

*Zero Tolerance  
of Corruption Plan*

ZTC



ENERGY IN TUNE WITH YOU.



## **Zero Tolerance of Corruption Plan**



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# Zero Tolerance of Corruption

## 1. General principles

- (1) Promoted by the United Nations in July 2000 at the direct instigation of the Secretary General, Kofi Annan, intended to involve the world of business in a new form of collaboration with the United Nations, by (their) adhesion to 10 universal principles in the areas of human rights, labour protection and environmental protection and anti-corruption ([www.unglobalcompact.org/](http://www.unglobalcompact.org/)).
- (2) [www.globalcompactitalia.org](http://www.globalcompactitalia.org)
- (3) This refers to the adhesion by about 60 international companies operating in the energy, construction and mining sectors to the initiative sponsored by the World Economic Forum called the "Partnering Against Corruption Initiative". Enel was one of them. ([www.weforum.org](http://www.weforum.org)).
- (4) Everything that represents an advantage for a person, material or moral, of financial or non-financial value, considered relevant by common conviction and usage.

Enel is committed to respecting its own Code of Ethics and the undertakings given by signing up to the Global Compact<sup>(1)</sup>. Consequently, it requires its personnel to be honest, open and fair in performing their jobs. The same commitments are required of all its other stakeholders, i.e., the individuals, groups and institutions that contribute to the achievement of its mission, or which are involved in the activities undertaken to achieve it.

In compliance with the tenth principle of the Global Compact, which requires that "businesses should work against all forms of corruption, including extortion and bribery"<sup>(2)</sup>, Enel intends to pursue its commitment to fight corruption, also confirmed at the 2005 World Economic Forum<sup>(3)</sup> in Davos, by applying the criteria of transparency recommended by Transparency International.

This commitment, which expresses the Code of Ethics, translates into the following general principles:

- **ENEL REJECTS CORRUPTION IN ALL ITS FORMS, BOTH DIRECT AND INDIRECT;**
- **ENEL ESTABLISHES A PLAN FOR FIGHTING CORRUPTION CALLED THE "ZERO TOLERANCE OF CORRUPTION" PLAN (ZTC PLAN).**

## 2. ZTC Plan: the commitments

On the base of its analysis of the activities most exposed to the risk of corruption, and in accordance with the provisions of its Code of Ethics, Enel assumes the following commitments for carrying out its activities

### 2.1 Bribes

Enel forbids the use of any form of unlawful payment, either in money or other kind of benefit<sup>(4)</sup>, in order to obtain an advantage in relations with its stakeholders; advantage also as facilitating or ensuring the performance of services that are in any case due.

The ban naturally applies to employees who, in virtue of their role or the activities they carry out at Enel, intend to accept and/or offer bribes in order to benefit themselves or family members, associates or acquaintances.

If bribes should be promised, offered or requested, Enel employees must inform their line manager and the Audit function through the dedicated channel set up to collect such reports<sup>(5)</sup>.

## **2.2 Contributions to political parties**

Enel refrains from any kind of unlawful pressure, whether direct or indirect on politicians, does not finance parties, their representatives or candidates, either in Italy or abroad, and does not sponsor events whose exclusive purpose is political propaganda.

## **2.3 Contributions to charitable organizations and sponsorship<sup>(6)</sup>**

Enel does not consider requests for contributions and addresses those it receives to the statutory bodies of Enel Cuore Onlus, apart from exceptional cases to be submitted to the Chief Executive Officer for decision.

Sponsorship activities are aimed at those events that guarantee quality, involve a large number of citizens, and allow Enel to participate in the planning so as to ensure the originality and efficacy of the event.

In all cases, in choosing the proposals to support, Enel pays special attention to any possible conflict of interest of a personal or company nature.

The financial commitment and distinguishing characteristics of the projects supported by Enel are reported and made public annually through Enel's Sustainability Report and the Financial Statements of Enel Cuore Onlus.

## **2.4 Facilitations**

Enel does not permit payments or benefits of any amount to be paid, offered or accepted, directly or indirectly, for the purpose of speeding up services already due from the subjects it is dealing with.

If facilitations should be promised, offered or requested, Enel employees must inform their line manager and the Audit function through the dedicated channel set up to receive such reports.

## **2.5 Gifts, hospitality and expenses<sup>(7)</sup>**

Enel does not permit any form of gift, which also means the offering and acceptance of hospitality, or reimbursement of expenses incurred,

<sup>(5)</sup> See § 3.5 of this document.

<sup>(6)</sup> See § 3.28 Enel Code of Ethics.

<sup>(7)</sup> See § 3.5 Enel Code of Ethics.

in excess of normal business practice or courtesy in order to acquire favourable treatment or, in any case, to influence independent judgment.

In all cases, Enel abstains from practices that are not permitted by the law, business practice or codes of ethics - if known - of the companies or institutions with which it deals.

In general Enel's gifts are characterised by their aim of promoting its image. Gifts offered – apart from those of modest value – are adequately documented and authorised by the department manager, who reports it to the Audit function<sup>7</sup> beforehand.

Enel employees who receive gifts or benefits not provided for by the rules, must inform their line manager and the Audit function<sup>8</sup> which evaluates their appropriateness and inform the donor of the company policy on these matters.

### *3. ZTC Plan: implementation*

Respecting Enel's commitments to the fight against corruption requires the involvement of its stakeholders in the activities that implement the plan.

#### **3.1 Organization and responsibilities**

At the proposal of the Chief Executive Officer and the Chairman of Enel SpA, the ZTC Plan is submitted to the Internal Audit Committee and the Board of Directors of Enel SpA for approval.

#### **3.2 Relations with third parties**

##### **3.2.1 Subsidiary, affiliated companies and joint venture partners**

- In the acquisition phase or while defining partnership relations with third party companies, Enel checks that the minimum conditions for respect of the ZTC Plan are present.
- The Boards of Directors of Enel subsidiary companies are asked to adopt the Code of Ethics and ZTC Plan by specific deliberation.
- Enel proposes that affiliated companies and joint venture partners that do not have their own codes of ethics or programmes to fight corruption, adopt its Code of Ethics and the present ZTC Plan or, alternatively, that they draw up similar documents.

##### **3.2.2 Agents, consultants and intermediaries**

- Enel does not make illicit payments through agents, consultants and intermediaries.

- Any person who represents Enel is obliged to sign an undertaking to respect the provisions of the Code of Ethics and the ZTC Plan.
- Fees agreed are adequately justified by the task to be performed and by current market practice.
- Documentation adequate to guarantee the maximum correctness, transparency and traceability of the contractual relationship, is archived.
- If behaviour by counterparts that violates the ZTC is found to have taken place, within the limits of the law Enel adopts suitable measures, including rescission of the contract.

### **3.2.3 Purchasing and sales procedures**

- Purchasing and sales procedures are conducted by Enel in a fair and transparent way.
- The internal procedures include suitable controls to guarantee the utmost fairness, transparency and traceability of contractual relations.
- The commitment of any counterpart to conduct in accordance with the principles of the Code of Ethics and the ZTC Plan is assessed in the qualification process for suppliers.
- If behaviour by counterparts that violates the ZTC is found to have taken place, within the limits of the law Enel adopts suitable measures, including rescission of the contract.

### **3.3 Human resources**

- In the hiring process, the candidates selected are required to sign an undertaking to respect the provisions of the Code of Ethics and the ZTC Plan.
- Reference is made to the provisions of the ZTC Plan in all internal documents regarding personnel management.
- No-one is penalised for refusing to pay bribes.
- In case of violation of the ZTC Plan, Enel applies the sanctions provided for by the company disciplinary code to its employees, including management personnel, in accordance with the collective bargaining agreements as well as with the procedures and laws in force in the countries where Enel is present.

### **3.4 Training**

- Training activities are provided for all personnel to ensure the dissemination and correct understanding of ZTC Plan.
- The principles, undertakings, and implementation procedures are an integral part of special in depth training sessions for professional group.

- External stakeholders are provided with material and access to experience that they can use to prepare their own plan for fighting corruption.

### 3.5 Reporting

Employees, managers and directors of Enel are required to report all violations or suspected violations of the ZTC Plan and, more generally, of the Code of Ethics, to the Enel Audit function, which is responsible for analysing the report, possibly also talking with the author and the one responsible for the alleged violation.

Reports should be sent in writing to:

- Audit.Enel.Codice.Etico@enel.it
- or to: Enel SpA  
Audit Function - Code of Ethics  
Viale Regina Margherita, 137  
00198 Rome

All other stakeholders are invited to send their reports of violation or suspected violation to this address too.

In all cases, Enel guarantees that the identity of the person making the report will be kept confidential, legal obligations and the defense of the rights of the Company and of the persons involved in the report being understood.

Violations of ZTC Plan are reported to the Internal Audit Committee which, in the most significant cases, after an appropriate analysis, informs Enel SpA's Chief Executive Officer or, as the case may be, the Board of Directors of the violations and the consequent actions.

### 3.6 Communication

- The personnel is made aware of the ZTC Plan through the internal communication tools.
- All employees receive a copy of the ZTC Plan.
- A note providing information about the adoption of the ZTC Plan is included in the contracts signed by Enel.
- The ZTC Plan is available to all stakeholders on the company website [www.enel.it](http://www.enel.it).

### 3.7 Monitoring activities

#### 3.7.1 The internal control system

All Enel resources are committed to fighting corruption.

More specifically, each organizational structure is responsible for setting up appropriate control systems for implementing the ZTC Plan for its own areas of responsibility.

### **3.7.2 Audit**

Monitoring the controls set up by the various organizational structures to implement the plan is entrusted to the Audit function, which carried out its activities in all Enel companies and has the aim of suggesting any changes required to improve the internal control system. The Internal Audit Committee evaluates the adequacy of the periodic audit plan, also checking that interventions are planned to ensure vigilance in relation to the ZTC Plan.

### **3.7.3 The sustainability report**

Initiatives carried out to implement the ZTC Plan are reported in the Sustainability Report, a clear, true and fair report of the results obtained by Enel in all areas of relations with its stakeholders.

The Sustainability Report is subject to external audit by an accredited independent Company.

## **3.8 Monitoring and revision**

The Internal Audit Committee provides the Board of Directors with:

- binding opinions on the revision of the more relevant internal policies and procedures to guarantee their consistency with the ZTC Plan;
- evaluations of any amendments or additions to the ZTC Plan proposed by the Audit function, on the base of the audits it has carried out.





**Design**

AReA - Roma

**Publishing service**

Online - Roma

Publication not for sale

**Edited by the Communication Department**



