

EDISON INTERNATIONAL S.p.A.

ORGANIZATION AND MANAGEMENT MODEL

(Pursuant to Legislative Decree No. 231/2001)

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ORGANIZATION AND MANAGEMENT MODEL OF EDISON INTERNATIONAL S.p.A.

SECTION ONE

LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001

1 ADMINISTRATIVE LIABILITY OF ENTITIES

1.1 Legal Framework Governing the Administrative Liability of Legal Entities, Companies and Associations

Legislative Decree No. 231 of June 8, 2001, implementing in part Delegation Law¹ No. 300 of September 29, 2000, introduced for the first time into the Italian legal system and governs the administrative liability of legal entities, companies and associations, including those that lack legal recognition (entities).

Specifically, Law No. 300 of 2000, which, among other matters, ratifies the Convention on the Protection of the European Communities' Financial Interests of July 26, 1995, the E.U. Anti Corruption Convention of May 26, 1997 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of September 17, 1997, complies with the requirements of the abovementioned international documents. In this respect, the E.U. documents are especially significant because they require the establishment of paradigms of liability for legal entities and a corresponding system of penalties for criminal corporate conduct.

¹ In Italy, a law by which Parliament delegates to the Government the authority to legislate concerning a specific issue.

Legislative Decree No. 231/2001 should thus be viewed within the context of an effort to implement international obligations and, consistent with the legislative systems in effect in many European countries, established the liability of companies, which are viewed as *“independent centers of interests and legally binding relationships, reference points for various types of rules and matrices of the decisions and activities of the parties who operate in their name, on their behalf or otherwise in their interest.”*²

The establishment of the administrative liability of companies is grounded in the empirical observation that, frequently, the unlawful conduct that may occur within a company, far from being the personal initiative of an individual, is consistent with a pervasive corporate policy and reflect decisions by the company’s top management.

The decision to enact this legislation also reflects the belief that there are crimes that are more easily carried out, or can have more serious consequences, when they involve the improper and distorted use of corporate organizations.

The liability in question is of the criminal-administrative type because, while it produces administrative penalties, it originates from a crime and can be punished only if the rights that are guaranteed in criminal proceedings are provided.

Specifically, Legislative Decree No. 231/2001 establishes a well-constructed system of penalties that ranges from mild fines to severe interdictive penalties, including the “capital” penalty of interdiction from continuing to operate.

² As stated by the “Grosso Commission” in its report on the preliminary project to reform the Penal Code.

An administrative penalty can be imposed on a company exclusively by a criminal court judge within the context of the rights guaranteed in a criminal trial and only if all of the objective and subjective requirements of the law can be met: the perpetration of a specific crime in the interest or on behalf of a company by qualified parties (top managers or their subordinates).

Entities are also liable for crimes committed abroad, unless they are prosecuted by the government of the country where the crime was committed and provided the specific conditions set forth in Article 4 of Legislative Decree No. 231/2001 are met.

The administrative liability is primarily the result of a crime committed *in the interest* of an entity, i.e., whenever unlawful conduct is engaged in with the intent of benefiting a company. This type of liability can also be attributed to a company whenever the company obtains from the unlawful conduct some sort of indirect *benefit* (financial or otherwise), even if the person who committed the crime did not act exclusively for the purpose of benefiting the company. Conversely, when the benefit is enjoyed *exclusively* by the company representative (or a third party outside the company) the company incurs no liability, since it is absolutely and patently extraneous to the commission of the crime.

As for the parties committing the crime, Article 5 of Legislative Decree No. 231/2001 states that an entity is liable when a crime is committed by:

- a) *“individuals who act as representatives of or perform administrative or management functions for an entity or one of its organizational units that is financially or functionally independent and individuals who exercise legal or de facto management or control over said entity or organizational unit”* (so-called top management).

- b) “*individuals who are under the management or supervision of the parties referred to in Letter a) above*” (so-called subordinates).

For the purpose of establishing the liability of an entity, in addition to the abovementioned requirements for objectively attributing a crime to an entity, the law also demands the guilt of the entity be ascertained. This subjective requirement is identified as *organizational guilt*, which is a violation of adequate diligence rules voluntarily adopted by the entity specifically to prevent the risk of the occurrence of a crime.

1.2 Crimes that Cause an Entity to Incur Administrative Liability

The crimes that can cause an entity to incur an administrative liability are expressly set forth in Legislative Decree No. 231/2001 and in other statutes referenced by Legislative Decree No. 231/2001. They are: crimes against the Public Administration (Article 25) and against property (Article 24); computer crimes (Article 24 *bis*); crimes involving the counterfeiting of currency, public credit instruments, tax stamps and identification tools or marks (Article 25 *bis*); crimes against industry and commerce (Article 25 *bis.1*); crimes by criminal organizations (Article 24-*ter*); corporate crimes (Article 25 *ter*); crimes committed in the pursuit of terrorism or subversion of the democratic order (Article 25 *quater*); crimes involving the mutilation of female genitalia (Article 25 *quater.1*); crimes against individuals (Article 25 *quinquies*); crimes involving abuse of insider information and market manipulation (Article 25 *sexies*); negligent manslaughter and negligent extremely serious injury and serious injury caused by violation of occupational safety laws (Article 25 *septies*); receiving stolen property and laundering and use of money, assets or benefits of unlawful origin, as well as self money laundering (Article 25 *octies*); crimes involving the violation of copyrights (Article 25-*novies*); crimes that involve inducing other parties not to provide statements or provide false statements to the judicial authorities (Article 25-*decies*); environmental

crimes (Article 25 *undecies*); and crime of employing citizens of foreign countries with irregular resident status (Article 25 *duodecies*).

Initially, Legislative Decree No. 231/2001 covered only the crimes addressed by the provisions of Articles 24 and 25, but subsequent legislation significantly expanded the number of crimes to which the Decree applies. An enumeration of the crimes currently listed in Legislative Decree No. 231/2001 as sources of administrative liability for entities is provided below:

- 1) Crimes against the Public Administration and the property of the Public Administration (Articles 24 and 25 of Legislative Decree No. 231/2001):
 - Unlawful collection of disbursements injuring the government or other public entity (Article 316 *ter* of the Penal Code);
 - Embezzlement injuring the government or other public entity (Article 316 *bis* of the Penal Code);
 - Fraud injuring the government or other public entity (Article 640, Section 2, No. 1, of the Penal Code);
 - Aggravated fraud to obtain the disbursement of public funds (Article 640 *bis* of the Penal Code);
 - Computer fraud injuring the government or other public entity (Article 640 *ter* of the Penal Code);
 - Corruption (Articles 318, 319, 320, 321 and 322 *bis* of the Penal Code);
 - Facilitating corruption (Article 322 of the Penal Code);
 - Corruption in judicial acts (Article 319 *ter* of the Penal Code);
 - Unlawful inducement to give or promise benefits (Article 319 *quater* of the Penal Code);
 - Extortion (Article 317 of the Penal Code).

- 2) Computer crimes (Article 24 *bis*):

- Fraud in computer documents (Article 491 *bis* of the Penal Code);
- Unauthorized access to information or online systems (Article 615 *ter* of the Penal Code);
- Unauthorized possession and distribution of access codes for information or online systems (Article 615 *quater* of the Penal Code);
- Distribution of equipment, devices or computer software designed to damage or disrupt information or online systems (Article 615 *quinquies* of the Penal Code);
- Unlawful interception, disruption or interruption of communications on information or online systems (Article 617 *quater* of the Penal Code);
- Installation of equipment designed to intercept, disrupt or interrupt communications on information or online systems (Article 617 *quinquies* of the Penal Code);
- Damaging of information, data or software on information systems (Article 635 *bis* of the Penal Code);
- Damaging of information, data or software on information systems used by the government, another public entity or otherwise used for the public good (Article 635 *ter* of the Penal Code);
- Damaging of information or online systems (Article 635 *quater* of the Penal Code);
- Damaging of information or online systems used for the public good (Article 635 *quinquies* of the Penal Code);
- Computer fraud by the party who provides electronic signature certification services (Article 640 *quinquies* of the Penal Code).

3) Crimes by criminal organizations (Article 24 *ter*):

- Criminal conspiracy aimed at enslaving people or keeping them enslaved, engaging in the slave trade, buying and selling slaves, and violation of the provisions concerning illegal immigration set

forth in Article 12 of Legislative Decree No. 286/1998 (Article 416, Section Six, of the Penal Code);

- Criminal conspiracy aimed at committing the crimes of child prostitution, child pornography, possession of pornographic material, virtual pornography, tourism initiatives aimed at exploiting child prostitution, sexual violence, sexual acts with minors, corruption of minors, group sexual violence, luring minors, when these crimes are committed against minors (Article 416, Section Seven, of the Penal Code);
- Mafia-type conspiracy (Article 416-*bis* of the Penal Code);
- Political and mafia related election dealings (Article 416-*ter* of the Penal Code);
- Kidnapping for extortion purposes (Article 630 of the Penal Code);
- Crimes committed by exploiting the conditions provided in Article 416-*bis* or for the purpose of facilitating the activities of associations established pursuant to the abovementioned article;
- Criminal conspiracy aimed at the distribution of narcotics or psychotropic substances (Article 74 of the Unified Code referred to in Presidential Decree No. 309 of October 9, 1990);
- Criminal conspiracy (Article 416 of the Penal Code, except for Section 6);
- Crimes that involve producing and trafficking in weapons of war, explosives and clandestine weapons (as set forth in Article 407, Section 2, Letter a), No. 5), of the Penal Procedure Code).

4) Crimes involving the counterfeiting of currency, public credit instruments, tax stamps and identification tools or marks (Article 25 *bis*):

- Counterfeiting currency and spending and introducing counterfeit currency in the country as part of a conspiracy (Article 453 of the Penal Code);
- Forging currency (Article 454 of the Penal Code);

- Counterfeiting watermarked paper used to print public credit instruments and tax stamps (Article 460 of the Penal Code);
- Manufacturing or possessing watermarked paper for the purpose of counterfeiting currency, public credit instruments, tax stamps or watermarked paper (Article 461 of the Penal Code);
- Spending and introducing counterfeit currency in the country absent a conspiracy (Article 455 of the Penal Code);
- Spending counterfeit currency received in good faith (Article 457 of the Penal Code);
- Using counterfeit or altered tax stamps (Article 464, Sections 1 and 2, of the Penal Code);
- Counterfeiting, introducing into the country, purchasing, possessing or circulating counterfeit tax stamps (Article 459 of the Penal Code);
- Counterfeiting, altering or using distinguishing marks identifying intellectual property or industrial products (Article 473 of the Penal Code);
- Introducing into the country and trading in products with counterfeit marks (Article 474 of the Penal Code).

5) Crimes against industry and commerce (Article 25 *bis.1*):

- Tampering with the free exercise of industry and commerce (Article 513 of the Penal Code);
- Unlawful competition using threats or violence (Article 513 *bis* of the Penal Code);
- Fraud against national industries (Article 514 of the Penal Code);
- Fraud in the exercise of commerce (Article 515 of the Penal Code);
- Sale of non-genuine food products as genuine products (Article 516 of the Penal Code);
- Sale of industrial products with deceptive marks (Article 517 of the Penal Code);

- Production and distribution of goods manufactured unlawfully exploiting intellectual property rights (Article 517 *ter* of the Penal Code);
- Counterfeiting geographic designation or origin denomination marks of food products (Article 517 *quater* of the Penal Code).

6) Corporate crimes (Article 25 *ter*):

- False corporate communications (Article 2621 and 2621-bis of the Civil Code);
- False corporate communications of listed companies (Article 2622 of the Civil Code);
- False corporate communications that injure shareholders or creditors (Article 2622, Sections 1 and 3, of the Civil Code);
- Control obstruction (Article 2625, Section 2, of the Civil Code);
- Fictitious capital formation (Article 2632 of the Civil Code);
- Unlawful repayment of capital contributions (Article 2626 of the Civil Code);
- Unlawful distribution of earnings and reserves (Article 2627 of the Civil Code);
- Unlawful transactions involving shares or capital interests of the company or its parent company (Article 2628 of the Civil Code);
- Transactions that cause injury to creditors (Article 2629 of the Civil Code);
- Unlawful allocation of company assets by liquidators (Article 2633 of the Civil Code);
- Unlawful influence over the Shareholders' Meeting (Article 2636 of the Civil Code);
- Stock manipulation (Article 2637 of the Civil Code);
- Failure to disclose a conflict of interest (Article 2629 *bis* of the Civil Code);

- Obstructing the activities of public regulatory authorities (Article 2638, Sections 1 and 2, of the Civil Code).
 - Corruption in transactions between private parties (Article 2635 of the Civil Code).
- 7) Crimes committed in the pursuit of terrorism or subversion of the democratic order (Article 25 *quater*).
- 8) Crimes committed while engaging in practices involving the mutilation of female genitalia (Article 25 *quater.1*).
- 9) Crimes against individuals (Article 25 *quinquies*):
- Enslavement (Article 600 of the Penal Code);
 - Engaging in the slave trade (Article 601 of the Penal Code);
 - Selling and buying slaves (Article 602 of the Penal Code);
 - Child prostitution (Article 600 *bis*, Sections 1 and 2, of the Penal Code);
 - Child pornography (Article 600 *ter* of the Penal Code);
 - Tourism initiatives aimed at exploiting child prostitution (Article 600 *quinquies* of the Penal Code);
 - Possession of pornographic material (Article 600 *quater* of the Penal Code).
 - Luring minors (Article 609 *undecies* of the Penal Code).
- 10) Crimes involving market abuse (Article 25 *sexies*):
- Abuse of insider information (Article 184 of Legislative Decree No. 58 of February 24, 1998);
 - Market manipulation (Article 185 of Legislative Decree No. 58 of February 24, 1998).
- 11) Crimes concerning occupational health and safety committed in violation of occupational health and safety laws (Article 25 *septies*):

- Negligent manslaughter (Article 589 of the Penal Code);
- Negligent serious injury and extremely serious injury (Article 590, Section Three, of the Penal Code).

12) Receiving stolen property and laundering and use of assets of unlawful origin (Article 25 *octies*):

- Receiving stolen property;
- Money laundering;
- Use of money, assets or benefits of unlawful origin;
- Self money laundering.

13) Transnational crimes (Law No. 146 of March 16, 2006):

- Criminal conspiracy;
- Mafia-type conspiracy;
- Conspiracy to smuggle foreign processed tobacco products;
- Conspiracy to traffic in narcotics;
- Trafficking in migrants;
- Inducement to give false statements to the judicial authorities;
- Personal aiding and abetting.

14) Crimes involving the violation of copyrights (Article 25 *novies*), as set forth in and punished by Article 171, Section 1, Letter a) *bis*, and Section 3, Article 171 *bis*, Article 171 *ter*, Article 171 *septies* and Article 171 *octies* of Law No. 633 of 1941.

15) Crimes that involve inducing other parties not to provide statements or provide false statements to the judicial authorities (Article 25 *decies*).

16) Environmental crimes (Article 25 *undecies*):

- Environmental pollution (Article 452 *bis* of the Penal Code);
- Environmental disaster (Article 452 *quater* of the Penal Code);

- Negligent environmental pollution and disaster (Article 452 *quinquies* of the Penal Code);
- Criminal conspiracy (Articles 416 and 416 *bis* of the Penal Code) aggravated by the perpetration of the crimes of environmental pollution or disaster (Article 452 *octies* of the Penal Code);
- Trafficking in and dumping of highly radioactive material (Article 452 *sexies* of the Penal Code);
- Killing, destroying, capturing, removing, possessing specimens of protected wild animal or plant species (Article 727-*bis* of the Penal Code);
- Destroying or degrading habitats within protected sites (Article 733-*bis* of the Penal Code);
- Discharging industrial effluents containing hazardous substances included in the families and groups of substances listed in Tables 5 and 3/A of Annex 5, Part Three, T.U.A. (Article 137, Sections 2, 3 and 5 of Legislative Decree No. 152/06);
- Unlawful dumping into the soil, subsoil and aquifer (Article 137, Section 11, of Legislative Decree No. 152/6, which references Articles 103 and 104 of the same Decree);
- Discharging banned substance or materials into the sea by ships or aircrafts (Article 137, Section 13, of Legislative Decree No. 152/06);
- Engaging in the collection, transportation, recycling, disposal, commerce and intermediation of waste without the required permit, registration or communication (Article 256, Section 1, of Legislative Decree No. 152/06);
- Construction or operation of an unauthorized landfill (Article 256. Section 3, of Legislative Decree No. 152/06);
- Comingling of hazardous waste (Article 256, Section 5, of Legislative Decree No. 152/06);
- Improper storage at the place of origin of hazardous medical waste (Article 256, Section 6, first sentence, of Legislative Decree No. 152/06);

- Polluting the soil, subsoil, surface bodies of water or aquifers in excess of risk threshold concentrations (Article 257, Section 1, of Legislative Decree No. 152/06);
- Pollution caused by hazardous substances in the soil, subsoil, surface bodies of water or aquifers in excess of risk threshold concentrations (Article 257, Section 2, of Legislative Decree No. 152/06);
- Violations of obligations concerning communications and upkeep of mandatory registers and standard forms (Article 258, Section 4, second sentence, of Legislative Decree No. 152/06);
- Unlawful trafficking in waste (Article 259, Section 1, of Legislative Decree No. 152/06);
- Activities organized for the purpose of unlawful trafficking in waste (Article 260, Section 1, of Legislative Decree No. 152/06);
- Activities organized for the purpose of unlawful trafficking in highly radioactive waste (Article 260, Section 2, of Legislative Decree No. 152/06);
- False information about the nature, composition and chemical-physical characteristics of waste or inclusion of a forged certificate among the information supplied for waste traceability purposes (Article 260 bis, Section 6, of Legislative Decree No. 152/06);
- Use of a waste analysis certificate containing false information about the nature, composition and chemical-physical characteristic of transported waste (Article 260 bis, Section 7, second and third sentence, and Section 8, first sentence, of Legislative Decree No. 152/06);
- Fraudulent alteration of a SISTRI – AREA handling form by a trucker (Article 260 bis, Section 8, of Legislative Decree No. 152/06);
- In the operation of an industrial facility, exceeding emission limits and consequently exceeding air quality limits (Article 279, Section 5, of Legislative Decree No. 152/06);
- Importing, exporting or re-exporting specimens of endangered animal or plant species (Annex A to EC Regulation No. 338/97) without the requisite

certificate or license or with an invalid certificate or license or failing to comply with provisions designed to ensure the safety of the specimens (Article 1, Sections 1 and 2, of Law No. 150 of February 7, 1992);

- Importing, exporting or re-exporting specimens of endangered animal or plant species (Annex A to EC Regulation No. 338/97) without the requisite certificate or license or with an invalid certificate or license or failing to comply with provisions designed to ensure the safety of the specimens (Article 2, Sections 1 and 2, of Law No. 150 of February 7, 1992);
- Forging or altering certificates, licenses, importation notifications, declarations or communications for the purpose of obtaining a license or certificate (Article 3-bis, Section 1, of Law No. 150 of February 7, 1992);
- Possessing live specimens of wild mammals and reptiles and live specimen of mammals and reptiles bred in captivity (Article 6, Section 4, of Law No. 150 of February 7, 1992);
- Intentional discharge into the sea of polluting substance or spilling of such substances by ships (Article 8, Sections 1 and 2, of Legislative Decree No. 202 of November 6, 2007);
- Unintentional discharge into the sea of polluting substance or spilling of such substances by ships (Article 9, Sections 1 and 2, of Legislative Decree No. 201 of November 6, 2007).

17) Crime of employing citizens of foreign countries with irregular resident status (Article 25 *duodecies*).

It is important to note that for the crimes listed in section 13 above, the entity's liability arises only if they are transnational. A crime is transactional when it is committed by an organized criminal group and the following conditions are met:

- the crime was committed in more than one country;
- the crime was committed in one country, but part of its preparation, planning, management or control occurred in another country;

- the crime was committed in one country, but it required the involvement of an organized criminal group engaged in criminal activities in multiple countries;
- the crime was committed in one country, but it had substantial effects in another country.

If these requirements are not met, the penalties for committing the abovementioned crimes will be imposed only on the individuals who committed them.

1.3 Exemption from Liability: the Organization and Management Model

The Organization and Control Model is a tool to manage the specific risk that certain crimes will be committed (as per the Naples Preliminary Investigations Judge, Order dated June 26, 2007, and other pronouncements).

Articles 6 and 7 of Legislative Decree No. 231/2001 expressly exempts an entity from administrative liability if it has adopted operational and effective organization and management models capable of preventing the occurrence of crimes such as the one that was committed. Therefore, an adequate organization is the only tool capable of shielding an entity from “culpability” and, consequently, escaping the imposition of penalties.

Specifically, liability is excluded if an entity can prove that:

- a) its governance body adopted and effectively implemented, before the occurrence of the criminal event, organization and management models capable of preventing the occurrence of crimes such as the one that was committed;

- b) the task of overseeing the implementation of and compliance with the models and keeping them up-to-date has been entrusted to an Organizational Unit of the entity with independent action and control powers;
- c) the individuals who committed the crime did so by fraudulently circumventing the organization and management models;
- d) there was no lack of or insufficient oversight by the Organizational Unit referred to in Letter b) above.

Therefore, the adoption of the Model satisfies the level of diligence required by the legislator and provides the entity with a means of avoiding liability.

Specifically with regard to the crimes of negligence, introduced in Legislative Decree No. 231/2001 initially by Law No. 123/2007 (which added the crimes of negligent manslaughter and negligent injury caused by violation of occupational safety laws) and later by Legislative Decree No. 121/2011 (which added environmental crimes), it would seem that, in order to be exempted from liability, an entity would have to prove that the negligent violation committed by one of its representatives was carried out despite the preventive adoption by the Company of an effective system to monitor compliance with general and special rules adopted to prevent the risk that such an event would occur.

The mere adoption of the Model by the *governance body* (i.e., the body that holds management authority: the Board of Directors) does not appear to be an action sufficient to shield the entity from liability because the Model must also be *effective* and *operational*.

As for the effectiveness of the Model, pursuant to Article 6, Section 2, of Legislative Decree No. 231/2001, the Model must meet the following requirements:

- a) it must identify the activities within which a crime might occur (mapping at-risk activities);
- b) it must establish specific Protocols to plan the development and implementation of the entity's decisions with regard to the crimes that it must prevent;
- c) it must define how the financial resources required to prevent the occurrence of crimes will be managed;
- d) it must establish reporting requirements for the Organizational Unit responsible for overseeing the implementation of and compliance with the Model.

The requirement that the Model be operational has to do with its *effective implementation*, which, pursuant to Article 7, Section 4, of Legislative Decree No. 231/2001, requires:

- a) a periodic assessment of the Model and its revision when significant violations of the requirements are uncovered or in response to changes in the entity's organization or activity (updating the Model);
- b) an adequate disciplinary system that can be used to punish failures to comply with the Model's requirements.

2. SOURCE OF THE MODEL: CONFINDUSTRIA GUIDELINES

Pursuant to an express statutory requirement (Article 6, Section 3, of Legislative Decree No. 231/2001), the adopted Organization and Management Models must be based on codes of conduct published by the associations that represent the individual entities and communicated to the Ministry of Justice.

Edison International S.p.A. is a wholly owned subsidiary of Edison S.p.A., which is a member of the Italian Manufacturers' Association (Confindustria).

In March 2014, Confindustria published an updated version of its "*Guidelines for the Construction of Organization, Management and Control Models Pursuant to Legislative Decree No. 231/2001.*" which were approved by the Ministry of Justice on July 21, 2014. More specifically, in the General Part of the Guidelines updated to March 2014, the following key elements are outlined in detail: criminal liability, the disciplinary system and sanctioning mechanisms, the composition and powers of the supervisory body, and matters relating to groups of undertakings. The Special Part instead examines the predicate offences in depth by providing specific case studies.

The process recommended by the Confindustria guidelines is summarized below:

- Map at-risk areas to identify the areas within the company's operations in which the types of crimes referred to in Legislative Decree No. 231/2001 could occur;
- Develop a control system capable of preventing risks through the adoption of special Protocols. The key components of the control system developed by Confindustria are:
 - Code of Ethics;
 - Organizational system;
 - Manual and computerized procedures;
 - Powers to grant authorizations and sign documents on behalf of the entity;
 - Control and management systems;

- Personnel communication and training.

The components of the control system must be consistent with the following principles:

- Verifiability, documentability, consistency and suitability of each transaction;
- Adoption of the principle of segregation of functions (no one must be allowed to manage a complete process independently);
- Documentation of controls;
- Adoption of an adequate system to punish violations of the provisions of the Civil Code and of the Model's procedures;
- Establishment of an Oversight Board that satisfies the requirements of autonomy, independence, professionalism and continuity of action, which the various company departments must provide with a flow of information.

Therefore, in developing its own Organization and Management Model, Edison International S.p.A. expressly took into account:

- The provisions of Legislative Decree No. 231/2001, the accompanying Ministerial Report and Ministry Decree No. 201 of June 26, 2003, which set forth the implementation rules for Legislative Decree No. 231/2001;
- The guidelines provided by Confindustria as updated in March 2014;
- The reference recommendations provided by the Parent Company;
- The commentary and case law developed thus far.

SECTION TWO
CONTENT OF THE ORGANIZATION AND MANAGEMENT MODEL OF
EDISON INTERNATIONAL S.P.A.

1. ADOPTION OF THE MODEL

1.1 Objectives of the Model

Edison International S.p.A. is a wholly owned subsidiary of Edison S.p.A. The decision of the Board of Directors of Edison International S.p.A. to adopt an Organization and Management Model is consistent with a broader business policy pursued by the Company and extended to all subsidiaries of Edison S.p.A., the concrete manifestations of which include programs and initiatives designed to make the entire staff of Edison International S.p.A. (from management to subordinate employees), external associates and commercial partners aware of the importance of managing the Company transparently and fairly and in compliance with the laws currently in force and the fundamental principles of business ethics in pursuit of the corporate purpose.

The Organization and Management Model of Edison International S.p.A. was adopted by the Board of Directors with a resolution approved on May 23, 2005 and subsequently updated. In view of the legislative actions carried out over the years and the organizational and operational changes that affected some of its functions, Edison International S.p.A. found it necessary to produce a new and updated Model. Consequently, the version set forth in this document — which, even though it represents an evolution of the earlier version, replaces it in its entirety — was adopted by the Board of Directors with a resolution approved on July 25, 2016.

Specifically, by adopting this Model, the Board of Directors of Edison International S.p.A. intends to achieve the following objectives:

- Make it clear to all employees of Edison International S.p.A. and to all parties who collaborate or execute business transactions with the Company that the Company condemns in the strongest possible terms any conduct that is contrary to laws, regulations, oversight standards or is otherwise carried out in violation of internal regulations and the principles of sound and transparent management that the Company abides by in the conduct of its business operations;
- Inform all Company employees and its external associates and partners of the severe administrative penalties that could be imposed on the Company if crimes are committed;
- Prevent as much as possible the occurrence of criminal and other violations within the Company by: i) continuous monitoring of all at-risk areas of activity; ii) training employees in the correct performance of their tasks; and iii) establishing a system to punish violations of this Model.

1.2 Model Requirements: An Integrated System of Internal Controls

The Internal Control and Risk Management System of Edison International S.p.A., which the Company adopted consistent and in compliance with the recommendations and rules set forth in the new Corporate Governance Code for Listed Companies approved in July 2015 by the Corporate Governance Committee of Borsa Italiana (consistent with its status as a wholly owned subsidiary of a Stock Exchange listed company), is a comprehensive and organic system of activities, procedures, rules of conduct, service communications and organizational units that is present throughout the organization and involves different parties.

The primary function of the Company's Internal Control and Risk Management System is to ensure with reasonable certainty the achievement of strategic, operational and internal and market reporting objectives, in compliance with applicable laws and regulations:

- The operational objective of the Internal Control and Risk Management System concerns the Company's ability to effectively and efficiently use its resources, protect itself from losses and safeguard its assets. In this respect, the Internal Control System is designed to ensure that employees throughout the organization strive to achieve the Company's objectives and do not place the interest of other parties before that of the Company.
- The reporting objective is pursued through the preparation of timely and reliable reports for use in the decision making process within the organization and addresses the need to produce reliable documents for external distribution, while complying with the obligation to protect the confidentiality of the Company's information assets.
- The compliance objective is to ensure that all transactions are executed in accordance with laws and regulations and are consistent with the principles of prudent management and the relevant internal procedures.

The Internal Control and Risk Management System affects every area of the Company's business operations by requiring that operating tasks be kept separate from control tasks and minimizing as much as reasonably possible the impact of all potential conflicts of interest.

Specifically, the Company's Internal Control and Risk Management System is based on the following key elements:

- Code of Ethics of the Parent Company, which Edison International S.p.A. adopted (obviously, excluding all of those parts that apply only

the Parent Company);

- An officially established organizational system with clearly attributed responsibilities;
- A system of policies, procedures and organizational communications;
- A sustainable development policy;
- Information systems already designed for the segregation of functions and governed by internal procedures that guarantee security, privacy and proper utilization by users;
- The Parent Company's Accounting Manual;
- Integrated quality, environment and safety management system developed, respectively, in accordance with the ISO 9001 and ISO 14001 standards and the OHSAS 18001 international regulation;
- Strategic planning, management control and reporting system;
- Integrated risk management model based on the Enterprise Risk Management (ERM) international principles and the COSO Framework specifically;
- Antitrust Code;
- Powers to grant authorizations and sign documents on behalf of the Company allocated consistent with assigned responsibilities;
- Internal communication system and personnel training;
- Function responsible for handling external communications in a structured and controlled fashion;
- System of penalties.

This system of controls is underpinned by the following general principles:

- Each undertaking, transaction or action must be verifiable, documented and consistent;
- No one must be allowed to manage a complete process independently (segregation of functions);
- The System of Internal Controls must be able to document that the controls, including those of a supervisory nature, were in fact performed.

Consistent with the requirements of laws, regulations and codes of conduct in effect, the control process involves, with different roles, the Board of Directors and the Board of Statutory Auditors of Edison International S.p.A., as well as the Parent Company's Internal Auditing Department based on a specific service contract.

Each organizational unit is responsible for ensuring that the Internal Control and Risk Management System is functioning correctly with respect to processes over which it has operational jurisdiction.

Structurally, a breakdown of control by type is as follows:

- Line controls, which the individual operating units apply to the processes over which they have operational jurisdiction to ensure that transactions are correctly carried out;
- Monitoring activity, which is carried out by the owner of each process to ensure that the underlying activities are being correctly carried out, based on hierarchical controls;
- Internal Auditing, which is designed to assess the overall adequacy of the Internal Control System. It is carried out by an organization separate from the operational units, which monitors the existing risks and line controls. This activity is applied to all corporate processes and areas and includes the monitoring of both financial and operating risks.

Even though the current Internal Control and Risk Management System contains elements that qualify it as a tool for preventing the crimes referred to in Legislative Decree 231/2001, the Board of Directors, responding to the need to ensure that the Company's businesses and activities are carried out fairly and transparently in order to safeguard the Company's position and reputation, meet the expectations of its shareholders and protect the jobs of its employees, agreed to conduct a new assessment of its organizational,

management and control tools. The purpose of this analysis is to determine whether the principles of conduct and the procedures adopted by the Company are consistent with the objectives of the abovementioned Decree, as amended in recent years, and, if necessary, revise them to make them conform with the abovementioned purposes.

It is also worth mentioning that the Internal Control and Risk Management System adopted by Edison International is bolstered by a broader structure of principles, rules and procedures developed for Edison S.p.A. and its subsidiaries. Specifically, the 231 Model — as is the case for the Law No. 262/05 Model concerning accounting and corporate disclosures, the Model for environmental, safety and quality issues and the Antitrust Code — is one of the main tools used to pursue compliance objectives.

1.3 Identifying At-risk Activities and Defining Protocols

Article 6, Section II, Letter a), of Legislative Decree No. 231/2001 expressly states that the organization and management model adopted by an entity must “*identify those activities within which crimes could be committed.*” Therefore, mapping the corporate processes that are “exposed” to the occurrence of the violations referred to in the abovementioned article was the starting point for the definition of the Edison International S.p.A. Model. Accordingly, the activities carried out by the Company and its organizational units were carefully surveyed to identify the “crime risks” that could arise in the various areas of business.

This process was designed to customize the Model based on the specific areas of operation and organizational units of Edison International S.p.A., as it applies to crime risks the occurrence of which is a concrete possibility.

The development of the Model included several phases, which were carried out complying with the fundamental requirements that activities must be documented and verifiable, so as to make it possible to understand and reconstruct the entire development process and determine compliance with the requirements of Legislative Decree 231/2001.

The Model was designed, developed and later updated by an internal multi-functional work group, supported by top external consultants.

Phase I: Collecting and Analyzing All Relevant Documents

The first step involved collecting all official documents useful for analysis performance purposes that were available within the Company, including:

- Organization charts and function charts;
- Group control chart;
- Service orders;
- Organizational regulations;
- Delegation of authority documents and powers of attorney;
- Published operating regulations and procedures;
- Information about disciplinary actions allowed under the existing national collective bargaining agreements;
- The Parent Company's Code of Ethics;
- Significant contracts.

The documents listed above were then reviewed to develop an information platform about the Company's organization and operations and the allocation of powers and responsibilities.

Phase II: Identifying At-risk Activities

This phase involved developing an overall map of the Company's activities structured based on the processes and sub-processes of each Company Function.

The next step was a detailed analysis of each individual activity, specifically carried out to determine their actual content and operating modalities, the allocation of tasks and whether any of the potential crimes listed in Legislative Decree No. 231/2001 could or could not occur.

Because of the type of activities carried out by Edison International S.p.A., a decision was made to devote greater attention to determining whether or not risk profiles existed with regard to certain types of crimes, such as: crimes against the property of the government or other public entities, crimes against the public administration, the crime of corruption in transactions between private parties, corporate crimes, market abuse crimes, money laundering as well as self money laundering crimes, occupational safety crimes, computer crimes, crimes involving criminal organizations and environmental crimes.

Even more specifically, the utmost attention was paid to the geographic context within which Edison International S.p.A. operates.

The fact that the Company conducts most of its business outside Italy, often in non-EU countries, required a specific assessment of the risks entailed by transactions carried out by employees and external Company associates with foreign public administrations and government entities.

This process was carried out taking into account the evolution of the Italian legal system, which, further to the enactment of Law No. 300/2000 that introduced Article 322 *bis* of the Penal Code, applies substantially the same treatment reserved for the corruption of an Italian public official to the corruption of EU public officials and, for international transactions, public officials of on-EU countries.

Moreover, the process showed that Edison International S.p.A. operates abroad with different types of entities, characterized by widely different levels of organization and linkage with the Italian company.

These may include representative offices or branches or Edison International's involvement may be limited to holding an interest in a company governed by local laws and, lastly, its operating activities may consist of a joint venture with local partners.

As for the requirements that must be met to make a crime committed abroad prosecutable in Italy, it is important to keep in mind that the Penal Code sets forth a series of conditions that must be satisfied and concern, in a nutshell, the nationality of the perpetrator, the type of crime and the statutory punishment for that type of crime.

If these conditions can be satisfied, it must then be determined whether the requirements for concluding that a crime committed by an individual gives rise to the administrative liability of an entity can effectively be met. More specifically, it should be noted that, in addition to the regular conditions that must be satisfied to establish the administrative liability of an entity, in accordance with Article 4 of Legislative Decree No. 231/01, it must be verified that the entity's head office (meaning the place where the entity's managerial and organizational activity is primarily carried out) is indeed located in Italy.

Based on the foregoing considerations, a conclusion was reached that Edison International's obligations in terms of compliance with the provisions of Legislative Decree No. 231/01 vary depending on the circumstances.

Specifically, with regard to representative offices and foreign branches, notwithstanding any considerations about the limits and conditions

regarding the prosecution of crimes, the Organizational Model of Edison International (of which said limits and conditions are an integral part) and its Protocols shall apply.

As for foreign companies governed by foreign laws in which Edison merely holds an equity interest, irrespective of the size of the interest held, the provisions of Legislative Decree No. 231/01 do not appear to be applicable, not even on a theoretical basis, specifically because of the provisions of the abovementioned Article 4.

Moreover, a conclusion was reached that the measures provided in this Model to prevent the occurrence of the abovementioned crimes—specifically those of Articles 24 and 25 of Legislative Decree No. 231—are adequate also to prevent crimes committed in the pursuit of terrorism or subversion of the democratic order, as set forth in Article 25 *quarter* of the same decree.

As for crimes against individuals, crimes involving the financing of terrorist organizations, transnational crimes, crimes against industry and comers, crimes involving copyright violations, crimes involving the counterfeiting of tax stamps and identification marks, crimes involving the mutilation of female genitalia, crimes that involve inducing other parties not to provide statements or provide false statements to the judicial authorities and the crime of employing citizens of foreign countries with irregular resident status, the specific activities carried out by Edison International S.p.A. were not deemed to present risk profiles significant enough to support a reasonable expectation that such crimes would be committed in the Company's interest or for its benefit. Consequently, the reference made to the principles contained in this Model and in the Parent Company's Code of Ethics was deemed to be sufficient, because the Model and the Code of Ethics require that corporate officers, employees and commercial partners respect the values of solidarity, individual rights, fairness, morality and respect for the laws and the pronouncements of public authorities (and of the courts above all).

In addition to taking into account the recommendations provided in the Confindustria guidelines, the work carried out during this phase included reviewing the case law developed in recent years, thanks to the increasingly numerous pronouncement by the courts on the merit and the law concerning the liability of entities.

The mapping of areas at risk for the occurrence of crimes that are relevant pursuant to Legislative Decree No. 231/2001 was carried out by means of interviews conducted by multiple interviewers, with different competencies, in order to allow a joint analysis of the responses provided by the interviewees, who were the managers in charge of each Function of Edison International S.p.A. and, as such, the persons best informed about the operations carried out in each area. The results of these meetings were documented in minutes and summarized in descriptive forms that were then used to develop the Model and are being kept on file by the Oversight Board.

These forms, in addition to describing the activities and operating procedures of each organizational unit, provide concrete risk profiles for the occurrence of the types of crimes referred to in Legislative Decree No. 231/2001. Reasons why a risk profile did or did not exist were provided for each activity, obtaining in some cases specific supporting opinions.

To further verify the substance and accuracy of the remarks contained in the forms and of the information provided in the minutes of the meetings, these documents were reviewed by the managers of all of the directly affected Functions.

The categories of activities that were found to present the risk that crimes of the types referred to in Legislative Decree No. 231/2001 may occur are listed below:

- a) *Management of licenses, permits and concessions;*
- b) *Management of relationships with Regulatory Authorities;*
- c) *Management of inspections;*
- d) *Management of relationships with the Board of Statutory Auditors and the Independent Auditors (activity handled by Edison S.p.A. under a service contract);*
- e) *Management of accounting and financial reporting (activity handled by Edison S.p.A. under a service contract);*
- f) *Management of extraordinary transactions (activity handled by Edison S.p.A. under a service contract);*
- g) *Management of transactions with related parties (activity governed by Edison S.p.A.);*
- h) *Management of occupational health and safety;*
- i) *Management of insider information;*
- j) *Management of environmental matrices;*
- k) *Management of information systems (activity handled by Edison S.p.A. under a service contract).*

In addition, the conditions or the tools for committing certain types of crimes could develop in the following so-called “implementational” areas:

- l) *Finance and cash management at headquarters (activity handled by Edison S.p.A. under a service contract);*
- m) *Management of sponsorships, trade association dues and charitable contributions;*
- n) *Management of gifts and gratuities;*
- o) *Management of entertainment expenses;*
- p) *Management of professional assignments awarded to outsiders;*
- q) *Personnel management at headquarters (activity handled by Edison S.p.A. under a service contract);*
- r) *Personnel management at branches;*

- s) *Management of purchasing of goods and services at headquarters (activity handled by Edison S.p.A. under a service contract);*
- t) *Management of purchasing of goods and services at branches;*
- u) *Management of cash and financial flows at branches;*
- v) *Management of branch startup activities.*

It is also important to keep in mind that Edison International S.p.A. does not have internally the staff and technical resources necessary to carry out all of its activities. Accordingly, it uses special intercompany contracts to access commercial and technical services of the Parent Company's Exploration and Production Division in connection with the management of joint ventures and the performance of technical and exploration activities. Otherwise, insofar as staff activities are concerned, the Company uses the services provided by the Legal & Corporate Affairs Division, the Human Resources, Information, Communications, Technology & Procurement Division and the Finance Divisions of Edison S.p.A., also based on special intercompany service contracts. It also uses the Parent Company's Engineering Division when necessary.

It is also worth mentioning that the Company performs its business activities—i. e., field research and exploration—through local operational branched equipped with separate organizations and enjoying a certain degree of decision-making autonomy, albeit within the limits of the formal delegation of authority provided by the Company's Board of Directors and under the coordination of headquarters employees, who provide guidance and recommendations about the handling of business activities.

Consequently, with regard to the remarks provided above concerning areas at risk, it is important to keep in mind that, for all of the activities performed by the Parent Company's Functions at the request of Edison International, the validity of the preventive measures is measured, on the one hand, based on the effectiveness of the Organizational Model and the specific procedures adopted by the Parent Company and, on the other hand, based on Edison

International's ability to monitor the activities carried out by the Parent Company and ensure that the abovementioned procedures are complied with for the scope of implementation directly attributable to the activities of Edison International.

In this regard, it must also be pointed out that the abovementioned service contracts, which govern transactions between the Parent Company and its subsidiary were deemed to constitute an *at-risk area* because of the unlawful acts relevant for the purpose of Legislative Decree No. 231 of 2001 that could potentially occur within their framework. Consequently, special attention was paid to the motives for the abovementioned contracts, the stipulated consideration and the control systems established downstream of contract execution.

Phase III: Identification and Analysis of Existing Risk Prevention Systems

In the areas at risk, the parties responsible for managing area activities were asked to explain the operating procedures and the controls actually in effect that can qualify as suitable for preventing a specific identified risk. The result of this activity was documented on forms and documents prepared by the parties involved. These forms and documents contributed to the development of the Model and are being kept on file by the Company.

Phase IV: Gap Analysis

The risk status and the corresponding prevention mechanisms listed in the abovementioned forms was compared with the needs and requirements that arise from Legislative Decree 231/2001 in order to identify any existing system shortcomings. When at-risk activities that lacked adequate risk prevention mechanisms were identified, actions that were best suited to

prevent in practical terms the identified potential risks were developed, working with the support of the manager of the affected activities, taking also into account any operating rules already in effect or rules that were merely followed in operating practices. In this phase, special attention was paid to identify and regulate the processes for managing and controlling financial resources in those activities that were deemed to be prone to the occurrence of violations relevant pursuant to the abovementioned Legislative Decree.

Phase V: Defining the Protocols

An Action Protocol was defined for each area that was deemed to be exposed to a potential risk but lacked adequate prevention controls. Action Protocols were also defined for those activities that were found to have adequate prevention controls in order to codify the principles and general rules of these controls. The Protocols set forth the regulations that are best suited to control the corresponding risk profiles and constitute a set of rules generated through a detailed analysis of each individual activity and the corresponding risk prevention system.

The Protocols were submitted for review and approval to the parties responsible for managing at-risk activities.

Moreover, the Protocols were designed consistent with the rule that the phases of the decision-making process must be documented and verifiable, in order to allow retracing of the reasons that motivated the decision.

Each Action Protocol was codified in a Service Communication addressed to all employees, thereby making the rules of conduct contained therein official and binding on anyone engaged in activities within which a risk profile was identified.

An effective system of Protocols must necessarily take into account the status of the system used to grant powers of attorney and delegate authority, in order to determine whether authority and powers are allocated consistent with the decision-making processes governed by the Protocols.

With respect to this issue, Edison International S.p.A. abides by the principles that only parties equipped with official and specific powers can undertake obligations vis-à-vis third parties in the name and on behalf of the company they represent, within the framework of an overall system that allocates to each party (both with actual powers of attorney or internal delegation of authority) powers consistent with his/her position within the organization.

The goal pursued with such a system is to comply with the criterion that notarized powers of attorney shall be awarded, consistent with the organizational responsibilities and powers of the Chairman and the Chief Executive Officer of Edison International S.p.A., with the aim of enabling individuals, both Company employees and outsiders, to execute, in the Company's name and on its behalf, actions that are binding on the Company vis-à-vis outsiders and providing them with the power to represent it, limited to what may be necessary to handle the tasks assigned to them.

The powers set forth in the power of attorney shall be stated in accordance with:

- the provisions of any existing laws;
- the powers and corresponding limitations that, consistent with governance of Edison S.p.A. (the Parent Company), are awarded to the Chairman and the Chief Executive Officer of Edison International S.p.A.;
- the organizational position of the recipient of the power of attorney;
- the management considerations taken into account on each occasion by the Chairman and the Chief Executive Officer of Edison

International S.p.A., based on the responsibilities, competencies and experience level of the recipient of the power of attorney and the specific context within which the powers set forth in the power of attorney will be exercised.

A notarized power of attorney shall be awarded by the Chairman and the Chief Executive Officer of Edison International S.p.A. or by other Company representatives (when a power of attorney provides delegation powers) within the limits of the powers awarded to them.

Cash payment transactions shall be handled within the limits of the powers set forth in the powers of attorney awarded to the Branch Manager and the Finance Manager (if there is one) or other identified representative.

Lastly, deposits to the checking accounts used by local branches to execute transactions shall only be carried out by means of a money transfer process that is adequately monitored and authorized at the central level by Edison S.p.A.

The process of defining the modalities for managing appropriate financial resources for crime prevention was pursued through the preparation of:

- Expense regulations (that specifically take into account any mapped risks of the occurrence of potential crimes) expressly approved by the Board of Directors.

More in detail, the expense regulations constitute a document that provides an overview both of the cash and financial flows within the Company and of the parties equipped with the power to transfer and spend financial resources, consistent with the principles of transparency, verifiability and relevance to the Company's activities.

- A procedure that governs the management of financial resources at the Branch level and defines the activities, responsibilities and controls assigned to the local organization.

The definition of the Protocols is complemented by and is an integral part of the Code of Ethics, which the Company adopted, using the same text as that of the Parent Company (for all parts that do not refer exclusively to the

Parent Company), and periodically revises and updates, making it compliant with the requirements of Legislative Decree No. 231/2001.

1.4 Structure of the Model: Section One, Section Two and Annexes

Consistent with the characteristics described above, this Model is comprised of two sections. The first section, general in nature, explains the Model's purpose and principles and the provisions of Legislative Decree 231/2001 and other significant reference statutes.

The second section is the key part of the Model, explaining what the Model is about: from adopting the Model to mapping at-risk activities and defining the Protocols, the characteristics and operating rules of the Oversight Board, the flows of information, the required training and information activities, the disciplinary system and the Model's updating process.

This Model is complemented by the following Annexes, which are an integral part of the Model itself:

1. the Code of Ethics;
2. the Protocols for controlling the risk profiles identified within each operating unit;
3. the Expense Regulations

1.5 Parties to Whom the Model Applies

As explained earlier in this document, this Model applies to anyone who operates in the name and on behalf of Edison International S.p.A., with special emphasis on employees who perform activities identified as being at risk. Compliance with the Model's provisions is required of all Directors, managers and other employees, who must be provided with adequate

training and information about the Model's content in the manner described in Section 2, Chapter 5, below.

Compliance with the Model is also demanded by including in contracts clauses that require independent contractors, consultants and business partners to comply with the principles of the Code of Ethics and with the Protocols that specifically apply to the activities in question, with a failure to do so empowering Edison International to cancel or terminate the contract.

In dealings with joint venture partners or transactions governed by other contractual relationships, the Code of Ethics requires Edison International S.p.A. to carry out an adequate due diligence activity before agreeing to be bound by contractual obligations vis-à-vis third parties.

1.6 Adoption of the Model by Edison International S.p.A.

Edison International S.p.A. is a subsidiary of Edison S.p.A., the main business of which is to engage, directly or through equity investments in other companies or entities, in Italy and abroad, in the exploration for and production and processing of energy sources and materials and their derivatives, specifically hydrocarbons of all types, within the limits allowed pursuant to law.

From an organizational standpoint, coordination over the Company is exercised through the Operations Egypt & Middle East Department and the Operations Europe Department, both of which report to the Exploration & Production Division of Edison S.p.A.

The Company also uses services provided by other Departments/Functions that are part of the Exploration & Production Division of Edison S.p.A.

Obviously, because Edison International S.p.A. is a wholly owned subsidiary of Edison S.p.A., a publicly traded company, its Organizational Model must be consistent with the organizational model of its Parent Company. While fully retaining its autonomy, Edison International S.p.A. thus intends to reflect in its Organizational Model the guideline provided by its Parent Company.

2. OVERSIGHT BOARD

2.1 Structure and Composition of the Oversight Board

In order to be shielded from administrative liability—as governed by Article 6, Section 1, of Legislative Decree No. 231/2001—an entity is required to establish an internal Oversight Board (OB) provided with independent control authority (sufficiently broad to enable it to constantly monitor how the Model is functioning and if it is being complied with) and autonomous decision-making powers to ensure that the Model is being kept up to date.

Consistent with the recommendations of the Confindustria guidelines and the practice developed in the years following the decree's enactment, the use of a board with multiple members to perform this function appears to offer the best assurance that that it will discharge its statutory duties.

Another characteristic of the OB is the requirement that its members have a thorough understanding of the company's activities and, at the same time, are sufficiently influential and independent to lend credibility and authority to the OB and its activities.

The characteristics of the OB, which are a prerequisite for effectively and efficiently implementing the Model, are explained below in greater detail:

- *Autonomy and independence:* They are essential to ensure that the OB has no involvement in the operating activities over which it has oversight authority. Accordingly, the OB must be hierarchically independent. This is achieved by treating it as a staff unit placed in the upper echelons of the corporate organization. To protect its independence and as evidence of the high level of the function it performs, the OB reports directly to the Board of Directors. Moreover, the members serving on the OB and their qualifications must be such to guarantee, both objectively and subjectively, the absolute autonomy of the OB's assessments and determinations.

- *Professionalism:* It is necessary to perform the delicate and incisive functions assigned to the OB.

- *Continuity of action:* Consistent with this characteristic, the OB must:
 - o work incessantly to monitor compliance with the Model, using the necessary investigative powers;
 - o ensure that the Model is implemented and constantly updated;
 - o represent a constant reference point for all Company employees.

The most recent version of the Confindustria guidelines published in March 2014 provided additional clarifications and suggestions with regard to the characteristics and composition of the OB, by stressing the importance of the requirements of autonomy and independence as well as on continuity of action.

More specifically, with regard to the former requirements, Confindustria recommends to avoid situations of conflicts of interest – which could arise in the event of overlap between the controlling and the controlled parties –

thereby keeping the position of the supervised entity separate with respect to the OB member, as well as providing grounds for ineligibility or disqualification of OB members.

With regard to continuity of action, Confindustria suggests, in the alternative, the presence of persons internal to the company within the OB or of a technical secretariat that coordinates the OB's activity.

The Board of Directors of Edison International S.p.A. decided to opt has opted for a solution that gives importance to the characteristics of independence and continuity for an effective implementation of the Model: the establishment of a two-member entity the composition of which includes a member of the Board of Statutory auditors and an external consultant, with expertise in the areas of risk analysis and control systems.

The decision to appoint a Statutory Auditor is explained by the need to select a person who has a better understanding of the Company's specific corporate structure and is also capable of performing oversight duties required by the relevant regulations, thanks to his/her specific competencies, while at the same time enjoying the position of autonomy and independence that characterized his/her capacity. The Confindustria guidelines acknowledge that, for the purpose of the tasks assigned to him/her, a person serving in this capacity possesses the professional competencies required to perform the Model's oversight task.

Lastly, the decision to use an external professional specialized in areas related to the provisions of Legislative Decree No. 231/2001, who does not have economic or professional obligations towards the Company, provides the Company with the necessary competencies and the requisite full independence.

Specifically with regard to the latter issue, it is important to note that, by virtue of the solution described above, the members of the OB have no involvement whatsoever in any operational function.

The Company believes that the benefits provided by an OB such as the one described above include an in-depth understanding of the Company's activities and continuity with the activity of the previous OB.

Candidates for appointment to the OB, as well as those who may replace them in the future, must meet the requirements of integrity and absence of conflicts of interest and must not be related to members of the Company's top management. The possession and retention of these qualifications shall be ascertained both upon appointment and, from time to time, while members of the OB are in office.

If the Board of Directors fails to address the appointment of the OB's Chairman in the resolution by which it adopts the Model or reelects the OB,, the OB members will elect their Chairman when they convene for their first meeting.

Grounds for ineligibility and/or disqualification of OB members are:

- Sentencing (even non-final) for one of the crimes laid down by Legislative Decree No. 231/01;
- Sentencing (even non-final) to a punishment that involves interdiction, albeit temporary, from public offices or temporary interdiction from the directive offices of legal entities and enterprises.

In order to allow the OB to fully perform its function, it has been provided with the option to use internal and outside consultants. More specifically:

- the OB may avail itself of special competencies that exist within the Company
- the OB may also use outside consultants who possess specific competencies that it may find useful;
- in the performance of its activities, the OB may avail itself of the support of the staff of the Parent Company's Internal Auditing Department, selecting Department employees whom it will ask from time to time to perform specific assignments or tasks, in accordance with OB regulations that the OB itself is required to adopt.

In order to gain a thorough understanding of how the Model is being deployed, of its effectiveness and implementation at the operating level and of its updating requirements, it is essential for the OB to operate at all times in close coordination with the Company's operating units.

With this in mind, the Company also designated as *Operating Unit Officers* the managers of the Operations – International Coordination Department and of the technical Departments/Functions of the Exploration and Production Division of Edison S.p.A., who are the very people responsible at the operating level for areas of business that, under current conditions, were found to be at risk for the occurrence of the crimes covered by the Decree and who are also the persons who contributed to developing Protocols designed to provide protection against those risks.

The designation of Operating Unit Officers provides assurance that the Model will be physically and effectively implemented, since they provide an effective link between the OB and the individual operating units that are deemed to present risk profiles.

The use of *Operating Unit Officers* provides the best avenue for complying with the requirement to effectively implement the Model because they can provide practical assistance in meeting the oversight obligation, due to their direct knowledge of the businesses and operating procedures of the activities included in the at-risk areas under their jurisdiction.

Each *Operating Unit Officer* is thus required to report to the OB in order to allow the OB to more effectively abide by and comply with its obligation to monitor the implementation of and compliance with the Model and ensure that the Model is constantly updated.

As a further means of safeguarding the independence and impartiality of the OB, Edison International S.p.A. defined general rules that govern and protect its operating processes.

Specifically, the rules require that OB members serve until the date when the Shareholders' Meeting will approve the financial statements at December 31, 2016.

During the abovementioned period, the compensations of the OB members, which must be approved by the Board of Directors, may not be modified except for adjustments required by changes in statutory indices. The dismissal of any member of the OB, which is allowed *exclusively* for failures to perform the assigned tasks, requires the unanimous vote of the Board of Directors and must be communicated in advance to the Board of Statutory Auditors and, subsequently, to the Shareholders' Meeting.

For all other organizational issues, the OB will adopt a series of internal rules and regulations designed to optimize its performance.

2.2 Definition of the Tasks and Powers of the Oversight Board

Article 6, Section 1, Letter b), of Legislative Decree No. 231/2001 expressly defines the tasks assigned to the OB as follows:

- The OB shall oversee the implementation of and compliance with the Model;
- The OB shall ensure that the Model is kept up to date.

In performing the first of these two tasks, the OB is required to carry out the following activities:

- It must develop an annual audit plan to assess the Model's adequacy and effective implementation;
- It must provide the *Operating Unit Officers* with rules for the procedures and timing applicable to the collection of information and coordinate this process with the OB's activities;
- As part of its annual plan, it must monitor on an ongoing basis activities and transactions carried out within at-risk areas, in order to assess the compliance with and implementation of the Model;
- It must conduct reviews that target specific transactions or actions carried out within at-risk areas;
- It must review the semiannual reports provided by the *Operating Unit Officers* to identify any shortcomings in the implementation of the Model and/or potential Model violations;
- It must collect, process and store information that is relevant for Model compliance purposes and establish specific rules to govern the information flow provided by the *Operating Unit Officers*;
- It must promote appropriate programs to support awareness and understanding of the Model;

- It must evaluate reports of potential violations of the Model and/or instances of non-compliance;
- It must conduct investigations to confirm potential violations of the Model's requirements;
- It must report confirmed violations to the relevant governance body for disciplinary action;
- It must verify that Model violations were in fact adequately punished;
- In order to guarantee the Model's continued effectiveness, it must ensure that the system used to grant powers of attorney and delegate authority is adequate. Consequently, the OB shall also perform crosschecks to ascertain whether the activities actually carried out by representatives of Edison International S.p.A. are in fact consistent with the powers formally conveyed by the existing powers of attorney.

With regard to activities that are carried out by the Parent Company or by other subsidiaries of Edison S.p.A. under service contracts, as mentioned above, the OB shall submit its request and perform the reviews it may deem necessary by working directly with the *Operating Unit Officer* of the affected company, who shall also be responsible for providing the OB, through the relevant company structures, with the semiannual report and all other communications required pursuant to this Model.

As for the obligation to keep the Model up to date, it is important to note that jurisdiction over the adoption of amendments to the Model rests with the Company's primary governance body (the Board of Directors, which may delegate this task to the Chief Executive Officer), which, pursuant to Article 6, Section 1, Letter a), of the Decree is directly responsible for adopting and effectively implementing the Model.

With regard to the obligation to keep the Model up to date, the OB is required to carry out the following activities:

- It must monitor changes in the relevant laws and regulations;
- It must adopt appropriate measures to keep the map of at risk areas up to date in a manner consistent with the methods and principles applied when this Model was adopted, working with the support of the *Operating Unit Officers* and establishing rules for the communication process;
- It must ensure that Protocols are adequate and kept up to date for crime prevention purposes and verify if every Model component is and continues to be suitable and adequate for the purpose of achieving the Model's objectives pursuant to law, using for this purpose information and support provided by the *Operating Unit Officers*;
- In response to the actual occurrence of crimes or serious Model violations, it must determine whether the adoption of amendments to the Model are necessary;
- It must recommend amendments to the Model to the Board of Directors;
- It must verify the effectiveness and functionality of any amendments to the Model adopted by the Board of Directors.

It is important to note that, in order to enable it to pursue its activities effectively, the OB has unfettered access to all corporate documents that may be relevant for the purpose of determining whether the Model is being correctly implemented.

To ensure that the OB is able to fully and independently perform its assigned tasks, the OB is provided with an adequate annual budget, determined by a resolution approved by the Board of Directors. The budget must be sufficient to allow the OB to perform its function with full autonomy and without limitations caused by insufficient financial resources.

As for the scope of implementation of the OB's control powers, while,

obviously, Legislative Decree No. 231/2001 cannot amend the current provisions of corporate law or those of the Bylaws adopted by the Company in the exercise of its organizational autonomy through the establishments of entities that hierarchically supersede the Board of Directors, types of actions must be devised that ensure, also and in particular with regard to parties who perform representation and management functions (namely the members of the Board of Directors), effective compliance with the Model's preventive measures and rules.

If there should arise—in connection with the possibility that the Company may file a lawsuit in accordance with the specific provisions of Article 39 of Legislative Decree No. 231 of 2001—a conflict of interest between the legal representative charged with the crime that gives rise to the administrative violation and the entity, the relevant governance bodies, acting with full independence, shall appoint a “special *ad litem* representative” or a “*pro tempore* legal representative” provided with representation powers limited to the criminal proceedings that are in progress to ascertain the entity's administrative liability.

The Oversight Board is responsible for taking action with regard to the abovementioned parties—which may include exercising the penalty imposing powers discussed in detail below, obviously notwithstanding any further and more severe determination by the Shareholders' Meeting regarding the termination of the fiduciary relationship with regard to one or more members of the Board of Directors—should said parties engage in activities or conduct in violation of the requirements set forth or referenced in this Organizational Model.

The Oversight Board of Edison International S.p.A. may also dialog and exchange information with the Oversight Boards of the Parent Company and other subsidiaries of Edison S.p.A. in order to obtain a comprehensive view of the effectiveness of the Internal Control and Risk Management

System and of how crime risks are being monitored, without infringing on the exclusive right of Edison International's OB to investigate and take action in response to violations of the Company's Model.

2.3 Reporting by the Oversight Board

As explained earlier in this document, in order to enable it to perform its activities with full autonomy and independence, the OB reports directly to:

- the Company's Board of Directors,
- the Company's Board of Statutory Auditors.

The obligation to report to the abovementioned governance bodies, which are empowered to convene Shareholders' Meetings, constitutes the best guarantee of ultimate control over the activities of the Directors, which, pursuant to law and the Bylaws, is a prerogative of the shareholders.

Specifically, concurrently with the approval of the annual financial statements and the semiannual report, the OB provides the Board of Directors and the Board of Statutory Auditors with the following information:

- A written report on the Model implementation status, focusing on the results of oversight activities carried out during the previous six months and listing appropriate actions for the Model's implementation;
- A semiannual audit plan for the subsequent six months.

The OB may request a meeting with the Board of Directors whenever it believes that a review or decision by the Board of Directors concerning issues that have a bearing on the Model's functionality and effective implementation would be advisable.

To guarantee an accurate and effective flow of information and in order to fully and correctly exercising its powers, the OB may request clarifications or information directly from the Chief Executive Officer and other members of the senior management team.

Conversely, the OB may be summoned at any time by the Board of Directors and other corporate governance bodies to report on events or situations that affect the implementation of and compliance with the Model.

The OB shall report to the Board of Directors only in the manner described above and its report shall always be provided by the members of the OB acting jointly.

2.4 Information Flows to the Oversight Board

The requirements that the Model must satisfy pursuant to Legislative Decree No. 231/2001 includes establishing obligations to provide information to the OB.

The information flows must include all of the information and documents that must be brought to the OB's attention in accordance with the provisions of Protocols and of each of the Model's components.

Consequently, the Company's governance bodies, the *Operating Unit Officers* and all employees of Edison International S.p.A. are required to comply with the following obligations described below with the modalities specified.

Specifically, the governance bodies must communicate to the OB any information that may be relevant to compliance with the Model and its implementation.

Employees and independent contractors must report any information concerning conduct in violation of the Model's regulations or concerning the occurrence of crimes.

For this purpose, the Company has established an anonymous communication channel that staff members may access by sending confidential correspondence to the OB to a special mailing address or fax number. This method of transmitting information is designed to keep confidential the identity of the senders of the information and shield them from retaliation.

The OB must evaluate these reports. If it deems it necessary, it may question the alleged perpetrator of the violation and carry out all of the inquiries and investigations that may be required to determine what did in fact occur.

If a violation is reported anonymously in writing, the OB must determine whether an inquiry is warranted, provided the anonymous report contains sufficient specific information to take such action.

The OB must specify in its operating regulations the methods that must be followed to interact with the various governance bodies, consistent with the general objective of obtaining information relevant to the OB's tasks and objectives.

In addition to the abovementioned reports, including those submitted through unofficial channels, the Model requires that the OB be provided with information about:

- actions taken and/or news concerning the existence of criminal proceedings, including proceedings against unknown parties, that involve events of interest to the Company;
- actions taken and/or news concerning the existence of administrative proceedings or significant civil law disputes that arise from demands or actions of independent authorities, the tax administration, the Ministry of the Environment, local governments, contracts with the public administration and applications for and/or the management of government financing facilities;
- requests for legal assistance that the Company received from employees who are defendants in criminal or civil proceedings;
- reports prepared by managers of Company Functions as part of the control activities they are required to perform, when such reports contain evidence pointing to the existence of risk profiles that are relevant for Model compliance purposes.

In addition, *Operating Unit Officers* have a functional reporting obligation towards the OB, which they are required to discharge as follows:

- Every six months, they must provide a written report detailing the work they performed (controls performed, modifications suggested in response to changes in their activity or operating procedures, mention of any new activities or operating methods that could offer opportunities for committing the types of crimes covered by Legislative Decree No. 231/2001).
- They must report promptly any serious anomalies in how the Model is functioning or violations of the Model's requirements.

The OB may regulate more in detail the methods and timing applicable to the flow of information that the *Operating Unit Officers* are required to provide to the OB.

When submitting their semiannual reports, the *Operating Unit Officers* must also provide a written declaration stating that they are familiar with the Model's rules and that they undertake to comply with those rules and discharge faithfully their supervision and control obligations.

Each *Operating Unit Officer* must determine if the complexity of the activity under his/her jurisdiction justifies the appointment of a *Focal Point Officer*, whose job will be to help the *Operating Unit Officer* discharge the duties for the performance of which he/she is responsible in connection with the implementation of the 231 Model.

When exercising its investigative powers, the OB shall have unfettered access to all corporate sources of information and may examine documents and consult any data concerning the Company.

The OB is responsible for keeping on file and safeguarding all of the information, documents and reports of violations it obtained in the performance of its assigned duties, making sure that the confidentiality of the abovementioned documents and information is protected and that the relevant provisions of the privacy laws are being complied with.

3 DISCIPLINARY SYSTEM

As part of the process of assessing the Model's effectiveness and suitability for the purpose of preventing the crimes covered by Legislative Decree No. 231/2001, it must identify and punish conduct that make it possible for crimes to be committed.

This is because Article 6, Section 2, of Legislative Decree No. 231/2001, when listing the components that must be included in any model prepared

by a company, expressly states, under Letter e), that a company must *“introduce an adequate disciplinary system that can be used to punish failures to comply with the Model’s provisions.”*

Accordingly, the Parent Company Edison S.p.A. established a disciplinary system specifically designed to punish all conduct that constitutes a violation of the Model.

In order to comply more effectively with the Decree’s provisions, Edison S.p.A. chose to establish a system consistent with the principle of explicitness, thereby clearly identifying in advance both the rules of conduct and the penalties that their violation would entail. It thus adopted a Disciplinary Code that encompasses all of the rules of conduct set forth in each of the various Protocols.

Edison International S.p.A. chose to adopt the abovementioned Disciplinary Code, concurring with its design and implementation approach and incorporating verbatim its content, obviously for those sections (i.e., mainly the protocols and the corresponding rules of conduct) that it finds specifically relevant.

The penalties, which are described below, were determined taking into account both the provisions of labor laws and the principles and requirements of the Organizational Model referred to in Legislative Decree No. 231/01 and in Confindustria’s updated Guidelines.

3.1. Parties to Whom the System Applies and Definitions

The parties who are required to comply with the Model and the Code of Ethics and to whom this disciplinary system consequently applies include the following: parties who within the Company serve in such capacities as representative, Director or manager of the entity or of one of its organizational unit with financial and functional autonomy, as well as

parties who exercise, even if just de facto, management and control authority over it (so-called, top management); persons who are subject to management or oversight by a member of top management, i.e., Company employees, including managers and persons employed by Edison International in connection with the supply of labor and the provision of services and home-working employees (Subordinated Workers); to associates in a coordinated and continuous relationship, including those working on a project or contract basis, sales agents and sales representatives and independent contractors, as defined in Articles 2222 and following of the Civil Code (Independent Workers), who collaborate with Edison International S.p.A.; and, in general, to outside consultants, business partners (sole proprietorships and/or companies) and anyone with whom the Company has entered into a contractual relationship for the performance of any type of work, including temporary employment agencies and service subcontractors, as defined in Articles 4, 20 and 29 of Legislative Decree No. 276/2003.

3.2. Conditions for Implementation

The disciplinary system applies to all relevant parties, as defined above, whenever the existence of activities in violation of the requirements and procedures of the Model or the Code of Ethics is ascertained, whether or not an administrative and/or criminal proceedings involving the author of the violation has been instituted and irrespective of the outcome of the proceedings.

Specifically, the following shall constitute a disciplinary violation:

- a) A violation of the rules of conduct set forth in the Code of Ethics;
- b) A violation of the provisions set forth in the General Part of the Model;
- c) A violation of the procedures and protocols set forth in the Special Part of the Model;
- d) A violation of the reporting obligations towards the Oversight Board;
- e) Actions to hinder controls and unjustified refusal to allow access to

information and documents opposed to parties responsible for controlling the procedures and the Oversight Board, as well as other types of conduct aimed at violating or eluding the Model's control systems.

At all times, the Company shall have the right to seek compensation for damages caused by a violation of the Model.

3.3. Types of Penalties

3.3.1. Penalties Imposed on Subordinated Workers Classified as Factory Staff, Office Staff or Middle Managers

Violations committed by Company factory staff, office staff or middle managers and, more in general, the pursuit of conduct that could cause the Company to become the target of the enforcement actions provided in Legislative Decree No. 231 of June 8, 2001 may result in the imposition of the following penalties, within the limits set forth in the applicable collective bargaining agreements:

- (a) Written reprimand;
- (b) Fine;
- (c) Suspension;
- (d) Dismissal with or without notice.

The penalties referred to in Letters (a), (b) and (c) above will be imposed in response to violations that, in view of the specific circumstances in which they arose, are not serious enough to require the imposition of a different penalty.

The penalty referred to in Letter (d) may be imposed on employees who are guilty of violations serious enough to make the continuation of the employment relationship impossible or who are guilty of repeated violations requiring the imposition of the penalties referred to in Letters (a), (b) and (c), in the manner and with the timing required by the applicable collective bargaining agreement, or, when the purpose of the conduct is to obtain a

personal benefit, irrespective of the seriousness of the violation.

The imposition of penalties shall be carried out consistent with the principle of proportionality and, in general, the provisions of collective bargaining agreements and of the applicable labor laws. In accordance with the principle of the right to be heard, the involvement of the interested party will always be ensured: once the allegations have been notified – in a timely and specific manner – the interested person will always be able to justify his/her actions.

3.3.2. Penalties Imposed on Subordinated Workers Classified as Executives

Violations by Company executives and, more in general, the pursuit by the abovementioned executives of conduct that could cause the Company to become the target of the enforcement actions provided in Legislative Decree No. 231 of June 8, 2001 may result, consistent with the conditions set forth in Section 3.2 above, in the imposition of the penalties provided under the terms of the collective bargaining agreements for other classes of employees, consistent with the abovementioned principle of proportionality and of the right to be heard, in general, the provisions of collective bargaining agreements and of the applicable labor laws.

3.3.3. Precautionary Suspension

Confirmation that violations such as those referred to in Section 3.3.2 above have occurred and confirmation of failures to promptly inform the relevant governance body of violations committed by subordinates may result, consistent with the conditions set forth in Section 3.2 above, in the imposition against employees classified as executives of a precautionary job suspension, without prejudice to their right of the affected executive to receive his/her salary, and of the obligation, also on a temporary and precautionary basis for a period of up to three months, to forfeit other positions, in accordance with the provisions of Article 2103 of the Civil Code.

3.3.4. Penalties Imposed on Directors

The act of engaging in actions or conduct in violation of the provisions and procedures set forth or referenced in the Model by a Director shall be punished with the following disciplinary actions, depending on the seriousness of the violation and the specific nature of the relationship:

- (a) Suspension from the office held for a period from one to six months;
- (b) Revocation of powers delegated to the Director;
- (c) Reduction of the fees for a Director without delegated powers;
- (d) Convening of a Shareholders' Meeting to adopt a dismissal motion pursuant to Article 2383 of the Civil Code (i.e., the dismissal).

More specifically, the following provisions shall apply:

➤ The Board of Directors, depending on the seriousness of the violation, shall order the suspension from the office held (for a period from one to six months) or the revocation of delegated powers (with the corresponding fee reduction) for a Director with delegated powers who:

= violates company procedures and/or engages in conduct inconsistent with the Model and the Code of Ethics, performing actions that are or could be injurious to the Company, exposing it to an objectively dangerous situation regarding the integrity of its assets;

= in the performance of at-risk activities engages in conduct that is in contrast with the provisions and procedures set forth or referenced in the Model or with the Code of Ethics and is exclusively aimed at perpetrating one of the crimes punishable pursuant to Legislative Decree No. 231/2001

➤ The Board of Directors, depending on the seriousness of the violation, shall order the suspension from the office held (for a period from one to six months) or reduce the fees for a Director without delegated powers who:

= violates company procedures and/or engages in conduct inconsistent with the Model and the Code of Ethics, performing actions that are or could be injurious to the Company, exposing it to an objectively dangerous situation regarding the integrity of its assets;

= in the performance of activities in at-risk areas engages in conduct that is in contrast with the provisions and procedures set forth or referenced in the Model or with the Code of Ethics and is exclusively aimed at perpetrating one of the crimes punishable pursuant to Legislative Decree No. 231/2001.

➤ The Shareholders' Meeting shall adopt a dismissal motion pursuant to Article 2383 of the Civil Code for a Director who:

= in the performance of activities in at-risk areas engages in conduct clearly in violation of the provisions and procedures set forth or referenced in the Model or with the Code of Ethics and capable of triggering the actual imposition upon the Company of the penalties set forth in Legislative Decree No. 231/2001.

The imposition of the penalties described above shall not affect the Company's ability to file a liability action against its Directors pursuant to Article 2393 of the Civil Code.

Moreover, should a Director also hold a power of attorney enabling him/her to represent the Company vis-à-vis outsiders, the imposition of a penalty shall entail the automatic revocation of the power of attorney.

3.3.5. Penalties Imposed on Statutory Auditors

The act of engaging in actions or conduct in violation of the provisions and procedures set forth or referenced in the Model by a Statutory Auditor shall be punished with the following disciplinary actions, depending on the seriousness of the violation and the specific nature of the relationship:

- (a) Warning to comply faithfully with the provisions;
- (b) Suspension from the office held for a period from one to six months;
- (c) Convening of a Shareholders' Meeting to adopt a motion pursuant to Article 2400 of the Civil Code (dismissal), which must be approved by a Court decree, subsequent to rebuttal by the Statutory Auditor.

More specifically, the following provisions shall apply:

➤ The Board of Directors, depending on the seriousness of the violation, shall issue a warning to comply faithfully with the provisions or shall suspend from the office held (for a period from one to six months) a Statutory Auditor who:

= violates company procedures and/or engages in conduct inconsistent with the Model and the Code of Ethics, performing actions that are or could be injurious to the Company, exposing it to an objectively dangerous situation regarding the integrity of its assets;

= in the performance of at-risk activities engages in conduct that is in contrast with the provisions and procedures set forth or referenced in the Model or with the Code of Ethics and is exclusively aimed at perpetrating one of the crimes punishable pursuant to Legislative Decree No. 231/2001.

➤ The Shareholders' Meeting shall adopt a dismissal motion pursuant to Article 2400 of the Civil Code for a Statutory Auditor who:

= in the performance of activities in at-risk areas engages in conduct clearly in violation of the provisions and procedures set forth or referenced in the Model or with the Code of Ethics and capable of triggering the actual imposition upon the Company of the penalties set forth in Legislative Decree No. 231/2001.

The imposition of the penalties described above shall not affect the Company's ability to file a liability action against its Statutory Auditors pursuant to Article 2407, Section 3, of the Civil Code.

3.3.6. Penalties Imposed on Independent Workers, Outside Consultants and Business Partners

Contracts that Edison International S.p.A. executes with Independent Workers, outside consultants and business partners must include a declaration by which Edison's counterparty specifically acknowledges being cognizant of the content of the Model adopted by Edison International S.p.A. pursuant to Legislative Decree No. 231/2001 and of the obligation to comply with their requirements or, if the counterparty is a foreign national,

of the obligation to comply with international and local laws designed to prevent risks that could ultimately result in the occurrence of crimes for which Edison International S.p.A. could be held liable.

Contracts with such parties must contain a special cancellation and/or termination clause activated by a failure to comply with the abovementioned obligations, with Edison International reserving the right to recover any damages that it may have incurred as a result of the conduct described above, including damages caused by a judge applying the enforcement actions provided by Legislative Decree No. 231 of June 8, 2001.

3.3.7. Inclusion of Shield Clauses in Contracts Involving Independent Workers, External Consultants and Commercial Partners

Contracts with the abovementioned temporary employment agencies and service subcontractors, outside consultants and business partners must include special clauses requiring the Company's counterparties to make employees who are being utilized by Edison International S.p.A. or are performing their services at a location or for the benefit of Edison International S.p.A. aware of risks that could cause Edison International to be held administratively liable and inform them of the existence of the Code of Ethics and the Protocols of Edison International and of the obligation to comply with the provisions thereof. Edison International S.p.A. shall establish separate and effective penalties for violations of the Code of Ethics and the abovementioned Protocols by the abovementioned parties and shall include express termination and/or cancellation clauses specifically related to the abovementioned information obligation. Contracts for the provision of labor shall include, in addition to the abovementioned clauses, the express obligation of temporary employment agencies to enforce the penalties described above against any employees they provided to Edison who is guilty of a violation.

3.4 Responsibilities of Company Departments

The Company Department that avails itself of the services of the parties described in Section 3.3.7 above or which is the owner of the process that encompasses the activities of the abovementioned parties shall record all data and information useful for understanding and assessing their conduct. These data must be provided to the OB upon request, should the OB need them to perform its duties.

3.5 Department Responsible for Imposing Penalties

After the OB reported a violation of the Model, the Parent Company's Human Resources, Inf. & Comm. Technology, Procurement Division (which operates on behalf of Edison International S.p.A. by virtue of a special service contract) initiates disciplinary proceedings and conducts an investigation, in accordance with standard statutory procedures.

The investigative phase, aimed at determining whether a violation did in fact occur, based on the findings developed by the OB, is carried out as quickly as possible by the abovementioned company function.

If the evidence shows that no violation occurred, the entities responsible for the investigation, acting consistent with the respective jurisdictional authority, shall close the case issuing a reasoned report that shall be kept on file at the Company and communicated to the OB.

The phase involving the issuance of charges and the imposition of a penalty, in accordance with the laws and regulations in effect (Civil Code, Workers' Charter and Collective Bargaining Agreements) is carried out:

= by the Parent Company's Human Resources, Inf. & Comm. Technology, Procurement Division for violation committed by employees (i.e., production and office staff, middle managers and executives), independent contractors, external consultants and business partners;

= by the Board of Directors or the Shareholders' Meeting, as applicable, for violations committed by members of the Board of Directors or the Board of Statutory Auditors.

4. UPDATING THE MODEL

Pursuant to an express requirement of the relevant Decree, responsibility for the Model's adoption and effective implementation rests with the Board of Directors.

Consequently, the power to update the Model, which is an expression of the Model's effective implementation, falls within the purview of the Board of Directors, which can either exercise this power directly by means of a resolution or delegate it to the Chief Executive Officer, in accordance with the provisions that govern the Model's adoption.

The updating process, which may involve expanding or amending the Model, is designed to ensure that the Model is adequate and suitable for performing the function of preventing the occurrence of the crimes covered by Legislative Decree No. 213/2001.

The Oversight Board is responsible for *undertaking* the updating of the Model, a task that shall be performed in accordance with the provisions of this Model, working also with the assistance and support of the *Operating Unit Officers*

The Oversight Board is also responsible for submitting Model updating recommendations to the Board of Directors.

Because the evolving trends that characterize the pursuit of the Company's business activities could require a partial or full revision of the existing Protocols or the adoption of new Protocols in response to organizational or

operational changes, the Chief Executive Officer is empowered issue a service order adopting the new rules, which must later be submitted to the Board of Directors for final approval.

5. PERSONNEL INFORMATION AND TRAINING.

DISSEMINATION OF THE MODEL

Adequate personnel training and the ongoing provision of information about the principles and requirements contained in the Model are factors of paramount importance for the correct and effective implementation of a corporate prevention system. Because its human resources are an indispensable component for the existence, growth and success of a company, respect for adequate fairness, honesty and transparency criteria in the recruiting employees and outside associates is a prerequisite for the delivery of effective training and information programs.

All parties who work within the Company and its commercial partners and outside associates are required to have a thorough understanding of the objectives of fairness and transparency that are being pursued with this Model and of the manner in which the Company intends to pursue them by establishing an adequate system of procedures and controls.

5.1 Personnel Information and Training

As required by Legislative Decree No. 231/2001, Edison International S.p.A. defined a special communication and training program designed to communicate and explain the Model to all of its employees. This plan is managed by the relevant organizational units, working in coordination with the OB.

Specifically, the **communication** activities that are being planned include:

- Sending to all employees a letter signed by the Chairman or the Chief Executive Officer, explaining the meaning of the Decree and the methods by which information and training will be delivered within the Company;
- Posting the Model on the Company Intranet and e-mailing a copy of the Model to each employee;
- Giving to the members of corporate governance bodies and parties empowered to represent the Company hard copies of the Model and Code of Ethics when they agree to serve in the office offered to them;
- Giving or e-mailing to newly hired employees, as part of the documents that they receive upon joining the Company, an information kit containing the 231 Model, which they can use to obtain information of primary importance.

Initiatives in the **training** area will include diversified programs developed for different targets, with the objective of offering customized training paths that truly address the needs of different organizational units and resources. Consequently, the program will include both general training modules and more in-depth training modules specifically targeted for each at-risk area.

More specifically, the training program includes the following:

- Basic training (delivered also in e-learning mode) that allows the prompt and widespread dissemination of topics applicable to all employees—reference statutes (Legislative Decree No. 231/2001 and presumed crimes), the Model and its implementation, content of the Code of Ethics—delivered together with self-assessment and learning test;
- Specific classroom courses for persons who operate in organizational units at greater risk of unlawful conduct, during which specific Protocols are explained;
- More in-depth learning modules in connection with updates to

legislation or internal procedures.

Employee attendance of the training programs described above will be recorded by requesting that they sign an attendance sheet and by entering the names of the attendees in the OB database.

In addition, the Company shall add to its Intranet site a section devoted to this topic, which external associates and commercial partners will also be able to access.