed by the Company. Proper storage of data and relevant information must be guaranteed, preferably through the use of information systems and / or paper support.
- **Appropriateness of internal regulations:** all the Company business rules must be consistent with the activities performed by the Company and with the organisational structure such that it may ensure the necessary checks to prevent the committing of the Crimes specified in the Decree.
- **Staff training:** specific Company staff training plans must be envisaged, with particular reference to those operating in the Sensitive Areas listed below.
- **Protection Clauses:** appropriate protection clauses must be included in contracts with particular reference to compliance with the provisions of Italian Legislative Decree 231/01, the anti-corruption regulations that apply in each case, the Model and the Code of Ethics.

6.4. Sensitive Activities and Control Protocols

Omissis

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