



**GUIDELINES OF THE ENEL GREEN POWER GROUP'S INTERNAL CONTROL AND RISK  
MANAGEMENT SYSTEM**

**(approved by the Board of Directors of Enel Green Power S.p.A. on February 3, 2014, as  
amended by the Board of Directors held on March 12, 2015)**

TABLE OF CONTENTS

<b>1. GENERAL PRINCIPLES .....</b>	<b>3</b>
<b>2. ROLES, RESPONSIBILITIES, AND PROCEDURES OF COORDINATION OF THE PERSONS INVOLVED IN THE SCIGR.....</b>	<b>4</b>
2.1 The Board of Directors.....	4
2.2 The Control and Risk Committee.....	5
2.3 The Chairman of the Board of Directors.....	7
2.4 The Director in Charge of the SCIGR.....	7
2.5 The Board of Statutory Auditors.....	8
2.6 The Head of the Audit Function.....	10
2.7 The second-level control system.....	10
2.8 The Executive in Charge.....	11
2.9 The Supervisory Body.....	11
2.10 The Employees of the Enel Green Power Group.....	12
<b>3. IMPLEMENTATION OF THE SCIGR.....</b>	<b>12</b>
3.1 Information Flows.....	12
3.2 Implementation procedures in the subsidiaries.....	12

## **PREMISES**

Enel Green Power S.p.A. ("**Enel Green Power**" or the "**Company**"), a listed company which adheres to the Self-regulation Code of listed companies promoted by ABI, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria, pursuant to criterion 7.C.1. of such Code, is required to define the guidelines for the internal control and risk management system of Enel Green Power Group.

The Guidelines for the system of internal control and risk management of Enel Green Power Group, which are listed below, have been drafted taking into account the Guidelines for the system of internal control and risk management of Enel Group to which Enel Green Power belongs, without prejudice to the compliance with the management autonomy of the latter.

## **1. GENERAL PRINCIPLES**

The internal control and risk management system ("**SCIGR**") of Enel Green Power and the group it controls (the "**Enel Green Power Group**" or the "**Group**") consists of the set of rules, procedures, and organizational entities aimed at allowing the main corporate risks within the Group to be identified, measured, managed, and monitored.

The SCIGR is an integral part of the more general organizational and corporate-governance structures adopted by the Company and the Group and is based on domestic and international best practices. In particular, the system takes into account the recommendations of the Self-regulation Code and is consistent with the "Internal Controls – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called COSO Report), which constitutes the internationally recognized benchmark for the integrated analysis and assessment of the effectiveness of the SCIGR.

An effective SCIGR contributes to corporate management consistent with the objectives determined by the Board of Directors, because it allows the major risks to be identified, assessed, managed, and monitored with regard to their ability to influence the achievement of the aforesaid objectives. In particular, the SCIGR contributes to ensuring the safeguard of corporate assets, the efficiency and effectiveness of corporate processes, the reliability of financial information, and compliance with laws and regulations, as well as with the corporate bylaws and internal procedures.

Therefore, the SCIGR plays a major role in the corporate organization, contributing to decision making that is well informed and consistent with the propensity for risk, as well as to the dissemination of appropriate information regarding risks, the law, and corporate values. In effect, the culture of control occupies a significant position on the Group's scale of values, involving the entire corporate organization in the development and application of methods for identifying, measuring, managing, and monitoring risks.

### ***More specifically, the SCIGR:***

- provides for control actions at every operating level and clearly identifies duties and responsibilities, so as to avoid duplications of tasks and ensure coordination among the persons involved in the SCIGR itself;
- provides for the separation of duties and responsibilities among distinct organizational units or within the same, in order to prevent incompatible tasks being concentrated under the responsibility of one single subject. In particular, it ensures the necessary separation of operating and control activities, so as to prevent or – if that is not possible – attenuate conflicts of interest;
- provides for the dissemination of a common language, the adoption of methods and instruments for measuring and assessing complementary risks, as well as information flows among the different functions with regard to the results of the tasks respectively entrusted to them;

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- aims to ensure information systems that are reliable and able to ensure reporting processes appropriate to the different levels of control;
- guarantees the traceability of the tasks of identifying, assessing, managing, and monitoring risks, ensuring over time the reconstruction of the sources and elements of information that support such tasks;
- reveals abnormal situations that may constitute indicators of inefficiency in the systems for measuring and controlling risks;
- ensures that the anomalies observed are promptly brought to the attention of appropriate levels of corporate responsibility, which are able to effectively implement suitable corrective measures.

The SCIGR consists of three distinct kinds of activities:

- “line” or “first-level” control, consisting in all the control tasks that the individual operating units or companies of the Group perform on their processes in order to ensure that single operations are carried out properly. Such control tasks are entrusted to the primary responsibility of operating management and are considered an integral part of every corporate process. Thus the operating units have first-level responsibility for the process of internal control and risk management. During everyday operating activity such units are entrusted with identifying, measuring, assessing, managing, and monitoring the risks deriving from ordinary corporate operations in accordance with the applicable internal procedures;
- “second-level” controls, which are entrusted to specific corporate functions and aimed at identifying, managing and monitoring typical categories of risk, including – by way merely of example – strategic, operating and environmental risks, market risks (such as commodity risk and financial risks), credit risks and the risk of noncompliance;
- the “third-level” control, consisting of the *internal audit activity*, aimed at checking the structure and overall functionality of the SCIGR, including by monitoring the line controls, as well as the second-level ones.

The SCIGR is subject to periodical tests and checks, taking into account the evolution of corporate operations and the situation in question, as well as both domestic and international best practices.

## **2. ROLES, RESPONSIBILITIES, AND PROCEDURES OF COORDINATION OF THE PERSONS INVOLVED IN THE SCIGR**

The following is a list of the persons who, in their different capacities, are involved in the SCIGR, as well as the role and responsibilities entrusted to them and the coordination procedures provided for in the performance of their respective duties.

### **2.1 The Board of Directors**

The role of Enel Green Power’s Board of Directors is to provide guidelines for the SCIGR and to assess its adequacy. More specifically, it is the duty of the Board of Directors, after consulting the Control and Risk Committee, to:

- establish the guidelines of the SCIGR, so that the main risks regarding the Company and its subsidiaries are properly identified, as well as appropriately measured, managed and monitored, determining in addition the extent to which such risks are compatible with corporate management consistent with the established strategic objectives;
- assess – at least annually, unless unforeseen events occur that could require special investigation aimed at checking the effectiveness of controls with regard to particular situations – the adequacy of the SCIGR with respect to the characteristics of the Company and the Group and the risk profile assumed, as well as its effectiveness;

## Enel Green Power – Guidelines for the system of internal control and risk management

- approve – at least annually, after consulting the Board of Statutory Auditors and the Director in Charge of the SCIGR (as defined hereinafter) – the work plan prepared by the Head of the Audit Function;
- describe – in its corporate-governance report – the main features of the SCIGR, as well as to express its assessment on the adequacy of the same;
- assess – after consulting the Board of Statutory Auditors – the results set forth by the auditing firm in its management letter, if it prepares one, and in its report on the most significant questions that arose during the external audit;
- approve the Compliance Program pursuant to Legislative Decree n. 231 of June 8, 2001 (“**Compliance Program**”) and the related amendments, as well as to appoint and remove the members of the Supervisory Body provided for by the aforesaid Compliance Program.

In order to ensure the proper performance of the tasks entrusted to its responsibility, the Board of Directors also:

- selects among its members:
  - one or more Directors tasked with setting up and maintaining a effective SCIGR (the “**Director in Charge of the SCIGR**”);
  - a control and risk committee with the task of assisting, after an appropriate preliminary investigation, the assessments and decisions of the Board of Directors regarding the SCIGR, as well as those regarding the approval of the periodical financial reports (the “**Control and Risk Committee**”);
- appoints and removes the Head of the Company’s Audit Function and determines the related compensation in accordance with corporate policies. The related resolutions are adopted by the Board of Directors on the basis of the proposals made by the Director in Charge of the SCIGR, in agreement with the Chairman of the Board of Directors, after the Control and Risk Committee has expressed a favorable opinion and after the Board of Statutory Auditors has been consulted;
- ensures that the Head of the Company’s Audit Function is provided with the resources necessary to perform his or her duties. The related resolutions are adopted by the Board of Directors on the basis of the proposals made by the Director in Charge of the SCIGR, after the Control and Risk Committee has expressed a favorable opinion and after the Board of Statutory Auditors has been consulted.
- after consulting the Board of Statutory Auditors, appoints and removes the Executive in Charge of preparing Enel Green Power’s corporate accounting documents (the “**Executive in Charge**”), seeing that the latter has adequate powers and resources to perform the duties entrusted to him or her, as well as ensuring actual compliance with the administrative and accounting procedures for preparing both the stand-alone and consolidated financial statements, as well as all other financial communications prepared by the aforesaid Executive in Charge;
- examines the annual report prepared by the Supervisory Body for the implementation of the Compliance Program throughout the Group, which it receives from the Control and Risk Committee.

### 2.2 *The Control and Risk Committee*

Enel Green Power’s Control and Risk Committee has the task of assisting, with appropriate preparatory work, the assessments and decisions of the Board of Directors regarding the SCIGR, as well as those regarding the approval of the periodical financial reports.

More specifically, the Control and Risk Committee is entrusted with the following duties, which are both consultative and proactive:

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- to assist, through the expression of specific opinions, the Board of Directors in performing the tasks regarding the SCIGR entrusted to the Board by the Self-regulation Code;
- to assess – together with the Executive in Charge and after consulting the auditing firm and the Board of Statutory Auditors – whether the accounting principles are properly used and are uniform in the preparation of the periodical financial reports;
- to express opinions on specific aspects regarding the identification of the main corporate risks;
- to examine the periodical reports regarding the assessment of the SCIGR, as well as the particularly important ones prepared by the Audit Function;
- to monitor the autonomy, adequacy, effectiveness, and efficiency of the Audit Function;
- to evaluate the adequacy of the efforts dedicated to the issues of corporate social responsibility, as well as the completeness and transparency of the information provided in this regard in the sustainability statement report, where applicable, or in the Management Report of the Consolidated Financial Statements;
- to review of the main corporate rules and procedures connected with the system of internal control and risk management that are significant for stakeholders, with particular regard to the Compliance Program pursuant to Legislative Decree n. 231/2001, the Code of Ethics, the “Zero Tolerance of Corruption” Plan, and the Human Rights Policy and to submit these documents for the approval of the Board of Directors and assessing any subsequent changes or additions;
- to submit to the Board of Directors proposals regarding changes in the Compliance Program and in the composition of the Supervisory Body of the same;
- to perform the additional tasks assigned it by the Board of Directors;
- to report on its actions to the Board of Directors at least every six months, as well as on the adequacy of the SCIGR.

In addition, the Control and Risk Committee:

- may ask the Audit Function to perform checks on specific operating areas, informing at the same time the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors, and the Director in Charge of the SCIGR of such request, except in cases in which the request for a check regards specifically the actions of such persons;
- exchanges with the Board of Statutory Auditors information that is significant for performing its own duties;
- receives annually from the Supervisory Body specified in the Compliance Program a report on the implementation of the same within the Group, which it sends to the Board of Directors, together with any evaluations it may make.

On the other hand – like the Chairman of the Board of Directors, the Director in Charge of the SCIGR, and the Chairman of the Board of Statutory Auditors – the Chairman of the Control and Risk Committee receives:

- the periodical reports prepared by the Head of the Audit Function containing appropriate information on the tasks carried out by the latter and on the procedures with which the management of risks is conducted, as well as on compliance with the plans established to contain the same;
- the reports on particularly significant events prepared by the Head of the Audit Function;

which he shares in the meetings of the Control and Risk Committee, in the presence of the Head of the Audit Function.

## **Enel Green Power – Guidelines for the system of internal control and risk management**

The Chairman of the Control and Risk Committee is also informed – at the same time as the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors – about the checks on specific operating areas and on compliance with the internal rules and procedures in carrying out corporate operations requested from the Audit Function by the Director in Charge of the SCIGR.

In order to ensure appropriate coordination among the different bodies and functions involved in the SCIGR, the Chairman of the Board of Statutory Auditors or another regular Statutory Auditor designated by him participates in the meetings of the Control and Risk Committee. However, the other regular Statutory Auditors may also participate. As a rule, moreover, the Head of the Audit Function also participates in the aforesaid meetings. The Control and Risk Committee and the Board of Statutory Auditors meet jointly whenever they consider it necessary to discuss questions of common interest, and in particular when they have to examine – in accordance with their respective duties – the procedures for the preparation and the content of the periodical financial reports.

### **2.3 The Chairman of the Board of Directors**

Without prejudice to the additional functions provided for by the law, the corporate bylaws, and the Company's power structure, the Chairman of the Board of Directors of Enel Green Power:

- contributes, in agreement with the Director in Charge of the SCIGR, to the formulation of the proposals to the Board of Directors regarding the appointment, removal, and compensation of the Head of the Audit Function;
- is informed, at the same time as the Chairman of the Board of Statutory Auditors and the Director in Charge of the SCIGR, about the checks on specific operating areas requested from the Audit Function by the Control and Risk Committee, except in cases in which the request for a check regards specifically his own actions;
- is informed, at the same time as the Chairman of the Board of Statutory Auditors, about the checks on specific operating areas and compliance with the internal rules and procedures in carrying out corporate operations requested from the Audit Function by the Director in Charge of the SCIGR;
- receives, as do the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, and the Director in Charge of the SCIGR:
  - the periodical reports prepared by the Head of the Audit Function containing appropriate information on the tasks performed by the latter and the procedures for conducting the management of risks, as well as on compliance with the plans established to contain the same;
  - the reports on particularly significant events prepared by the Head of the Audit Function.

### **2.4 The Director in Charge of the SCIGR**

The Enel Green Power Director in Charge of the SCIGR is responsible for:

- ensuring, on the basis of the outcomes of the activity of the Risk Control Unit of the Administration, Finance and Control Function and of the input of Enel Green Power Risk Committee, that the main corporate risks are identified, taking into account the characteristics of the business carried out by the Company and its subsidiaries, and that they are periodically submitted for examination by the Board of Directors;
- implementing the guidelines established by the Board of Directors by seeing to the planning, implementation, and management of the SCIGR, the adequacy and effectiveness of which he constantly checks;

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- adapting the SCIGR to the changes in operating conditions and in the legislative and regulatory situation;
- presenting, in agreement with the Chairman, proposals to the Board of Directors regarding the appointment, removal, and compensation of the Head of the Audit Function and ensuring that the latter has adequate resources at his disposal for the performance of his responsibilities and propose to the Board of Directors periodic audits on the adequacy of these resources;
- managing, by virtue of the powers granted him by the Board of Directors, the functional relationship of the Head of the Audit Function, it being understood that the latter reports directly to the Board of Directors;
- examining the work plan prepared by the Head of the Audit Function and transmitting his related evaluations to the Board of Directors before they approve the aforesaid plan;
- requesting the Audit Function to perform checks on specific operating areas and on compliance with the internal rules and procedures in carrying out corporate operations, at the same time informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee, and the Chairman of the Board of Statutory Auditors;
- reporting promptly to the Board of Directors with regard to problems and critical situations observed while performing his duties or that in any case have come to his attention, so that Board can take the appropriate measures.

In addition, the Director in Charge of the SCIGR:

- is informed, at the same time as the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors, about the checks on specific operating areas requested from the Audit Function by the Control and Risk Committee, except in cases where the request for a check specifically regards his own actions;
- receives, as do the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee, and the Chairman of the Board of Statutory Auditors:
  - the periodical reports prepared by the Head of the Audit Function containing appropriate information on the tasks performed by the latter and the procedures for conducting the management of risks, as well as on compliance with the plans established to contain the same;
  - the reports on particularly significant events prepared by the Head of the Audit Function.

### **2.5 The Board of Statutory Auditors**

As part of the duties assigned it by the law, including its capacity as the Committee for Internal Control and Auditing pursuant to Legislative Decree n. 39 of January 27, 2010, and in accordance with the recommendations of the Self-regulation Code with regard to checking the effectiveness of the SCIGR, the Board of Statutory Auditors oversees:

- the observance of the law and the corporate bylaws;
- the observance of the principles of correct administration;
- the effectiveness of the SCIGR;
- the process of financial reporting;
- the appropriateness of the Company's organizational structure with regard to the aspects of authority, the internal control system, and the administrative-accounting system, as well as the latter's reliability in correctly representing operating facts;

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- the external audit of the annual and consolidated accounts, as well as the independence of the auditing firm;
- the procedures for concretely implementing the corporate governance rules provided for by the Self-regulation Code, which Enel Green Power states it observes;
- the appropriateness of the instructions issued by Enel Green Power to its subsidiaries for the latter to furnish the information necessary to ensure that the Company correctly fulfills the reporting obligations provided for by the law.

In performing the aforesaid duties, the Board of Statutory Auditors:

- is consulted by the Board of Directors when the latter:
  - approves the work plan prepared by the Head of the Audit Function;
  - evaluates the results stated by the auditing firm in its management letter, if it prepares one, and in its report on the most significant questions that arose during the external audit;
  - appoints, removes, and determines the compensation of the Head of the Audit Function, as well as when it ascertains whether the latter has the appropriate resources for the performance of his responsibilities;
- may ask the Audit Function to perform checks on specific operating areas or corporate transactions;
- exchanges with the Control and Risk Committee information that is significant for the performance of its own duties.

In addition, the Chairman of the Board of Statutory Auditors:

- is informed, at the same time as the Chairman of the Board of Directors, about the checks on specific operating areas and compliance with the internal rules and procedures in carrying out corporate transactions requested from the Audit Function by the Director in Charge of the SCIGR;
- is informed, at the same time as the Chairman of the Board of Directors and the Director in Charge of the SCIGR, about the checks on specific operating areas requested from the Audit Function by the Control and Risk Committee;
- receives, as do the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee, and the Director in Charge of the SCIGR:
  - the periodical reports prepared by the Head of the Audit Function containing appropriate information on the actions carried out by the latter and the procedures with which the management of risks is conducted, as well as on compliance with the plans established to contain the same;
  - the reports on particularly significant events prepared by the Head of the Audit Function;

which he shares in the meetings of the Board of Statutory Auditors, in the presence of the Head of the Audit Function.

Finally, in order to ensure appropriate coordination among the different bodies and functions involved in the SCIGR, it is also prescribed that:

- it being understood that the Board of Statutory Auditors participates in the meetings of the Board of Directors, the Chairman of the Board of Statutory Auditors (or another regular Statutory Auditor designated by him) participate in the meetings of the Control and Risk Committee; however, the other regular Statutory Auditors may also participate;
- as a rule, the Head of the Audit Function participates in the meetings of the Board of Statutory Auditors;

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- the Board of Statutory Auditors and the Control and Risk Committee meet jointly whenever they consider it necessary to discuss questions of common interest, and in particular when they have to examine – in accordance with their respective duties – the preparation procedures and the content of the periodical financial reports.

### **2.6 The Head of the Audit Function**

The Audit Function is entrusted with the general oversight of the structure and functionality of the SCIGR.

Specifically, the Head of the Audit Function:

- prepares at least annually the audit plan – based on a structured process of analysis and identification of the priorities of the main risks – to submit for examination by the Director in Charge of the SCIGR and the Board of Statutory Auditors and subsequently for approval by the Board of Directors, after the Control and Risk Committee has expressed his opinion;
- monitors – both continually and with regard to specific necessities, and in accordance with the international standards – the functioning and effectiveness of the SCIGR through the audit plan and the performance of specific, unplanned checks;
- performs checks on specific operating areas or corporate operations whenever he considers it appropriate or at the request of the Board of Directors, the Control and Risk Committee, the Director in Charge of the SCIGR, or the Board of Statutory Auditors;
- reports directly to the Board of Directors and is not responsible for any operating area. His position in the power structure being understood, the Board of Directors has entrusted the Director in Charge of the SCIGR with the task of managing the functional relationship of the Head of the Audit Function;
- has direct access to all the information useful for performing his duties;
- prepares periodical reports containing appropriate information on his actions and the procedures for the management of risks, as well as on compliance with the plans established for containing the same. The periodical reports contain an assessment of the adequacy of the SCIGR;
- promptly prepares reports on particularly significant events;
- transmits his periodical reports and those on particularly significant events to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee, and the Board of Directors, as well as to the Director in Charge of the SCIGR;
- checks, as part of the audit plan, the reliability of the information systems, including the accounting systems.

### **2.7 The second-level control system**

In accordance with the provisions of the law and following the domestic and international best practices, the Enel Green Power Director in Charge of the SCIGR identifies the corporate functions to which the second-level controls are entrusted and of which he avails himself to identify, measure, manage, and monitor the main risks connected with the Group's operations.

The Company's authority to adapt the control structure to operating necessities, as well as to align it with the *pro-tempore* regulatory requirements in force being understood, the main corporate entities currently assigned by the Director in Charge of the SCIGR to the second-level controls are:

- the Management Control, in charge of ensuring the control of the management and operating processes of Enel Green Power Group, highlighting any significant deviations and suggesting possible remedies, as well as monitoring the evolution of investment, project pipeline and plant construction plan;

## **Enel Green Power – Guidelines for the system of internal control and risk management**

- the Risk Control Unit, which ensures at the Enel Green Power Group level, the identification, quantification, analysis, prioritizing and management of the risks entailing a significant financial, operating, strategic, and business impact, as well as the main risks that can in any way affect the Company's and the Group's results regarding income, cash flow, and assets, ensuring reporting and monitoring of these risks at the level of integrated and comprehensive risk exposure of Enel Green Power Group; the Risk Control Unit also ensures compliance with the financial rules related to trading in financial instruments or to ensuring markets' transparency and integrity;
- the Risk Committee of Enel Green Power – which is called upon proposal of the Risk Control Unit and, normally, on a quarterly basis, and resolves under the chairmanship of the Chief Executive Officer of the Company, which develops the proposals on the agenda and provides organizational assistance – is entrusted with policy, management, and control regarding financial, credit, and commodity risks. The Risk Committee approves special policies for each of the aforesaid kinds of risk, as well as the proposals for the assignment and revision of the portfolio limits for the Group as a whole and for the single Areas/Companies, together with their related tolerance thresholds, in accordance with the Group risk appetite. Furthermore, such Committee also determine the guidelines for risk management, identifying the appropriate actions following extraordinary or significant transactions, particularly complex or critical situations, or transactions in new markets or regarding new products or new instruments of risk mitigation. The Committee also see to the analysis of the main aspects of the Group's complex exposure to financial, credit, or commodity risk;
- the Committee for Group Sales (for transactions with total value greater than Euro 50 million) and sales committees established at local level (for transactions with a total value of less than Euro 50 million) oversee and authorize the signing of commercial transactions (including tenders organized by local authorities) that typically have direct impact on the risk profile associated with the production and sale of renewable energy.

### **2.8 The Executive in Charge**

The Executive in Charge, whose duties are performed as part of the second-level controls, is responsible by law for devising and implementing an appropriate internal control system regarding financial reporting at the Company and Group level and, to such end, establishes appropriate administrative and accounting procedures for the preparation of the stand-alone and consolidated financial statements, as well as all of Enel Green Power's other financial communications.

The Executive in Charge issues a declaration that accompanies the corporate documents and communications released to the market regarding financial information, including interim information, and certifies that it corresponds to what is recorded in the Company's documents and account books. Together with the Chief Executive Officer, the Executive in Charge also issues a declaration with regard to the stand-alone financial statements, the consolidated financial statements, and Enel Green Power's half-year financial report concerning, amongst other things, the appropriateness and actual application of the aforesaid administrative and accounting procedures during the period to which such accounting documents refer, as well as the reliability of the data contained therein and their accordance with the accounting principles concerned.

After consulting the Board of Statutory Auditors, Enel Green Power's Board of Directors appoints and removes the Executive in Charge and ensures that the latter has at his disposal adequate powers and resources to perform the duties assigned him by law, as well as that the aforesaid administrative and accounting procedures are actually observed.

### **2.9 The Supervisory Body**

The Company's Board of Directors has adopted a Compliance Program pursuant to Legislative Decree n. 231 of June 8, 2001, which introduced into the Italian legal system a regime of administrative (but in fact legal) liability with respect to companies for several kinds of crimes

## **Enel Green Power – Guidelines for the system of internal control and risk management**

committed by their directors, executives, or employees in the interest or to the benefit of the companies themselves. The Supervisory Body is the entity entrusted with overseeing the functioning and observance of the Compliance Program and seeing to its updating. The roles and duties of the Supervisory Body, as well as the information flows that concern it, are specified in the Compliance Program, to which the reader is referred.

### ***2.10 The Employees of the Enel Green Power Group***

All the employees of the Group, each in his or her own capacity, must contribute to ensuring that the SCIGR performs effectively, informing the person to whom they report of any significantly problematic situation they notice, so that the same is reported to the Audit Function, even availing themselves of specially dedicated channels.

## **3. IMPLEMENTATION OF THE SCIGR**

### ***3.1 Information Flows***

In order to enable the different persons involved in the SCIGR to perform appropriately the role entrusted to them within this system, special information flows – suitably coordinated in terms of their content and timing – have been established among the different control levels and the relevant management and control bodies.

In addition to the coordination procedures mentioned in section 2 above, special information flows and appropriate organizational procedures are established between the corporate functions assigned to the second- and third-level controls. Specifically, the heads of the second-level control functions inform the Head of the Audit Function of the problematic situations discovered in performing their duties that could be of interest for the checks entrusted to the Audit Function. On the other hand, the Head of the Audit Function informs the heads of the other control functions of any inefficiencies, weak points, or irregularities discovered during the checks performed regarding specific areas or matters entrusted to such functions.

### ***3.2 Implementation procedures in the subsidiaries***

Enel Green Power adopts a unified system of internal control and risk management within the Group, which makes possible the actual control of both the strategic choices of the Group as a whole and the managerial balance of its individual components. In order to ensure the appropriate functioning of the SCIGR, the subsidiaries must therefore adhere to the present guidelines in establishing and maintaining their own systems of internal control and risk management.

In accordance with the autonomy and independence that characterizes their actions, the board of directors or the equivalent body of each subsidiary thus adopts the most appropriate procedures for implementing the present guidelines, taking into account the size, the complexity of the business, and the specific risk profile of the company concerned, as well as of the related regulatory context.