

# SUPPLIERS CODE OF CONDUCT

## INTRODUCTION

Terna has always been a model of business management inspired by sustainability and founded on respect for standards of legality and ethics, respect for human rights and on safeguarding the environment and it intends to promote the same behaviour from all subjects with which it works, amongst which suppliers assume particular importance.

The principles of conduct of Terna's suppliers which are illustrated here, consist of a comprehensive overview of indications on behaviour which Terna requires from its suppliers, through signing appropriate forms and declarations acquired at the stage of qualifying (where applicable), with the definition of requirements for participation in tenders and, in the stage of awarding, through contractual documentation. In this sense, the principles of conduct set out below represent a summary for which more detailed information can be found in the documentation signed by the suppliers, which formally define the undertakings and standards of behaviour to be adopted in relations with Terna.

The principles of conduct start from what has been laid down at an international level in the UN Universal Declaration of Human Rights, in the Declaration on Fundamental Principles and Rights at Work and in the Conventions issued by the International Labour Organisation (ILO) and in the Ten Principles of the UN Global Compact, as well as the contents of the UN Guiding Principles on business and human rights and the OECD Guidelines for multi-national enterprises.

Terna expects all its suppliers to share and respect these principles and expects them to act in turn to promote them among their own suppliers and subcontractors.

Terna reserves the right to check at any time that their suppliers are applying the principles of conduct that they have undersigned, with special attention to all the obligations regarding health and safety of workers. In the event, as a result of such a check, that any non-compliance with the principles of conduct should come to light, the suppliers are obliged to adopt the necessary corrective measures promptly, following the indications of Terna, notwithstanding Terna's right to rescind the contract in the event of gross non-fulfilment.

The suppliers may report any behaviour or occurrences in breach of the principles set out here, using Terna's whistleblowing system, through the dedicated portal on the website.

## **PRINCIPLES**

### **RESPECT FOR LAW**

Suppliers are obliged to respect all implementation rules and regulations on a national and international level, which are applicable at any particular time in countries where they operate.

### **ETHICS**

Legality and honesty are general principles on which Terna bases its Code of Ethics and the running of its company activities. Compliance on matters of prevention of corruption and conflicts of interest, transparency and fair competition, correct handling of information and intellectual property is binding for Terna. Therefore, Terna demands that its suppliers should also observe these general principles in the tender procedures and in carrying on their activities, complying with the commitments made when signing contractual documents.

#### **Fair competition.**

Terna promotes fair, sustainable competition between its suppliers, based on clear, transparent procedures for awarding tenders, applying European Community principles (transparency, non-discrimination, free competition). Suppliers are obliged not to adopt behaviour in breach of the principles of fair competition and to respect all applicable anti-trust legislation.

#### **Prevention of corruption and conflicts of interest.**

Suppliers must not practice nor tolerate any form of corruption, either generally within their own activities or in particular, in order to achieve the award of tenders from Terna. Suppliers must also report any situation of conflict of interest, which may affect normal conduct of relations with Terna.

#### **Use of information and intellectual property.**

Suppliers must ensure proper use of confidential information and must respect intellectual property rights.

## **SAFEGUARDING OF HUMAN RIGHTS AND WORK RIGHTS**

### **Human Rights and equal opportunities.**

Suppliers are obliged to respect and promote the human rights as recognised universally by the UN Universal Declaration of Human Rights and in the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organisation (ILO). In accordance with these principles, suppliers undertake to respect personal dignity, privacy and the rights of each individual and to avoid any form of discrimination on the grounds of race, colour, gender, language, religion, political opinions, nationality, social background and status, union membership, age, state of health or disability.

### **Verbal and physical violence.**

Suppliers undertake not to allow any form of verbal, physical or psychological abuse, molestation, threats, inhuman or humiliating treatment, corporal punishment or any other form of intimidation.

**Forced or juvenile labour.**

Suppliers must not resort to forced labour, nor must they employ or make use of juvenile labour, furthermore, they must avoid any form of illegal employment.

**Freedom of association.**

Suppliers are obliged to guarantee the rights of workers to hold freely trade union associations and recognise the right to collective bargaining.

**Pay and working hours.**

Working hours of suppliers' employees must not exceed the maximum limit indicated by legislation in force and minimum pay must not be less than that established by collective contracts and by legislative and regulatory provisions applicable as a standard in various countries.

**HEALTH AND SAFETY**

Suppliers must guarantee a safe, healthy work environment and comply with all standards regarding health and safety. Suppliers must implement all safety measures required by current law on the prevention of occupational injuries and on occupational hygiene, including adequate specific instruction on these matters for their employees. Adoption of certified systems of management of health and safety of employees is encouraged.

**INFORMATION SECURITY**

Terna requires suppliers that have been awarded service contracts to comply with the data-security provisions regarding confidentiality of corporate data under the category of Personal/Sensitive Information or important business information. Furthermore, supplier employees are obliged to read Terna's Information-Security Policies and to strictly comply with the standards and regulations set out therein.

**SAFEGUARDING THE ENVIRONMENT**

Suppliers must strive to keep to a minimum the environmental impact of their operational activities and their products and services, during the whole of their life cycle, through efficient use of natural resources, giving priority to energy from renewable sources, correct disposal of waste, control of emissions of greenhouse gases and limitation of impact on biodiversity and ecosystems. Adoption of certified systems of environmental management is encouraged.

## REFERENCES

The following represent the main references included in qualification process, documentation for tenders and documentation for contracts with Terna, relating to principles of conduct and subdivided into the four macro-areas of issues (ethics; human rights and safeguard of work; health and safety; safeguard of the environment).

### ETHICS

#### Qualification:

- Legality rating assigned by the National Anti-Corruption Authority is required (*corruption, ethics, integrity, sustainability*).

#### Tender/contract information:

- General overview of tender, in the chapters: “Compliance with laws, regulations and rules”, “Duty of confidentiality”, “Code of Ethics and Organisational Model”, “Protection of personal data”;
- Statement of Observance of the principles included in the Code of Ethics and in the Organisational Model, pursuant to Legislative Decree no. 231/2001 of Terna (*corruption, fair competition, conflicts of interest, intellectual property, handling of confidential information*);
- Integrity Pact (*corruption, fair competition, conflicts of interest*);
- General contractual clause (*conflicts of interest*);
- Statement of the corporate team (*conflicts of interest*).

### HUMAN RIGHTS AND SAFEGUARD OF WORK

#### Qualification:

- Legal requirements (*forced and juvenile labour, pay, violence, etc.*);
- Certificate of Social Security Contributions (DURC) (*compliance with welfare and pension contribution obligations*);
- Single Employment Ledger (*compliance with labour laws*);
- UNILAV models required (*legality of recruitment*).

#### Tender/contract information:

- General overview of tender, in the chapters: “Representatives of Terna”; “Staff employed by the Contractor” (*forced and juvenile labour, pay*);
- Statement of Observance of the principles included in the Code of Ethics and in the Organisational Model, pursuant to Legislative Decree no. 231/2001 of Terna (*equal opportunities, privacy, violence, forced and juvenile labour, freedom of association, collective bargaining, working hours*);
- Statement of average annual manpower (*Collective bargaining, forced and juvenile labour*).

## **HEALTH AND SAFETY**

### Qualification:

- Legal requirements;
- OHSAS 18001 certification and/or procedures adopted for safeguarding health and safety of workers;
- Identification of professional figures for the roles of Employees' Health and Safety Representative and Safety, Prevention and Protection Manager with certification of courses undertaken;
- Identification of professional figure for the role of Quality, Safety & Environment manager (QSA).

### Tender/contract information:

- General overview of tender, in the chapters: "Safety"; "Staff employed by the Contractor"; "Health and safety measures in the workplace";
- Statement of Observance of the principles included in the Code of Ethics and in the Organisational Model, pursuant to Legislative Decree no. 231/2001 of Terna.

## **INFORMATION SECURITY**

### Tender/contract information:

- General Contract Conditions in Annex 06: "Information security requirements for third parties"

## **SAFEGUARDING THE ENVIRONMENT**

### Qualification:

- Legal requirements regarding the environment;
- ISO 14001 certification and/or procedures adopted for safeguarding the environment;
- Identification of professional figure for the role of Quality, Safety & Environment manager (QSA).

### Tender/contract information:

- Statement of Observance of the principles included in the Code of Ethics and in the Organisational Model, pursuant to Legislative Decree no. 231/2001 of Terna.