Compliance Standard

Antitrust code of conduct

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REVISIONS

Revision No.	Date	Modifications
00	11/12/2023	Initial Version.
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1 ABSTRACT

This Compliance Standard has the objective of defining the guidelines of conduct to which all employees of Italgas Holding and its Subsidiaries must adhere to ensure the compliance of Italgas Holding and its Subsidiaries with the principles set forth by the applicable antitrust and consumer protection rules.

The Antitrust Code of Conduct (hereinafter the "Antitrust Code") is one of the initiatives to promote the development of a corporate culture regarding competition and consumer protection and to establish procedures and systems that can minimise the risk of breaching the relevant rules, within the wider context of the compliance initiatives (, fight against corruption, corporate ethics, etc.) undertaken by the Italgas Group.

2 DEPARTMENTS INVOLVED

Division Mentioned in this document	Competent Unit
Legal Services	Compliance & Anti-Corruption (COMPLA)

3 COMPLIANCE PRINCIPLES

3.1 General principles

The antitrust law consists of the complex of European and national standards to ensure the protection of competition among businesses. The ultimate goal of antitrust law is to support a free market economy by preventing companies already firmly established on a given market from agreeing among themselves to abuse or individually abusing their positions of economic power to distort the free competition "playing field" to the detriment of competitors and consumers.

The principles of the free market and competition are among the core values of Italgas Group, recognised by both the Articles of Association and the Code of Ethics, and are an integral part of Italgas' corporate culture.

In doing business, Italgas Group promotes competition, efficiency and appropriate quality levels in the providing of its services. The Code of Ethics requires that business dealings and corporate activities have to be conducted within a framework of transparency, honesty, propriety and good faith, and in full respect of the rules put in place to protect competition.

The Antitrust Code is an expression of these principles and values. As established by the Code of Ethics, all Italgas Group people are required to observe the laws and regulations in force, including the antitrust and anti-corruption laws.

A violation of the principles and contents of the Code may constitute a breach of the obligations arising from the employment relationship, or a disciplinary offense. Moreover, conduct that may represent unlawful acts from an antitrust perspective may also reflect activities that run the risk of corruption, identified and governed by the "Anti-Corruption" rules and the respective ancillary rules meant to prevent risks of corruption that Italgas Group people are expected to follow.

The Antitrust Code is meant for all the "Italgas Group People".

The Antitrust Code contains the principles and rules of conduct that must be followed by Italgas Group people in the protection of competition. The purpose of the Antitrust Code is to illustrate, in a simple and accessible manner, the contents of the rules protecting competition and to provide practical guidance on the conduct to be adopted in concrete situations that may give rise to potential antitrust violations.

The adoption of the Antitrust Code is part of the broader scope of the antitrust compliance programme developed by the Italgas Group, which is implemented by:

- identification of the significant corporate activities that may present a risk of committing an antitrust offense, and the individuals who, by virtue of their responsibilities, may be more exposed to such risk;
- appropriate communication and training initiatives means for all employees to ensure the awareness, effectiveness and proper implementation of the Antitrust Code; participation in the training activities is compulsory;
- the establishment, within Legal Division, of an Antitrust Oversight who will provide the necessary support and assistance concerning application of the Antitrust Code;
- a monitoring programme designed to assess the effectiveness and allow for the continuous improvement and updating of the rules contained in the Antitrust Code.

In view of the evolution that has affected the structure and organisation of the Italgas Group, it has been necessary, on the one hand, to better analyse references to unfair practices in breach of the Consumer Code[1] (as evidence of the fact that consumer protection is one of the Italgas Group's fundamental values) and, on the other, to provide a more detailed description of the main circumstances prohibited by competition law, including through making timely reference to decisions made in cases by the Hellenic Competition Authority (hereinafter also "HCC").

The Antitrust Code serves as a practical guide to conduct to be avoided (or upheld), in order to act in compliance with rules governing competition and consumer protection.

[1] Meaning Greek Law 2251/1994

Italgas Group intends to spread the antitrust and consumer protection culture and increase the commitment of Italgas Group people to refrain from engaging in activities or conduct that may be harmful to competition and in conflict with consumer protection rules.

The main risks that the company may run as a result of committing such violations include:

- administrative fines that may reach 10% of the Italgas Group's worldwide turnover;
- voiding of agreements made in violation of antitrust rules;
- compensation for damages caused to customers or competitors who have suffered direct and/or indirect damage as a result of antitrust conduct;
- damage to the company's image;
- possible negative impact on the prices of securities traded on regulated markets;
- in some countries, criminal penalties for company directors/ employees responsible for antitrust violations.

The process of liberalization that has affected the natural gas industry since the early nineties has resulted in the implementation therein of the general discipline created for the protection of competition, providing, for example, (i) abolition of legal monopolies; (ii) formal separation between the activities of production, transportation and sales within vertically integrated groups ("unbundling"); and (iii) recognition and regulation of operators' rights to access infrastructures on a non-discriminatory basis.

With the adoption of the Third Energy Package of 13 July 2009, the European Union laid further groundwork for the creation of an integrated and competitive energy market. Hence, the rules governing the operation of the natural gas market and the discipline for protecting competition are complementary standards, and it is compulsory that any company operating in the sector adhere to both.

The Antitrust Code is not intended to provide an exhaustive and comprehensive description of the antitrust and consumer protection rules, nor of the range of situations where Italgas Group people may become involved and which give rise to violations. The purpose of the Antitrust Code is to provide Italgas Group people with a practical guide for identifying the most widespread situations that risk antitrust violations and breach of consumer protection rules and to suggest the correct behaviour to adopt.

In order to obtain the necessary support, Italgas Group people are required to inform their superiors and to contact the Antitrust Oversight whenever they detect a situation of potential antitrust risk and/or violation of consumer protection rules.

3.2 Cases typical of antitrust and consumer protection regulations

3.2.1 Concept of undertaking

Antitrust law consists of the complex of European and national standards meant to protect free and balanced competition on the market.

The application of the European rules and the jurisdiction of the European Commission (hereinafter "Commission) will depend on the occurrence – whether actual or potential – of conduct in trade between Member States: where the conduct is of such nature as to have effects exclusively on domestic markets, national rules and the jurisdiction of the AGCM or HCC will apply.

The concepts of (i) undertaking and (ii) relevant market are of particular relevance in antitrust law.

Antitrust law applies only to undertakings. Antitrust law prohibits any conduct by a company that determines or may determine the behaviour of a competing undertaking in a manner that, in any way, limits the decision-making autonomy or the commercial freedom of the latter.

Under antitrust law, an undertaking is any entity that carries out economic activities, irrespective of the legal form (public or private), of the way in which such entity is financed and of the profit-making purpose pursued by it.

Economic activity is understood to mean the production and marketing of goods and services.

Two or more separate companies may be deemed to be a single economic undertaking when their commercial conduct is determined by a shared controlling entity or when an entity is directly or indirectly controlled by another.

Acts committed by companies are of significance in terms of antitrust law to the extent that they have a restrictive impact, whether actual or potential, on competition in the market of reference. Indeed, individual acts are not assessed in the abstract but rather with specific regard to the concrete circumstances (economic, factual, etc.) in the "relevant market". Only by making reference to the significant market is it possible to assess whether or not an act has had a positive or negative impact on competition.

The **relevant market** is identified by referring to a specific territorial and merchandising context.

A relevant **product market** comprises all products and/or services that are considered interchangeable or replaceable by the consumer by virtue of the characteristics of the products, their prices and their intended use.

The relevant **geographical market** comprises the area in which the businesses in question provide or acquire products or services, an area in which competitive conditions are sufficiently homogeneous so that it can be deemed distinct from neighbouring geographical areas because the conditions of competition in such areas are appreciably different.

Significant market is a concept that is instrumental for antitrust purposes as it is used to assess specific cases. Therefore, an analysis of previous cases must

obviously always be carried out, but it hardly provides guidance with certainty. Changes in competitive equilibriums and technological development may result in differing determinations as to significant market over the course of time, and also depend on surrounding circumstances.

In order to identify the relevant market, one must refer to the Antitrust Oversight.

With reference to activities in the natural gas industry, the decisions issued by Antitrust Authorities, namely the European Commission, the Hellenic Competition Authority (HCC) and the Italian Competition Authority (AGCM), enable one to identify the following markets:

a) from the point of view of the product:
   - the natural gas transportation market;
   - the natural gas storage market;
   - the natural gas regasification market;
   - the natural gas distribution market;
   - the natural gas retail market to small end customers and medium-large customers

b) from the geographical point of view the above-mentioned markets are national in dimension. An exception to this for natural gas retail markets, which are local in dimension, is the distribution market, which may, as the case may be, have a dimension that is equivalent to the territorial area where the tender for the award of the natural gas distribution service is carried out.

With reference to the business of the enaon Group, at present the markets are mainly those operating in the distribution of natural gas solely for the territory of Greece. The business consists in the transmission of natural gas through the local gas pipe networks corresponding to the areas where exclusive contracts (licenses) have been awarded. For the Greek territories and up to 31.12.2043, the issued distribution network management licenses will be in force and no tender will take place. According to the Greek Law, a tender takes place only when there is more than one application in a specific territorial area.

This boundary may be subject to expansions when the business initiatives undertaken by Italgas Group are taken into account (with the result that, in the future, the significant geographical market for the business of the Italgas Group may also involve other Member States).

3.2.2 Agreements that restrict competition

Article 101 of the TFEU and Article 1 of Law 3959/2011 prohibit agreements between undertakings that have the purpose or effect of impeding, restricting or distorting competition. For the purposes of the application of the prohibition in question, the following are considered “agreements”:

– agreements,

- concerted practices between businesses and
- decisions by associations of businesses (or similar bodies).

An arrangement is unlawful under antitrust law if it results in a form of coordination and cooperation that derives from collusion between businesses. Within the framework of a market economy, each player should independently determine its own policy on the market. The important thing here is knowledge as to the participation in the arrangement by at least two businesses in collusion.

- The "agreement" need not necessarily result from a formal document. For antitrust purposes, contracts, declarations of intent and oral agreements are significant.
- A "concerted practice" consists of a form of coordination between businesses that, even if not embodied in a true and proper agreement, constitutes a knowing collaboration between businesses to the detriment of competition. The existence of a concerted practice can be deduced from:
  a) forms of "contact" between businesses that enable them to be aware of their respective commercial strategies (for example, exchanging sensitive information relating to business activities) and/or
  b) the adopting, by the businesses involved, of conduct that takes into account the information obtained via the "contact" ("aligned conduct", such as price increases of equal amounts or carried out in the same timeframe, identical discounts or discount programmes, etc.).

  For the purposes of the prohibition against concerted practice, it is not necessary to find the traces in minutes, meetings or sessions, but rather it is enough just to observe symmetry in conduct that, for example, may take the form of simultaneous changes in or a nearing of prices offered for a sufficiently significant span of time.
- "Decisions of trade association" consist of decisions taken in the context of trade associations directed toward the member businesses, even if non-binding in nature (for example, suggested prices or rates, or terms of sale). In the event of a breach of antitrust rules, both the association and its members are held liable and may thus be penalised.

Anti-competitive arrangements are penalised even if not actually implemented by the parties.

Antitrust law distinguishes between:

- **horizontal arrangements (Cartel)** carried out between businesses that directly compete with each other on the markets involved;
- **vertical arrangements** that, on the other hand, are made between businesses belonging to different segments of the production or distribution chain.

Both types of arrangements are prohibited, whether created for the purpose of restricting competition or in cases where such restriction is just an indirect result of the arrangement.

Arrangements for the purpose of restricting competition are, by their very nature, considered harmful to the proper functioning of competition, with the result that, once an anti-competitive purpose is ascertained, it is not necessary to examine its effects as well. Such arrangements include arrangements as to the following:

- prices (current or future), the level of discounts and the conditions for obtaining them, profit margins, payment terms and other terms of sale;
- the allocation of markets (for example, by attributing, to businesses participating in the arrangement, territories, product groups, customers or sources of supply, shares of production or sales, etc.);
- the limitation on production or on outlets to the market (for example, by placing contingencies on production or boycotting certain competitors);
- the exchange of confidential commercial information (for example, data on production or sales volumes or values, on costs or on prices);
- cooperation in research and development between businesses with a significant combined market share;
- concerted participation in tenders. This horizontal type of arrangement includes both agreements to coordinate the participation (or non-participation) in bidding on a tender as well as agreements on joint participation in a tender (for example, through the establishment of a joint venture). In principle, joint participation in a tender is viewed with disfavour in cases involving two or more businesses that individually would be able to meet the financial and technical requirements in order to individually participate in the tender;
- impeding or limiting production, outlets or access to the market, investments, technical development or technological progress;
- exacting dissimilar terms for equivalent performance;
- imposing additional performance unrelated to the purpose of the contract;

Prohibited arrangements are automatically void.

A restrictive arrangement may be exempted from the pertinent prohibition when it generates pro-competitive effects. In other words, agreements that have pro-competitive effects that outweigh the anti-competitive effects are not prohibited.

Arrangements that cumulatively fulfil the following prerequisites may benefit from this exemption:

- the arrangement objectively contributes to improving the production or distribution of products or to promoting technical or economic progress;

- a fair share of the benefits arising from the arrangement is destined for consumers;
- the arrangement does not contain restrictions that are not indispensable to achieving the above objectives; and
- the arrangement does not put the parties in a position to eliminate a substantial portion of the competition.

The prohibition against arrangements may be rendered inapplicable as follows ("*efficiency defence*"):

- the applicability of specific block exemption regulations issued by the European Commission for certain types of agreements between businesses most common in commercial practice (for example, in relation to agreements on research and development, agreements on specialisation and joint production, technology transfer agreements and agreements made between producers/suppliers and distributors whose market shares do not exceed 30%);
- a case-by-case assessment on meeting the prerequisites for individualised exemption.

Both for cases of individual exemption and for those covered by the block exemption regulations, the task of assessing the possibility of whether a given arrangement should benefit from such exemption is left to the responsibility of businesses and their legal counsel ("**self assessment regime**").

The assessment of the applicability or inapplicability of the prohibition against arrangements is to be made by the businesses involved. Indeed, the possibility of obtaining an "authorisation" from the Commission in this regard has been eliminated.

Therefore, it is particularly important to conduct a proper analysis and preparation of the contractual documentation and of the practices beforehand, working in conjunction with the Antitrust Oversight.

Moreover, under Article 1a of Law n. 3959/2011 also the unilateral announcement of future pricing intensions or the invitation, coercion or induction in any other way by one undertaking to another to engage in or contribute to a prohibited agreement between competitors are prohibited.

The following is a non-exhaustive list which gives some examples of the prohibited conduct from which Italgas Group people must refrain:

- discussing or agreeing with customers/competitors/suppliers to boycott customers/competitors/suppliers or to impede entry into the market by a competitor/customer;
- agreeing with a competitor not to compete in relation to its respective customer portfolio;
- agreeing with a competitor to divide up a given territory;
- exchanging, with competitors, detailed and recent information on costs, future commercial plans and/or information that is usually confidential and is of commercial importance;

- discussing the above information within the framework of trade associations;
- telephoning a competitor to check its willingness to offer terms and conditions similar to those offered by Italgas Group companies;
- agreeing with competing businesses that the business that wins a tender will renounce it;
- agreeing with competing businesses, with respect to participation in a tender:
  a) to prior consultation before submitting tender bids;
  b) to the price range within which to submit a tender;
  c) to the allotting of subcontracts for a portion of the work and/or services and/ or supplies to a business that refrains from participating in the tender.

In the event of doubts about the antitrust law compliance of existing agreements and/or those to be entered into, commercial practices with customers/competitors/suppliers or topics that are to be discussed within the framework of a trade association, it is required that the Antitrust Oversight be contacted in advance.

3.2.3 Abuse of dominant position

Article 102 of the TFEU and Article 2 of Law 3959/2011 prohibit businesses that hold a dominant position on the market or on a substantial portion thereof from abusing such position to the detriment of competition.

Therefore, unlike the prohibition against restrictive arrangements, this rule applies to unilateral conduct adopted by a business.

To assess whether given unilateral conduct violates these rules it is appropriate, first of all, to check whether the business involved holds a dominant position. "Dominant position" is understood to mean a situation of economic power that enables a business to impede effective competition on the significant market and to behave independently from its competitors, suppliers, customers and consumers. Such a position arises from a combination of several concrete factors (for example, market share held, barriers to entry, etc.) that, considered individually, are not necessarily determinative.

A dominant position in a given market may also be held jointly by several businesses ("collective dominance"), when two or more businesses, although independent, are linked by economic ties that are so close that they adopt a shared policy and are perceived by competitors and customers as a single business in a dominant position.

Whether or not a dominant position exists on a given geographical and product market must be ascertained from time to time according to the specific factual circumstances surrounding supposedly unlawful conduct. In this regard, the market share held by the business involved is a significant index (usually a market

share above 40%-50% indicates a dominant position), but this is not the only element to be taken into account, given that leverage is present that allows a business to behave independently of its suppliers or customers even in the absence of a particularly high market share. However, in the natural gas distribution market, in which Italgas operates, it was considered that possible competition may stem from the participation in tender procedures for the award of expired concessions.

Antitrust law does not prohibit the existence of a dominant position in and of itself or the lawful pursuit of its own commercial interests by a business in a dominant position, but only the abuse of the "privileged" position or the committing of abusive conduct. In this regard it may be noted that a business in a dominant position has a "special responsibility" in relation to other players on the market, and therefore conduct that is perfectly lawful if adopted by a small player may, on the contrary, constitute an antitrust violation if committed by a business in a dominant position.

In order for abusive conduct to be unlawful it need not necessarily occur in the market where the business holds its dominant position, but in some cases it may even arise in a different market, more specifically, in all markets that are in some way related to the one where the business proves to be dominant.

Cases of abuse of dominant position are usually distinguished as:

- **"exploitative" abuses**: abusive acts to the detriment of customers or suppliers, for example asking for an unjustifiably high price for an indispensable raw material in order to maximise one's own profits, or
- **"exclusionary" abuses**: consisting of unlawful acts to the detriment of competitors, such as unlawful conduct aimed at excluding one's own competitor from the market.

In this regard it should be noted that the configurations of abusive conduct listed in the pertinent rules are set forth merely as examples and not as an exhaustive list. Indeed, the prohibition against abuse of dominant position is an "open" provision, that is, a general prohibition against conduct that displays certain characteristics. Here, therefore, it is not possible to provide an exhaustive and clear list of what may be deemed abusive conduct. Again, this amounts to an assessment to be conducted on a case-by-case basis according to the actual circumstances.

In light of the above, one can nevertheless detect abuse of a dominant position in any factual context that cumulatively displays the following characteristics:

- the existence of a dominant position;
- the abusive use of such competitive advantage;
- an actual or potential restriction of competition; in the case of European rules, it is furthermore necessary to find a detriment to trade between Member States.

Thus, the concept of abuse of dominant position is objective in nature: an offence is committed whenever the elements listed above are present, regardless of the intentions of the business that has committed the unlawful conduct, that is,

regardless of the presence of malice or fault on the part of such business in its committing the offending conduct.

The conduct adopted must have the current or potential effect of restricting or distorting competition, for example, certain commercial terms differ from those that would exist in the absence of abuse (higher prices, more unfavourable terms) or that lead to a competitive detriment suffered by a competitor who ultimately will be forced to exit the market.

In order for the abuse to have a transnational context and, therefore, in order for European law and jurisdiction to apply, Article 102 of the TFEU further requires harm to trade between Member States, an element that has been interpreted quite broadly by European case law and that therefore is already integrated by the mere fact that the abuse concerns a product that is also marketed in other Member States.

Unlike the prohibition against arrangements that restrict competition, the regime on preventing abuse of dominant position, whether on a national or European level, does not provide for any possibility of exemption from the ban.

In relation to the Italgas Group, it should be stressed that mere compliance with the regulations on a given market does not provide protection from the prohibition against abusing a dominant position. Domestic and European case law has long emphasised that adhering to the regulations in an industry and even approval from the regulatory authorities for certain aspects of commercial conduct by a business (such as rate charges) do not prevent scrutiny of the conduct of the business involved in light of the rule against abusing a dominant position.

Even having strictly adhered to the regulations, a business in a dominant position still has to make a further effort because of the special responsibility to the market in which it is established through its privileged competitive position.

This principle does not violate the legitimate expectation of reliance on the part of the business, as consent from a regulatory authority cannot be used to justify violations in all other legal areas not assessed by that authority, nor as an excuse or extenuating circumstance eliminating the subjective element of a violation that, as indicated, remains undetected.

The following list includes examples of the instances of abuse that are most widespread and recognised in the case law and in the practice of the competition authorities.

- Unjustified refusal to allow access to essential infrastructure (that is, infrastructure indispensable to the economic activities of competitors on the downstream market and that cannot be duplicated, such as a gas pipeline, a rail network or pervasive telecommunications spread out over the territory) or the offering of different terms to different customers for access to the infrastructure.
- Unjustified refusal to supply or continue to supply a raw material or intermediate product required by one's own customers or by competitors in order to compete in one or more downstream markets ("refusal to deal"

or "refusal to supply"), or unjustifiably offering different terms to customers.

- Giving suppliers excessively low purchase prices or other unfair terms or performance.
- Offering excessive prices or other unfair terms in the sale of a product or service.
- Discount policy that has the purpose or effect of preventing customers from obtaining their supplies from another supplier, equivalent to an exclusive supply clause imposed by the supplier.
- Offering the upstream market prices for raw materials or intermediate products that are sufficiently high or unfavourable as to not allow its own competitors in the downstream market to be competitive ("margin squeeze").
- Offering predatory prices, or prices below cost, to provoke the exiting of a competitor from the market, and then raising the prices to a level higher than competitive pricing (exclusionary abuse followed by exploitation abuse).

In the relevant markets for the business carried out by the Italgas Group, many of the classic cases listed above are hard to apply.

However, as explained, the regulations in the industry cannot be used as a shield against allegations of abusive conduct and it is possible that there are still areas of discretion in the implementation of the regulations that may give rise to suspicions of abusive conduct.

In addition, the regulated natural gas business markets are characterised by very particular elements that may lead the Antitrust Authorities to identify entirely new characteristic cases of abuse. Consider, for example, cases where the Commission, with specific reference to the natural gas transportation market, has indicated a circumstance of possible abuse in the manner of deciding on and managing improvement projects, citing a requirement for owners of essential infrastructure to invest in the improvement of the infrastructure itself, even if there have not yet been any clear, unambiguous instructions along this line.

3.2.4 Abuse of economic dependence

Even where the circumstance of a dominant position does not arise, certain conduct adopted by a business in relation to its customers or suppliers may be considered abusive in light of the rules on abuse of economic dependence. In this respect, Article 18a of Law 146/1914 provides for a ban on conduct by a business that, although not holding a dominant position on the relevant market, abuses the economic power that it enjoys in vertical relationships with businesses that are customers or suppliers.

The prohibition applies to conduct relating to commercial relationships with suppliers or customers, regardless of any detrimental or restrictive effect on competition. Under this rule, therefore, the conduct is unlawful if:

- it represents abusive conduct by a business that enjoys economic strength to the detriment of a business that is a customer or supplier that is in a state of economic dependence; and
- it is part of a contractual relationship (already in place or in progress).

If these prerequisites are fulfilled, it is prohibited to interrupt a commercial relationship with the customer or supplier in an arbitrary manner, or for the purpose of harming a business in a position of economic dependence. In the case of a commercial relationship where one of the contracting parties is in a circumstance of economic dependence, an eventual withdrawal from the contract by the other party therefore presents quite a delicate situation that should be evaluated and handled carefully.

The Italgas Group's position in several geographical markets could be assessed by the Antitrust Authorities as dominant or a position of strength with respect to a supplier or customer in a position of economic dependence. For this reason it is essential to use particular caution in adopting conduct toward customers or competitors.

It is noted that given conduct may be lawful if adopted by non-dominant businesses, but may but unlawful if adopted by a business in a dominant position.

In order to ensure proper compliance with antitrust law on the part of the Italgas Group, Italgas Group people must submit to the Antitrust Oversight any circumstance of potential concern regarding the rules on abuse of dominant position and abuse of economic dependence.

3.2.5 Concentrations between businesses

Pursuant to Regulation (EC) No 139/2004 and Articles 5, 6, 7, 8, 9, 10 of Law 3959/2011, some transactions between businesses must be notified to the competent Antitrust Authorities to allow preventive control to safeguard the preservation of a balanced market structure and effective competition.

Along this line, the control of concentrations constitutes a supplement to and, to some extent, a preventive measure for the penalising powers attributed to the Antitrust Authorities in combating violations of antitrust law. The preventive control of concentrations is in fact designed to prevent acquisitions, mergers and demergers from becoming an excessive concentration of the market or a substantial part of it, particularly through the creation or strengthening of dominant positions.

To guarantee an effective and timely control for the protection of the competitive structure of the markets, the following transactions must be reported before they can be carried out:

- those creating a "concentration between businesses" within the meaning of antitrust law; and
- those where the businesses involved exceed a given turnover threshold (on a domestic and European level).

The concept of "concentration" varies, in part depending on whether the applicable law is domestic or European, but in any event it covers all transactions that cause a lasting change of control (de jure or de facto) of the businesses involved, for example:

- the creation of a joint venture;
- the acquisition of a business;
- the acquisition of lines of business, property or assets to which revenue can be clearly attributed;
- a merger of independent businesses;
- the transformation of a company under joint control to sole control and vice versa.

When the transaction is a concentration subject to reporting and the turnover thresholds provided for under Italian or European rules are exceeded, the notification requirement must be fulfilled before signing the pertinent agreement.

Until issuance of the authorisation by the competent authority, the parties, for concentrations coming under the purview of the Commission, are subject to a required standstill, in other words a ban on implementing the concentration transaction.

Violation of the notification or standstill requirement may result in:

- the imposition of penalties by the competent authority;
- the obligation to "break apart" the concentration if implemented in breach of the standstill and subsequently declared incompatible with the shared market.

The similar standstill obligation is expressly envisaged by Greek legislation under the Article 9 of L. 3959/2011, the involved business have to await authorisation from the HCC before pursuing the transaction. Indeed, if the HCC should classify the concentration notified as potentially able to create or strengthen a position of dominance, it may impose corrective measures or even prohibit it. In this case, therefore, the parties should significantly review the terms of the transaction itself or even break down the concentration created.

In order to ensure proper antitrust law compliance on the part of the Italgas Group, before starting negotiations Italgas Group people should contact the Antitrust Oversight to determine whether the transaction constitutes a concentration subject to reporting and to which the Antitrust Authority or Authorities pertain.

3.2.6 Unfair commercial practices

Articles 9a to 9θ of l. 2251/1994 (the "Consumer Code") prohibit businesses from adopting unfair commercial practices and are aimed at protecting consumers.

Unfair commercial practices are defined as commercial practices that:

- are contrary to professional diligence;
- are likely to distort the commercial choices of the average consumer whom they reach or to whom they are directed.

In particular, the Consumer Code distinguishes between two types of unfair commercial practices:

- "misleading" practices (acts or omissions): commercial practices that induce the consumers to take decisions that they would not have taken if they had been properly informed;
- "aggressive" practices (acts or omissions): commercial practices that, by harassment, coercion or other forms of undue influence, induce consumers to take commercial decisions that they would not have taken otherwise.

More specifically, in order to avoid in any way violating the Consumer Code, merely by way of example, note that Italgas Group people must abstain from:

1. supplying consumers with misleading, unclear and non-transparent information (or failing to provide information at all) about the essential characteristics of the product/service supplied, its availability, the benefits and risks connected with its use, the composition, accessories, after-sales consumer service and how complaints are processed, the method and date of manufacture or provision of the service, the delivery, fitness for its purpose, the uses, quantity, geographic or commercial origin, price or way in which this is calculated, nature, qualifications and rights of the professional or their agent, consumer rights, including the right to a replacement or reimbursement under sales warranties of consumer goods;
2. in any way hindering or making more onerous or disproportionate a consumer's attempt to exercise contractual rights, including the right to terminate a contract or change a product or contact another professional;
3. threatening legal action if such action is clearly opportunistic or unreasonable;
4. making visits to the consumer's home, during which the professional ignores the consumer's invitation to leave home or to not come back;
5. making repeated, unsolicited commercial proposals over the telephone, by fax, by e-mail or by means of any other remote communication means.

In going about activities not directly targeting the end consumers, it is important to avoid any conduct that may impede or hinder compliance with the Consumer Code by the sales company and, therefore, contribute towards the implementation of unfair commercial practice. A violation of the rules on this subject, in addition to amounting to an unlawful act that may be invoked in court by harmed consumers against the businesses responsible, with the pertinent right to compensation of damages, may according to Article 13a of L. 2251/1994 result

in the imposition of fines by the competent body of the Ministry for Development and Investments of up to €3.000.000 per individual violation found.

The rules on unfair commercial practices are, therefore, of fundamental importance to all businesses whose products or services are directed toward consumers or have some direct link with consumers.

3.3 Rules of conduct with the domestic and European competition authorities

Antitrust Authorities oversee proper implementation of and compliance with domestic and European antitrust rules, and both are applicable to Italgas Group companies.

For the effective performance of their duties, Antitrust Authorities are availed of powers of inspection and sanctions, aimed at identifying and punishing practices that restrict competition, along with the power to initiate and carry out surveys of a general nature relating to economic sectors where impediments to competition are presumed to exist.

The Italgas Group's Code of Ethics is based on the amplest cooperation with Antitrust Authorities as part of its overall commitment to compliance with antitrust rules and their proper implementation in the activities of the group.

3.4 Powers of inspection and requests for information

To verify that violations of antitrust rules are not occurring and have not occurred, Antitrust Authorities have the power to seek and weigh evidence of potential or suspected violations.

In particular, they have the power to:

- inspect the premises of the company involved, without prior notice;
- examine the company's books and any other company information;
- obtain copies of all documents pertaining to the subject of investigation;
- formally question company employees in the course of an inspection, demanding immediate explanations on facts or documents relevant to the subject of investigation;
- inspect other premises, including the homes of directors and employees of the company;
- make written requests for information within proceedings brought on arrangements, abuses or concentrations, or within the scope of surveys.

3.5 Inspections

An inspection is an unannounced visit by an Antitrust Authority, accompanied by police (as a rule, by the Financial Police specialised unit). Inspections ("down raids")

usually follow a "leniency application" (request for favourable treatment) or a report filed by, for example, a competitor or customer.

First of all, it should be noted that inspections do not necessarily imply that the company is involved in or responsible for an antitrust violation. It is only an investigative activity to gather information as to the existence of possible violations. Once again, therefore, the cooperativeness and readiness that inspire the Italgas Group's conduct constitute the best response for an effective and rapid completion of such operations, as well as best demonstrating an absence of violations.

The following may be subjected to inspection:

- company establishments or business vehicles;
- any other establishment, office or vehicle in which pertinent documents may be kept.
- The HCC inspection shall be limited to the documents related to the object of the inspection and the activities of the company related to the sectors indicated in the inspection order.
- During an down raid, the authorized HCC officials enjoy the powers of tax auditors. In specific, according to Article 39 of Law n. 3959/2011 the HCC's authorised representatives have the power to:
  - inspect books, records and other documents of the undertaking concerned and take copies thereof;
  - seize, receive, or obtain copies of books and documents;
  - inspect and collect information and data from mobile terminals and portable devices and their servers and the cloud computing located inside or outside the premises of the undertaking concerned;
  - seal any professional premises, books, documents; and
  - take sworn or unsworn witness statements and ask for explanations of facts or documents relating to subject matter and purpose of inspection and to record their answers.
- The HCC can conduct also inspections of the private property of directors, managers and other staff members of the undertaking concerned, provided that a court warrant is issued and a public prosecutor is present.

The only limits on powers of inspection and on access rights for the representatives are: (i) legal privilege and (ii) the prohibition against self-incrimination. The principle of legal privilege confers a right to the inspected business not to allow access to correspondence between the business and its outside legal counsel, nor to documentation provided by the latter; this exception does not, however, cover any communication between employees and inside counsel. Regarding the prohibition against self-incrimination, this means that Antitrust Authority representatives cannot pose oral or written questions that entail an admission of a violation of antitrust rules.

When a company in the Italgas Group is inspected, Italgas Group people must comply with the rules of conduct set forth below.

When the Antitrust Authority representatives and police arrive, the following is to take place:

- the Antitrust Oversight is to be contacted immediately, to coordinate the activities involved in the inspection;
- verify the identities of the inspectors and the records that authorise them to do the inspection are to be checked, obtaining a copy of all documentation exhibited. In particular, the scope, purpose and subjects of the inspection proceeding are to be checked;
- the representatives are always to be accompanied and assisted by legal counsel for the Antitrust Oversight or other Italgas Group people.

In no event are Italgas Group people to hinder or delay the operations of the representatives, or attempt to conceal, modify, delete or destroy documents during the inspection. Such behaviour, in addition to being contrary to the Code of Ethics with regard to cooperation with Antitrust Authorities, constitutes a violation that could result in the imposing of significant fines against the Italgas Group.

During the inspection, Italgas Group people must:

- allow inspectors access to all the documentation (paper or electronic) requested, provided that it is relevant to the subject of inspection, thus opposing any batch copying of an entire hard disk or electronic mailboxes, unless they are placed into a special sealed envelope. In this case, the documentation will be subsequently inspected before the antitrust authorities in the presence of Italgas Group's managers and/or representatives
- oppose access to and copying of correspondence with outside counsel or of documents of inside counsel that make reference to opinions received from outside counsel, and stamp as "confidential" the documents containing confidential information;
- ensure that the original documents are kept and that the representatives are only given copies;
- keep a second copy, for the Antitrust Oversight, of all documentation taken by the representatives;
- draw up a precise list of all copied documents and a comprehensive list of all keywords used by the representatives in searching on electronic media;
- respond in a timely and complete manner to requests and questions from the representatives, provided that they are relevant and are not of such nature as to induce a self-incriminating answer, unless reserving the right to respond later in writing if an oral answer is likely to be approximate or incorrect;
- take note of the individuals questioned by the representatives, of the questions posed and of the answers given.

At the end of the inspection it is appropriate to make sure that the record of inspection prepared by the representatives is accurate and to request copies of the record of inspection and the transcripts of the formal interviews. It will be

appropriate to reiterate each request for confidentiality in relation to copied documents, in all events reserving the right to challenge the power of the representatives to copy/impound documents on the basis of legal privilege or as material for the investigation. If the inspection lasts more than one working day, the Antitrust Oversight and Italgas Group people must make sure that no employee (or cleaning staff) violates the seals affixed by the representatives.

3.6 Requests for information

Antitrust authorities have the power to request information and documentation both within the scope of evidence gathering for the purposes of monitoring compliance with antitrust rules or monitoring concentrations as well as for the purpose of industry surveys.

In response to the receipt of a request for information from the HCC, the AGCM or the Commission, Italgas Group people must immediately submit it to the attention of the Antitrust Oversight and proceed, in close coordination with the latter, to collect the information requested. Upon completion, the answers are to be promptly sent – signed by an authorised signatory – to the requesting authority, in any event within the period specified in the request.

The answers provided must be truthful and complete. Conduct not in compliance with these principles, besides being contrary to Italgas Group policy regarding cooperation with the authorities, would constitute a violation that would result in the imposing of fines against the Italgas Group.

3.7 Preparation of corporate documents and internal and external communications

Carelessness in the language used in the preparation of corporate documents or external or internal communications of a commercial nature can constitute an element of risk because it can create the false impression that violations of antitrust rules are in progress or are being planned.

In this regard it is important to remember, as described above, that during an inspection the representatives have full access to all the documents of the company and the e-mail boxes of all employees. Thus it is essential to ensure that in the event of an investigation by Antitrust Authorities, the language used in the writings of employees is not of such nature as to give rise to doubts or ambiguities that would make it appear that conduct or events are unlawful when, in fact, they are not.

In order to avoid this risk, in the preparation of any document, e-mail, presentation or communication, whether internal or external, Italgas Group people must adhere to the following principles:

- avoid using ambiguous language in documents that contain information about competitors or that are commercially sensitive, if possible mentioning the lawful source of such information;

- consider any draft document as if it were to enter the public domain and, in every case, as if it were a final document;
- consider all e-mails as if they were official and public documents, bearing in mind that even if an e-mail or an electronic file is deleted, it can be traced and reproduced in an investigation or in an administrative or judicial proceeding;
- avoid speculating whether certain conduct is unlawful or not;
- avoid giving the impression that the decisions of Italgas Group companies are taken for reasons other than the pursuit of company interests;
- avoid the use of expressions that may give the impression that Italgas Group companies have market power sufficient to allow them to act independently of other players in the market or have leeway for avoiding regulation or antitrust rules;
- affix to all documents that make up correspondence with attorneys and to the subject line in the e-mails addressed to outside counsel the wording "Privileged and Confidential – Lawyer-Client Communication".

3.8 The Antitrust Unit

- For any communication regarding the interpretation and application of the Antitrust Code, and whenever a situation of potential antitrust risk is identified, Italgas Group people shall contact COMPLA Unit of enaon.
- Although the Antitrust Oversight can assure an adequate reporting and monitoring of potentially deviant conduct in respect of competition regulations and the Consumer Code, in order to further strengthen compliance, the possibility is acknowledged, parallel or as an alternative to this measure, where so required, to activate the Whistleblowing Compliance Standard for "*Anonymous and non-anonymous reports received by Italgas and its Subsidiaries*".

4 CONSERVATION OF DOCUMENTATION AND RESPONSIBILITY FOR UPDATES

All the work documentation, arising from the application of this document, shall be conserved by the relevant Departments, in accordance with the timing and procedures laid down by the Italgas Enterprise System.

The updating of the document in question and the relative disclosure shall be ensured by the procedures laid down by the Italgas Enterprise System.