

ANTI-CORRUPTION GUIDELINES

ETHICS
HONESTY COURAGE
ANTICORRUPTION
LAW TRANSPARENCY
RESPECT INTEGRITY

CESI

Shaping a Better Energy Future

**CESI GROUP
ANTI-CORRUPTION
GUIDELINES**

Introduction

In our personal and private lives, we can find ourselves in situations where we are tempted to take “shortcuts” or to be “flexible” when applying the rules.

These are often euphemisms for saying that a person’s ethical integrity has been compromised.

When things “are going well” it is easy to ignore these temptations and maintain full integrity, but when we are under pressure and have challenging targets to meet, the temptation to compromise ethical standards to achieve our objectives could well arise.

It’s not worth it.

CESI firmly believes that it is always important to behave appropriately and ethically, regardless of the circumstances.

This document contains clear guidelines designed to provide all personnel with precise guidance on how to behave when carrying out their duties. The guidelines provide support for interpreting and applying corporate procedures and for full compliance with current anti-corruption legislation. Everyone’s behavior at work should always be based on the essential criteria of lawfulness, honesty, transparency, and fairness.

External parties (suppliers, agents, consultants, professionals, business partners, freelance, etc.) who collaborate with the CESI Group in carrying out its activities are also required to comply with the principles contained in this document, where applicable.

Chief Executive Officer

Matteo Codazzi

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The importance of the fight against corruption to CESI

Corruption is unfortunately widespread around the world. Through the undue advantage gained by those who unlawfully abuse their position or powers, corruption causes serious damage to the community, harming free competition, limiting innovation, and reducing economic development.

Due to its unlawful nature and the damage it causes, corruption is severely punished in all countries. At international level, the fight against corruption is based on common uniform principles laid down in national laws that seek to achieve the common goal of repressing any form of corruption in business activity, whether it involves public officers or private parties. These laws may provide for severe sanctions, in the form of fines or imprisonment, that can also be imposed on companies, as well as leading to severe reputational damage¹.

For these reasons, when carrying out their work, all CESI Group personnel (hereinafter CESI) must be committed to the fight against corruption and to the creation of a zero-tolerance culture when it comes to corruption.

In CESI, any form of corruption (active or passive²), whether direct or indirect³, committed in respect of a public officer or a private party, is strictly forbidden.

Furthermore, CESI aims to achieve the following general objectives for the prevention and fight against corruption:

- Implementation, deployment, and continuous improvement of an Anti-Bribery Management System meeting the ISO 37001:2016 standard, for anti-corruption oversight and continuous improvement of its activities and of the Internal Control System;
- Encourage the reporting of possible corrupt actions, providing employees and stakeholders with the tools to report any conduct that does not comply with the relevant corporate policies and protect whistle-blowers from possible retaliation⁴;
- Prosecute of any conduct that does not comply with our corporate anti-corruption policies, including through the application of the corporate sanctions system;
- CESI requires external parties with whom it enters into business relations to comply with the laws in force, the Code of Ethics, the Organizational Model and these Guidelines, on the basis of specific clauses, non-compliance with which implies termination of the contract;

- The presence of a Compliance Committee for the prevention of corruption, composed of representatives of the Audit and Legal & Corporate Affairs Functions, which is guaranteed full authority and independence.
- Raise awareness and train staff on anti-corruption issues.

What is corruption?

Corruption can be defined as an agreement between two parties, implemented through the abuse of their powers or functions, in order to obtain an undue advantage for both parties.

¹ In Italy, the relevant legislation on bribery between private individuals (Article 2635 cc. et seq.) and on bribery in the public sector (under the broader Title II of the Criminal Code - Crimes against the Public Administration), as well as the reference legislation for the criminal liability of companies Legislative Decree 231/2001.

² Active corruption consists of corrupting other people, while passive corruption consists of being corrupted.

³ Indirect corruption refers to corruption committed by a third party on CESI's behalf.

⁴ The Anti-Corruption Compliance Committee and/or the Supervisory Body can be contacted by email at the following addresses: codiceetico@cesi.it or OrganismoVigilanza@cesi.it

How to use the Anti-Corruption Guidelines

The Anti-Corruption Guidelines (hereinafter Guidelines) were drawn up to help all CESI Group personnel comply with our corporate anti-corruption standards⁵.

They describe behaviors that are considered “corrupt” and explain how they adversely affect corporate activities and explain the oversight measures CESI has put in place to fight corruption.

Specifically, the Guidelines describe how the standards must be applied in day-to-day corporate business.

Although the Guidelines certainly help to understand the behaviour that CESI expects from its personnel, knowledge of the Guidelines⁶ cannot replace knowledge of corporate procedures, or applicable anti-corruption laws.

Furthermore, the Guidelines do not provide an exhaustive list of all the circumstances involving corruption that could theoretically arise while working at the company.

In most cases a person instinctively knows how to distinguish right from wrong. However, the situation is not always clear-cut. In the event of doubt, it is necessary to consult more experienced colleagues and report any action or situation that appears inappropriate. In these cases, the Legal and Corporate Affairs Department, the Audit Department and the corporate bodies set up as part of CESI’s anti-corruption systems (Anti-Corruption Compliance Committee and/or Supervisory Body) are available to provide any support required.

The Anti-Corruption Compliance Committee and/or the Supervisory Body can be contacted by email at the following addresses: codiceetico@cesi.it or OrganismoVigilanza@cesi.it

CESI standards

Information to help understand CESI’s anti-corruption standards in relation to a series of potentially sensitive areas is provided below:

1. Management of gifts.
2. Prevention of facilitation Payments and bribes.
3. Contributions to political parties.
4. Management of donations.
5. Management of sponsorships.
6. Business relations.
7. Personnel selection, administration, and development.
8. Management of corporate documentation and systems.

⁵ CESI has implemented an Anti-Bribery Management System (ABMS) in compliance with the Group policy and in accordance with the ISO 37001:2016 standard (Antibribery management systems).

⁶ A correct reading of this Document requires knowledge of the Code of Ethics and of the Organisation, Management and Control Model adopted by CESI pursuant to Italian Legislative Decree 231/2001: please note that knowledge of these documents is mandatory.

1.

Management of gifts

In business relationships, the offer of gifts is a common practice intended to improve the quality of relationships with other parties and to enhance the company's image. However, promising or offering a gift could constitute an offence if it is made with the intention of obtaining undue preferential treatment from the receiver of the gift.

CESI's anti-corruption standard regarding gifts:

CESI personnel cannot promise, offer or accept, directly or indirectly, any form of gift that could be interpreted as exceeding normal business practices and common courtesy, or that is designed to obtain undue preferential treatment in the conduct of any activity that can be linked to CESI.

1.1. Gifts offered to third parties

Any gift offered to third parties by CESI personnel must meet the following requirements:

1. It must be permitted by the applicable local laws.
2. It must not be offered for the purpose of obtaining undue preferential treatment.
3. It must not consist of money.
4. It must be of a reasonable and appropriate value to the position of the receiver and to the circumstances in which it is offered, so that it cannot be construed as exceeding normal business practice.
5. It must not, in any case, exceed EUR 150, if intended for a public officer, or EUR 300, if intended for a private person⁷.

What does public officer means?

Examples of public officers include the following:

- Officers and employees of governments or local authorities, including: police officers, magistrates, tax officers, and customs officers
- Employees of companies (including private companies) responsible for a public service
- Persons acting in an official capacity in the name and on behalf of a government or local authority
- Political parties, political party officials
- Employees of public international organizations
- Immediate family members, children, parents, or spouses of the above.

6. It must not be prohibited by the Code of Ethics or by the procedures (if known) of the entity to which the beneficiary belongs.
7. It must be given in compliance with the applicable CESI procedure, which is found, together with the approval form, in the CESI Communication Policy, available on the company intranet. The form, which must be completed, must state the following:
 - the beneficiary of the gift
 - if the beneficiary is a public officer
 - a brief description of the gift
 - the expected cost and the reason it was given

Furthermore, gifts must not be given to the same person with a frequency that could be regarded as exceeding normal business practice.

Is it possible to exceed the value limits established in point 5?

In exceptional circumstances, derogations from these limits may be granted by reasoned authorization issued by the Chief Executive Officer, subject to verification by the Group Audit Department.

1.2. Gifts received from third parties

Any gift received by CESI personnel, in the course of their working activity, must meet the following requirements:

1. It must be permitted by the applicable local laws.
2. It must not have been offered for the purpose of obtaining undue preferential treatment.
3. It must not consist of money.
4. It must be a reasonable and appropriate value to the position of the receiver and to the circumstances in which it is offered, so that it cannot be construed as exceeding normal business practice.
5. It must not in any case exceed EUR 150, if offered by a public officer, or EUR 300 if offered by a private person.
6. A gift may not be acceptable, even if it falls within the limits outlined in the corporate policy, due to the circumstances in which it is offered or received.

If, when carrying out their work, CESI personnel receive a gift that does not meet the above requirements, they are obliged to promptly inform their superior, who will assess whether it is appropriate, in compliance with corporate procedure.

⁷ For non-EU countries please refer to the equivalent value in local currency

EXAMPLE

I am about to request bids from a number of suppliers for a large contract. One of the suppliers offers to carry out renovation work on my house at a discounted price, implying that I could expect even more if his company obtained the contract. Can this type of gift be accepted?

*No, this conduct constitutes a clear breach of **CESI's anti-corruption standard**.*



2.

Prevention of facilitation Payments and "Bribes"

In certain countries, it is customary to make small payments to public officers to speed up, facilitate or ensure the performance of a routine, non-discretionary or mandatory activity (such as the issue of a visa or a certificate). These payments could be expressly demanded by the public officer. In international practice these payments are referred to as "facilitation payments."

Facilitation payments are considered illegal in nearly all countries and making a facilitation payment could constitute a corruption offence.

A bribe refers to any type of unlawful payment, in cash or other benefits, made to obtain an undue advantage.

CESI's anti-corruption standard regarding facilitation payments and bribes:

- CESI personnel cannot promise or offer, directly or indirectly, any form of payment or benefit to a third party in order to speed up, facilitate or ensure the performance of routine activity that is non-discretionary or mandatory.
- CESI personnel cannot offer bribes to obtain an advantage in the conduct of CESI's business, where advantage means facilitation or guarantee of performance of mandatory services.

If, when carrying out their work, CESI personnel receive an offer or a request for a facilitation payment or a bribe, regardless of the amount, they are obliged to report it through the corporate channels set up for that purpose.

EXAMPLE

CESI has acquired a new customer in a foreign country. A customs officer refuses to grant and stamp the application for import. The local distributor states that he intends to give a small cash sum to the local employee, so that he will rapidly grant and stamp the application for import. In the past, the customs officer stalled similar applications for months. Can the payment be authorized?

*No, this payment would constitute a **facilitation payment**, prohibited by CESI's anti-corruption **standard**.*

POSSIBLE RISK AREAS

- Transactions involving handing over money or goods to third parties.
- Requests for unusually high commissions, advances, or other fees.
- Requests for fees that are disproportionate to the services provided.



3.

Contributions to political parties

A contribution to a political party means the payment of any form of economic aid or material benefit to support an Italian or foreign political organization. The payment of contributions to political parties includes, for example, financing directly or through fund-raising, as well as supplying goods for free or at preferential rates.

Even though it is not in itself illegal, the payment of contributions to political parties constitutes an obvious risk of corruption, as:

- it is prohibited in many countries
- it could be misused and conceal an intention to corrupt

CESI's anti-corruption standard regarding political contributions:

CESI refrains from directly or indirectly financing political parties, their representatives or candidates, in Italy and abroad.

If, when carrying out their work, CESI personnel receive or perceive a request for contributions addressed to CESI by a member of a political party, they are obliged to report it through the appropriate corporate channels. Obviously, as individual private citizens, every CESI employee is entitled to take part in political activities in the manner and forms deemed appropriate in the country where they live, and which do not create a conflict of interest with their work duties.

4.



Management of donations

Donations made by a company for social or cultural purposes represent an important component of a socially responsible industrial development policy that is sensitive to the needs of the territory where it operates.

However, donations of this type can be made for the purpose of corruption or appear to do so.

CESI's anti-corruption standard regarding donations:

CESI does not make or promise any donations or contributions in order to obtain undue preferential treatment in the conduct of its business. CESI contributes, in accordance with its values, principles and objectives, to non-profit associations and to entities and institutions that support projects and initiatives with a high cultural value or benefit.

All contributions must meet the following requirements:

1. They must not be made or promised for the purpose of obtaining undue preferential treatment in the conduct of CESI'S business
2. They must not be addressed to people, profit organizations, or entities whose objectives are not compatible with CESI's values, principles, and objectives or whose representatives have a potential conflict of interest with CESI
3. They may consist of money, but the payment must be appropriately traced and can never be made in cash.
4. They must be made in compliance with the applicable CESI procedure, which can be found on the company intranet.

5.

Management of sponsorships

Sponsorships are a valid tool for enhancing the company's image and/or for encouraging activities of social, cultural, or humanitarian interest.

CESI's anti-corruption standard regarding sponsorships:

CESI does not provide sponsorships in order to obtain undue preferential treatment in the conduct of its business. Sponsorships are identified by CESI with a view to enhancing the company's image and visibility, and in accordance with its values, principles, and objectives, and are addressed to organizations that offer quality and integrity standards.

Every sponsorship must meet the following requirements:

1. It must not be provided or promised for the purpose of obtaining undue treatment in the conduct of CESI'S business
2. It must not be addressed to organizations whose objectives are not compatible with CESI's value, principles, and objectives, or that do not offer quality and integrity standards
3. It must entail benefits for the company's image and visibility
4. It may consist of money, but the payment must be appropriately traced and can never be made in cash.
5. It must be provided in compliance with the applicable CESI procedure, which can be found on the company intranet. Extreme care must be taken in the case of sponsorships in favor of organizations whose representatives may have a potential conflict of interest with CESI.

EXAMPLE

A representative of a customer has implied that if CESI decided to sponsor his basketball team, he would ensure that CESI is given preference in the award of a tender. Can this sponsorship be offered?

No, the offer of this sponsorship would constitute conduct prohibited by CESI's anti-corruption *standard*.



6.

Business relations

Corruption offences could theoretically be committed by third parties, such as customers, advisors, partners, suppliers, or agents.

For this reason, CESI takes great care in selecting and maintaining relations with these parties.

CESI's anti-corruption standard regarding the management of business relations:

CESI personnel cannot obtain undue preferential treatment when carrying out any activity that can be associated with CESI, nor can they tolerate such behavior being independently implemented by third parties. The customers, advisors, partners, suppliers, and agents CESI uses must be selected on the basis of objective fit and proper criteria and, in carrying out their business, must be guided by the same ethical principles and anti-corruption standards required by CESI.

Every relationship with these parties must be established in compliance with the following requirements:

1. Fit and proper assessments must be carried out before the contract is concluded.
2. The customer, advisor, partner, supplier, and agent must be informed of the ethical principles and anti-corruption standards adopted by CESI and undertake to comply with them.
3. The contract with the customer, advisor, partner, supplier, and agent must be drawn up in writing and suitably safeguard CESI against any unlawful conduct that they may commit.
4. The contract with the customer, advisor, partner, supplier and agent must provide for the enforcement of contractual sanctions (e.g., termination of the contract), within the limits established by law, if CESI finds that they have breached its ethical principles and anti-corruption standards.
5. The fees paid must be appropriate to the engagement to be performed and to market practices and cannot be paid in cash.
6. The documentation concerning the relationship with the customer, advisor, partner, supplier, and agent, including the documentation on payments made, must be stored and filed, in order to guarantee the transparency and traceability of the relationship
7. If, when carrying out their work, CESI personnel become aware that one of the aforesaid parties has engaged in unlawful conduct or conduct that breaches CESI's anti-corruption standards, they are obliged to report it through the appropriate corporate channels.

Qualora il personale di CESI, nello svolgimento della propria attività lavorativa, venga a conoscenza della commissione, da parte di uno dei suddetti soggetti, di un comportamento illecito o comunque di un comportamento che violi gli *standard* anticorruzione del CESI è tenuto a darne evidenza attraverso i canali di segnalazione appositamente istituiti.

EXAMPLE

An agent covering an overseas market informed his contact person in CESI that, in order to facilitate the award of a large job order, he intends to offer a holiday to the potential customer's purchasing director. Is this conduct permissible?

No, the agent's conduct would be prohibited by CESI's anti-corruption *standard*.

Risk areas

Extreme care must be taken when the customer, advisor, partner, supplier, and agent, for example:

- Demands a price that is considerably higher than market rates or requests substantial advance payments
- Requests payments in cash or bearer instruments
- Requests that payments are made through third parties or in countries other than where they are based
- Requests that invoices state amounts that do not match the price actually paid for the goods or services supplied
- Refuses to properly document expenses and/or requests an unusually high level of expenses
- Declares or implies that certain expenses will be used to implement corrupt practices.

7.



Personnel selection, administration and development

The selection, administration and development of personnel give rise to a potential risk, whether as a possible “means of corruption” or, in general, by recruiting people who do not meet CESI’s ethical and reputational standards.

CESI’s anti-corruption standard regarding the selection, administration and development of personnel:

- The recruitment process is initiated only to meet real operational requirements
- The selection process involves at least two separate areas and must be based on criteria of objectivity, competence and professionalism designed to avoid favouritism or patronage
- CESI guarantees the traceability and transparency of the personnel selection, recruitment and development activities;
- The personnel sign a special declaration of absence of conflicts of interest and undertake to notify any conflicts that may arise
- Every new recruit declares that they have examined the Anti-Corruption Guidelines, the Code of Ethics and the 231 Model

EXAMPLE

A representative of a customer has implied that if CESI decided to recruit a person named by him, he would ensure that CESI is given preference in the award of a tender. Can this compromise be accepted?

No, this conduct constitutes a breach of CESI’s anti-corruption *standard*.



8.

Management of corporate documentation

It is essential to combating corruption within CESI that documentation is properly produced, retained and filed (accounting documents, files, correspondence, etc.) by every company representative as it ensures that transactions are faithfully represented and that they are traceable and transparent.

Abnormal behavior in managing corporate documentation could also serve as a basis for, or a means of disguising, unlawful conduct.

CESI's anti-corruption standard regarding management of documentation:

CESI personnel must ensure that the documentation produced when carrying out their activities does not contain intentionally false or misleading information or data and that it is properly kept and filed, in order to guarantee that each transaction is faithfully represented, transparent and traceable.

Every document produced in the conduct of CESI's business must meet the following requirements:

1. It must not contain intentionally false or misleading information or data.
2. It must be properly kept and filed.

If, when carrying out their work, CESI personnel become aware of conduct that breaches CESI's anti-corruption standard regarding proper management of documentation, they are obliged to report it through the appropriate corporate channels.

EXAMPLE

To facilitate the conclusion of a business agreement, a CESI employee provides a third party with documents containing confidential information on certain projects being developed within CESI.

This conduct is prohibited by CESI's *anti-corruption standard* and by internal *policies* on the management of confidential information.



9.

How to make ethical decision

Sometimes we find ourselves in situations where the right way to act is not always clear. Before making a decision, it is important to carefully consider the various issues and, when in doubt, it may be useful to ask ourselves the following questions:

- Is the action right?
- Is it legal?
- Does it comply with CESI's anti-corruption standard, policies, procedures, and code of ethics?
- Could CESI's reputation be damaged if this news was reported in the media?
- Will I be proud of my decisions and actions?
- Will my family and friends be proud of my decisions and actions?

It is important to remember that any doubts can be discussed at any time with your direct superior, or with the Group Legal and Corporate Affairs Department, the Group Audit Department, and the corporate bodies set up as part of the anti-corruption systems (Anti-Corruption Compliance Committee and/or Supervisory Body).

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