

**CESI S.p.A.**  
**Organization, Management and Control Model**  
**pursuant to Italian Legislative**  
**Decree No. 231/2001**

## Contents

<b>Definitions .....</b>	<b>5</b>
<i>Revision History .....</i>	<i>6</i>
<b>CHAPTER 1 .....</b>	<b>7</b>
<i>The administrative liability system envisaged for legal entities, companies and associations .....</i>	<i>7</i>
<b>1.1 Italian Legislative Decree No. 231/2001 and the reference legislation.....</b>	<b>7</b>
<b>1.2 Adoption of the “organization, management and control model” as a possible means for avoiding administrative liability.....</b>	<b>9</b>
<b>CHAPTER 2 .....</b>	<b>11</b>
<i>Adoption of the model by CESI .....</i>	<i>11</i>
<b>2.1 Adoption of the Model.....</b>	<b>11</b>
<b>2.1.1 The Confindustria guidelines.....</b>	<b>11</b>
<b>2.2 The Model’s features .....</b>	<b>12</b>
<b>2.3 Functions and purpose of the Model.....</b>	<b>13</b>
<b>2.4 Creation of the Model and its structure .....</b>	<b>14</b>
<b>2.5 General principles to which the Model aspires.....</b>	<b>16</b>
<b>2.6 Procedure for adopting, amending and supplementing the Model .....</b>	<b>17</b>
<b>2.7 Recipients of the Model .....</b>	<b>17</b>
<b>2.8 Model and Code of Ethics .....</b>	<b>18</b>
<b>CHAPTER 3 .....</b>	<b>19</b>
<i>CESI’s sensitive activities.....</i>	<i>19</i>
<b>CHAPTER 4 .....</b>	<b>21</b>
<i>The Supervisory Body.....</i>	<i>21</i>
<b>4.1 Identification of the Supervisory Body .....</b>	<b>21</b>
<b>4.2 Duration in office.....</b>	<b>23</b>
<b>4.3 Functions and powers of the Supervisory Body .....</b>	<b>25</b>
<b>4.4 Powers of the Supervisory Body.....</b>	<b>27</b>
<b>4.5 Calling and functioning rules .....</b>	<b>28</b>
<b>4.6 The Supervisory Body’s information flows to senior company management .....</b>	<b>29</b>
<b>4.7 Information flows to the Supervisory Body: general information and specific mandatory information ..</b>	<b>30</b>
<b>4.8 Reporting formalities.....</b>	<b>32</b>

<b>4.9 Confidentiality obligations.....</b>	<b>33</b>
<b>4.10 Supervisory Body's controls .....</b>	<b>34</b>
<b>4.11 Gathering and storage of the information .....</b>	<b>34</b>
<b>CHAPTER 5 .....</b>	<b>35</b>
<b>Training of the resources and disclosure of the Model .....</b>	<b>35</b>
<b>5.1 Training and disclosure to the Employees .....</b>	<b>35</b>
<b>5.2 Disclosure to Consultants, Partners, Suppliers, Agents and Clients .....</b>	<b>36</b>
<b>CHAPTER 6 .....</b>	<b>37</b>
<b>The sanction system.....</b>	<b>37</b>
<b>6.1 Role of the sanction system .....</b>	<b>37</b>
<b>6.2 Employees subject to the National Collective Labour Agreement (CNL).....</b>	<b>37</b>
<b>6.2.1 The sanction system .....</b>	<b>37</b>
<b>6.3 Measures vis-à-vis executives .....</b>	<b>40</b>
<b>6.4 Measures vis-à-vis Directors .....</b>	<b>40</b>
<b>6.5 Measures vis-à-vis Statutory Auditors .....</b>	<b>40</b>
<b>6.6 Measures vis-à-vis members of the Supervisory Body.....</b>	<b>40</b>
<b>6.7 Measures vis-à-vis Consultants, Partners, Suppliers, Agents and Clients.....</b>	<b>41</b>
<b>CHAPTER 7 .....</b>	<b>42</b>
<b>7.1 Checks on the Model's adequacy .....</b>	<b>42</b>

## GENERAL SECTION

## Definitions

- “Agents”: those with whom CESI has an agency relationship, with or without representation;
- “Sensitive Activities”: CESI S.p.A.’s activities and/or operations within the sphere of which the risk of committing Offences exists;
- “CESI” or the “Company”: CESI S.p.A. with registered offices in Via Rubattino 54, Milan, Italy.
- “CCNL”: the National Collective Labour Agreement (contract for workers in the electrical industry) currently in force and applied by CESI.
- “Client”: natural person or legal entity which receives products or services from the Company.
- “Code of Ethics”: the Code of Ethics adopted by CESI.
- “Consultants”: those who act in the name and/or on behalf of CESI on the basis of an appointment or those who collaborate with the Company by means of any type of collaboration agreement.
- “Recipients”: all those to whom the Model it is addressed including Corporate Bodies, Employees, Clients, Agents, Consultants, Suppliers and *Partners*.
- “Employees”: all CESI employees (including executives).
- “Italian Legislative Decree No. 231/2001” or “Decree”: Italian Legislative Decree No. 231 dated 8 June 2001 and subsequent additions and amendments.
- “Suppliers”: suppliers of goods and services of the company, professional or otherwise, including those of a financial nature:
- “Confindustria Guidelines”: the Guidelines for the creation of organization, management and control models pursuant to Italian Legislative Decree No. 231/2001 approved by Confindustria (Italian Manufacturers' Association) on 7 March 2002 and subsequent up-dates.
- “Model”: the organization, management and control model pursuant to Italian Legislative Decree No. 231/2001.
- “Corporate Bodies”: the members of CESI’s Board of Directors and Board of Statutory Auditors.
- “Supervisory Body” or “SB”: internal body tasked with supervising the functioning and observance of the Model (as defined hereunder) and the related up-dating of the same.
- “P.A.A.”: Public Administration Agencies, including the related officers and public servants.
- “Partners”: contractual counterparts of CESI, both individuals and legal entities, with whom the Company has any form of collaborative relationship disciplined by contract (temporary consortiums, joint ventures, etc.), where destined to co-operate with the Company within the sphere of the Sensitive Activities.
- “Offences”: the offences which the regulations envisaged by Italian Legislative Decree No. 231/2001 apply to.
- “Consolidated Act on Health and Safety”: Legislative Decree No. 81 dated 9 April 2008 “Issued to implement Section 1 of Law No. 123 issued on 03 August 2007, regarding the safeguard of health and safety in the workplace”.
- “Organisational Unit/s”: the organisational structures in which the Company is articulated and for each of which is formally identified and appointed an administrator.

## Revision History

Revision Nr.	Date	List of modifications and/or modified paragraphs
26 Nov 02	First Issue	
15 Dec 09	Revision 1	General Revision
13 Dec 12	Revision 2	Update and introduction of "Environmental Crimes"
07 Nov 13	Revision 3	Update and introduction of new predicate offences connected to "Corruption among private individuals" and "Employment of illegally-staying third-country nationals".
19 Jan 17	Revision 4	Update and introduction of the new crime of "False information on companies", the new crime of "Self-laundering", modification of "Environmental Crimes", already included in the category of liable offences, with the addition of the so-called "Eco-crimes".
06 Feb 18	Revision 5	Update and introduction of the crime of "Illicit Brokering and Labor Exploitation" (so-called gangmaster system), modifications to the crime of "Corruption among individuals", introduction of the crime of "Incitement to corruption between individuals".
29 Oct 21	Revision 6	Update of the regulations on whistleblowing, modification of the "Crimes in dealings with Public Administration Agencies", update and introduction of crimes of "Trafficking of illegal influences", "Fraud in public supplies", "Fraud in detriment to the European Agricultural Fund" "Misappropriation", "Misappropriation by profiting from the error of others", "Abuse of office", update and introduction of "Tax crimes" and "Smuggling crimes", update to the crime of "Violation of the rules on the national cyber security perimeter".

## CHAPTER 1

### The administrative liability system envisaged for legal entities, companies and associations

#### 1.1 Italian Legislative Decree No. 231/2001 and the reference legislation

Implementing the authority pursuant to Section 11 of Italian Law No. 300 dated 29 September 2000, Italian Legislative Decree No. 231 dated 8 June 2001 containing the “Discipline of the administrative liability of legal entities, companies and associations also lacking legal status”, came into force on 4 July 2001, as published in Italian Official Gazette No. 140 dated 13 June 2001, General Series.

The purpose of Italian Legislative Decree No. 231/2001 is to adapt the internal legal system to a number of international agreements including the Brussels Convention dated 26 July 1995 protecting financial interests of the European Communities, the Brussels Convention dated 26 May 1997 on combating the corruption of EU and member nations’ officials and the OECD Convention dated 17 December 1997 on combating the corruption of foreign public officials in economic and international transactions.

Section 5 of Italian Legislative Decree No. 231/2001 confirms the liability of the company if specific offences (so-called liable offences) are committed in its interests or to its advantage by:

- a) individuals who cover representative, administrative or management roles within the company or one of its organizational units, endowed with financial and functioning autonomy, as well as by individuals who carry out the operations and the control of the same, even *de facto* (for example directors and general managers);
- b) individuals subject to the management or supervision of one of the parties indicated in point a) (for example non-executive employees).

Therefore, in the event that one of the so-called liable offences is committed, the criminal liability of the individual who has physically carried out the deed is joined – if and in as far as all the other legislative requirements are extended – by the “administrative” liability of the company as well.

With regard to sanctions, the application of a pecuniary fine vis-à-vis the legal entity is always envisaged for all the torts committed; in more serious cases, the application of disqualification sanctions is also envisaged, such as debarment from exercising business activities, suspension or revocation of authorization, licences or concessions, ban on contracting with Public Administration Agencies, exclusion from loans, grants or subsidies and the possible withdrawal of those which may have already been granted, as well as the restriction of publicizing goods and services.

The liability envisaged by the Decree also emerges in relation to offences committed abroad, unless the State in the place where the offence has been committed takes steps in relation to the same.

With regard to the type of so-called liable offences, to-date these include the following:

- (i) offences committed in dealings with Public Administrative Agencies (sections 24 and 25 of Italian Legislative Decree No. 231/2001);
- (ii) counterfeiting of currency, legal tender, revenue stamps and instruments or marks for identification purposes (section 25 *bis* of Italian Legislative Decree No. 231/2001);
- (iii) corporate offences and crimes of corruption between private individuals as well as incitement to corruption between individuals (section 25 *ter* of Italian Legislative Decree No. 231/2001);
- (iv) offences for the purpose of terrorism or subversion of democratic order (section 25 *quater* of Italian Legislative Decree No. 231/2001);
- (v) offences relating to female genital mutilation practices and crimes against the individual, among which the offence of Illicit Brokering and Labour Exploitation (section 25 *quater* and section 25 *quinquies* of Italian Legislative Decree No. 231/2001);
- (vi) offences and administrative torts involving market abuse (section 25 *sexies* of Italian Legislative Decree No. 231/2001);
- (vii) transnational crimes (section 10 of It. Law No. 146 dated 16 March 2006);
- (viii) manslaughter or serious or very serious injury committed in violation of the norms concerning the protection of health and safety in the workplace (section 25 *septies* of Italian Legislative Decree No. 231/2001);
- (ix) fencing, laundering and deployment of illegally obtained money, goods or benefits and self-laundering (section 25 *octies* Italian Legislative Decree No. 231/2001);
- (x) IT crimes and illegal data processing (section 24 *bis* of Italian Legislative Decree No. 231/2001);
- (xi) organized crime (section 24 *ter* of Italian Legislative Decree No. 231/2001);
- (xii) crimes against industry and commerce (section 25 *bis* 1 of Italian Legislative Decree No. 231/2001);
- (xiii) offences regarding the violation of copyrights (section 25 *novies* of Italian Legislative Decree No. 231/2001);
- (xiv) incitement not to make declarations or make misleading declarations to the legal authorities (section 25 *decies* of Italian Legislative Decree No. 231/2001);



- (xv) offenses relating to environmental protection (Art. 25-*undecies* of Legislative Decree N° 231/2001);
- (xvi) crime of employment of other nationals illegally domiciled in pursuance with Art. 22, paragraph 12-second of L.D. 25 July 1998, n. 286 (Art.25-*duodecies* of L.D. N° 231/2001);
- (xvii) crimes of racism and xenophobia (Art. 25-*terdecies* of L.D. 231/2001);
- (xviii) fraud in sports competitions, illegal gaming or betting and betting exercised by means of prohibited devices (Art. 25-*quaterdecies* of L.D. 231/2001);
- (xix) tax crimes (Art. 25-*quinquiesdecies* of L.D. 231/2001);
- (xx) smuggling crimes (Art. 25-*sexiesdecies* of L.D. 231/2001).

Reference is made to the individual Special Sections of this Model for an analytical description of the individual offences. CESI has adopted the Special Sections which refer exclusively to the Sensitive Activities recognized.

## **1.2 Adoption of the “organization, management and control model” as a possible means for avoiding administrative liability**

Section 6 of the Decree introduces a particular form of exemption from the liability in question if the company demonstrates:

- a) that it has adopted and efficiently implemented via its management body – before the offence was committed – a Model suitable for preventing offences of the kind which have occurred;
- b) that it has entrusted the task of overseeing the functioning and the observance of the Model and seeing to its review to an internal body, endowed with autonomous powers of initiative and control;
- c) that the individuals who have committed the offence fraudulently by-passed said Model;
- d) that the body indicated in point b) has not omitted to or insufficiently overseen the situation.

The Decree also envisages that – in relation to the extension of the powers delegated and to the risk of committing the Offences – the Model must meet with the following requirements:

1. identify the areas at risk where the offences may be committed;
2. envisage, or make reference to, specific protocols which regulate the formation and implementation of the company decisions in relation to the offences to be prevented;
3. identify the financial resources suitable for implementing an organizational system capable of preventing the Offences from being committed;
4. envisage obligations for informing the body tasked with overseeing the functioning and observance of

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the Model (therein including a whistleblowing system);

5. introduce an internal disciplinary system suitable for sanctioning failure to observe the measures indicated in the Model.

The same Decree lays down that the Model can be adopted, guaranteeing the above requirements, on the basis of codes of conduct (i.e. “Confindustria Guidelines”) drawn up by representative trade associations.

## CHAPTER 2

### Adoption of the model by CESI

#### 2.1 *Adoption of the Model*

CESI has adopted since 2002 an Organisational Model and appointed an organ of internal control, the first single judge (Compliance Officer) and from 2010 a collegial body (Supervisory Board) to which are assigned the task of supervising the operation, effectiveness and observance of the Model, as well as the charge of updating it.

This Model, adopted by the Board of Directors of CESI on 06/02/2018, with the approval of the SB, by the resolution of 29/10/2021, updates and replaces the Model adopted by the resolution of 20 December 2017<sup>1</sup>.

##### 2.1.1 *The Confindustria guidelines*

When drawing up this Model, CESI drew inspiration from the Confindustria guidelines, being a useful orientation instrument for interpreting and analyzing the legal and organizational implications deriving from the introduction of Italian Legislative Decree No. 231/2001.

The fundamental aspects identified by the Confindustria guidelines for the creation of the Models can be summarized as follows:

- identification of the areas of risk, aimed at checking in which corporate area/sector the Offences can possibly be committed;
- preparation of a control system capable of preventing the risks by means of the adoption of specific procedures. The most significant components of the control system are identified in the following instruments:
  - code of ethics
  - organizational system
  - company procedures
  - authorization and signing powers
  - control and management systems
  - disclosure and training of staff.

The components of the control system must draw inspiration from the following principles:

<sup>1</sup> CESI's Model was adopted by the Board of Directors on 26 November 2002 and later updated by the Board of Directors on 15 December 2009, 13 December 2012, 07 November 2013, on 19 January 2017 and on 20 December 2017.

- verifiability, documentability, consistency and congruence of each transaction;
- documentation of the checks;
- provision of an adequate sanction system for the violation of the norms of the code of ethics and the procedures envisaged by the Model;
- identification of the requirements of the supervisory body, which can be summarized as follows:
  - autonomy and independence;
  - professionalism;
  - on-going action.
- Disclosure obligations of the supervisory body.

It is understood that the choice not to adapt the Model in line with the indications as per the Confindustria Guidelines or the best practices applied shall not invalidate said Model. As a point of fact, the individual Model, since it has to be drawn up with reference to the Company's real situation, may diverge greatly from the indications contained in or represented by the reference operating instruments which, by their very nature, are general.

## **2.2      *The Model's features***

The elements which this organization Model possesses are efficacy, specificity and topicality.

### *Efficacy*

The efficacy of a organization model depends on its actual suitability to devise decision-making and control mechanisms capable of eliminating – or at least significantly reducing – the area of risk from liability. Such suitability is ensured by the existence of preventive and subsequent control mechanisms suitable for identifying the transactions which possess anomalous features, capable of indicating conduct falling within the areas of risk and prompt-intervention instruments in the event of identifying such anomalies. The efficacy of an organization model, in fact, is also a function of the efficiency of the instruments suitable for identifying “tort-related symptoms”.

### *Specificity*

The specificity of an organization model is one of the elements which distinguishes it efficacy.

Specificity associated with the areas at risk is necessary, as referred to by section 6.2 letter a) of Italian Legislative Decree No. 231/2001, which imposes an audit of the activities within whose sphere offences may be committed.

A specificity of the decision-making processes of the body and the implementation processes in the “sensitive” sectors is also necessary, as envisaged by section 6.2 letter b) of Italian Legislative Decree No. 231/2001.

Likewise, the identification of the handling method for the management of the financial resources, the drawing up of a system of disclosures duties, and the introduction of an adequate disciplinary system are obligations which require the specificity of the individual components of the model.

Further still, the Model must take into account its pertinent features, the dimensions of the company/body and the type of activities carried out, as well as the story behind the company/body.

#### Topicality

With regard to this aspect, a model is suitable for reducing the risks of offence in that it is constantly adapted to the features of the structure and the business activities.

### **2.3 Functions and purpose of the Model**

CESI is aware of the value which may derive from an internal control system suitable for preventing the commission of Offences by its Employees, Corporate Bodies, Consultants, Partners, Suppliers and Agents. Furthermore, the Company is also aware that the adoption and the effective implementation of the Model improve the Corporate Governance system since they limit the risk of Offences being committed and make it possible to benefit from the exemption envisaged by Italian Legislative Decree No. 231/2001.

Therefore, the purpose of this Model is to prepare a structured and systematic prevention, dissuasion and control system aimed at reducing the risk of Offences being committed by means of the identification of sensitive activities and the standards of conduct which must be observed by the Model’s Recipients. For such purposes, the steadfast activities of the Supervisory Body, aimed at ensuring observance of the organizational system adopted and the supervision of the activities of its Recipients – also by means of recourse to suitable sanctioning instruments, both disciplinary and contractual - are identified and described below.

The principles contained in this Model aim, on the one hand, to establish the potential perpetrator of the Offence’s full awareness of committing a tort (the committing of which is sharply condemned by CESI because it is contrary to the ethics it draws inspiration from and its interests, even when apparently the Company could gain benefit), and on the other hand, to permit CESI to react promptly when preventing or hindering said Offence being committed thanks to constant monitoring of the activities.

Therefore, the purposes of the Model include developing in the Employees, Corporate Bodies, Consultants, Partners, Suppliers, Agents and all those who operate within the sphere of CESI’s Sensitive Activities, the awareness of being able to commit – in the event of conduct not compliant with the Model’s regulations and

other company norms and procedures (as well as the law) – torts or unlawful acts liable to consequences criminally significant not only for themselves but also for the Company.

In this connection, the company procedures already adopted and those to be issued in the future, like the procedural standards indicated in this Model, are distinguished by:

- separation within each process between the party who initiated it, and/or carries it out and the party which controls it;
- traceability of each significant stage of the process, both paper and electronic;
- adequate level of formalization.

## **2.4 Creation of the Model and its structure**

The development of this Model was preceded and the subsequent updates, also by input from the SB, were always preceded by a series of preparatory activities, divided into different phases described below, all aimed at building a system of prevention and management of the risks in line and inspired, as well as by the rules contained in L.D. N° 231/2001, also by the contents and suggestions dictated by Confindustria Guidelines and Italian *best practice* in the field.

### **1. Identification of the Sensitive Activities: preliminary activities**

- 1.1. Preliminary examination of the corporate documentation, including by way of example: the company staff organization chart, the Articles of Association, the Code of Ethics, minutes of the Board meetings (in particular with reference to the granting of authority and powers of attorney) and company procedures on sensitive topics in relation to the offences envisaged by the Decree.
- 1.2. Interviews with key players in the corporate structure targeted to master the Sensitive Activities and their control including, but not limited to, as an example: Managing Director, Heads of major Company functions (and, in particular, Legal and Corporate Secretary, Audit, Quality, Safety, Environment and Facility Management, Human Resources and Organization, Procurement and Services, Administration, Finance and Control and Information Systems) and Division Heads (Testing & Certification, Consulting, Solutions & Services, Engineering & Environment ISMES).

### **2. As is and gap analysis**

On the basis of the analysis described above, the Company has identified – together with its legal and business consultants – its Sensitive Activities relating to the existing in-house situation (as is analysis), as well as the improvement action (gap analysis) to be implemented within the sphere of the same both at

internal procedure level and with regard to organizational requirements so as to achieve the definition of the Model.

### 3. Preparation of the Model

This Model is made up as follows:

- i. a “General Section” containing all the rules and general standards laid down by the Model;
- ii. 12 “Special Sections” drawn up for certain categories of Offence in relation to the activities carried out by the Company, in other words:
  - “Special Section A”, entitled “Offences committed in dealings with Public Administration Agencies”;
  - “Special Section B”, entitled “Corporate Offences”;
  - “Special Section C”, entitled “Crimes of fencing, laundering and use of money, goods or assets of illicit origin, as well as Self-laundering and crimes leading to terrorism”;
  - “Special Section D ” entitled “Crimes against the individual”;
  - “Special Section E”, entitled “Offences concerning manslaughter or grievous or very grievous bodily harm, committed in violation of the norms concerning the protection of health and safety in the workplace and the crime of employment of third-country nationals resident illegally”;
  - “Special Section F”, entitled “IT crimes and illegal data processing”;
  - “Special Section G”, entitled “Organized crime and Transnational crime”;
  - “Special Section H”, entitled “Crimes against industry and commerce and Offences regarding the violation of copyrights”;
  - " Special Section I", entitled "Environmental crimes";
  - “Special Section L”, entitled “Crimes of corruption between individuals and incitement to corruption between individuals”;
  - "Special Section M" entitled "Tax crimes";
  - "Special Section N" entitled "Smuggling crimes".

## **2.5 General principles to which the Model aspires**

When preparing this Model, account was taken of the procedures and control systems existing in-house (noted during the “as is analysis” stage), if considered suitable for being valid as Offence prevention measures and control instruments on the Sensitive Activities as well. Said Model therefore poses itself as an additional component of the internal control system adopted by the Company.

In detail, CESI has identified the following as specific instruments directed at planning the formation and implementation of the Company’s decisions also in relation to the Offences to be prevented:

1. the Code of Ethics adopted by the Company;
2. the hierarchical-functional and organizational structure of the Company;
3. staff training;
4. the sanction system as per the National Collective Labour Agreement (CNL);
5. the procedural system;
6. the control system management;
7. the internal control system.

The regulations, procedures and standards as per the instruments listed above, are not indicated in detail in this Model, but form part of a more extensive organization and control system which the same intends to supplement.

The key principles which the Model draws inspiration from, in addition to the matters indicated above, are:

1. the Confindustria Guidelines and the Italian *best practice* existing on the subject, on the basis of which the mapping of the Sensitive Activities has been performed;
2. the requirements indicated by Italian Legislative Decree No. 231/2001 and in detail:
  - the assignment to a Supervisory Body within CESI of the task of effectively and correctly implementing the Model also by means of the monitoring of the company’s conduct and the right to constant disclosure on the significant activities for the purposes of Italian Legislative Decree No. 231/2001;
  - making resources available to the SB which are in keeping with the tasks assigned and the expected and reasonably obtainable results;
  - the SB’s activities for checking the functioning of the Model with consequent periodic updating (*ex post* control);



- raising awareness of and disclosure of the rules of conduct and established procedures to all the company levels.
3. the general principles of an adequate internal control system and in particular:
- the verifiability and documentability of each transaction significant for the purposes of Italian Legislative Decree No. 231/2001;
  - observance of the principle of separation of the functions;
  - definition of authorization powers consistent with the responsibilities assigned;
  - communication of the significant information to the Supervisory Body.
4. the system of internal controls which monitors the area where there is a high probability that Offences will be committed and a high value of the transactions entered into within the sphere of the Sensitive Activities.

## **2.6 Procedure for adopting, amending and supplementing the Model**

Even if the adoption of the Model is envisaged by law as optional and non-mandatory, CESI has decided to pursue excellence in the matter of *Corporate Governance*, considering it as a valuable instrument aimed at raising awareness in any person working for/on behalf of CESI, in order for them to implement correct behaviour and actions while carrying out their tasks in order to prevent the risk of committing crimes as envisaged by the Decree. For this reason CESI has considered it necessary to proceed with the preparation of this Model, whose adoption is subject to resolution by the Board of Directors.

Since the Model is an official document issued by the management body (in compliance with the regulations as per section 6.1, letter a) of Italian Legislative Decree No. 231/2001), the subsequent amendments and additions are the responsibility of the Board of Directors.

## **2.7 Recipients of the Model**

The regulations contained in this Model address:

- a) individuals who cover representative, administrative or managerial functions within the Company;
- b) individuals who exercise, also *de facto*, the management and control of said Company;
- c) all the Employees of the Company subject to the management or supervision of the parties indicated above;
- d) Consultants, Partners, Suppliers, Agents, legal representatives and, in general, third parties who operate in the name or on behalf or in any event in the interests of the Company.

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The parties indicated above are collectively defined as the “Recipients”.

The Model and the contents of the same are communicated to the Recipients using procedures suitable for ensuring effective awareness of the same, in accordance with the matters indicated in Part 5 of this General Section; therefore, the Model’s Recipients are obliged to unfailingly observe all the provisions, also by way of fulfilment of the duties regarding propriety and diligence deriving from the legal relationship established by said Recipients with the Company.

## **2.8      *Model and Code of Ethics***

The rules of conduct contained in this Model supplement those in the Code of Ethics, despite the Model presenting a different purport than said Code, due to the purposes it intends to pursue in application of the provisions contained in the Decree.

In this connection:

- the Code of Ethics represents an instrument adopted autonomously, liable of being applied on a general level by the Company for the purpose of expressing the “in-house ethic” principles which CESI acknowledges as its own and which it requires all the Recipients to observe;
- by contrast, the Model complies with specific requirements contained in the Decree, aimed at preventing particular types of offences being committed (for deeds which, committed to the apparent benefit of the company, may lead to administrative liability on the basis of the provisions of said Decree).

## CHAPTER 3

### CESI's sensitive activities

CESI is a company specialized in the electro-energy and environmental sector which operates on the market of testing and certification of electromechanical equipment and consulting on electrical systems, covering all the stages of the electricity system life cycle and offering electricity companies, components manufacturing companies and local and national public administration agencies a complete range of services aimed at solving the problems associated with the production processes of the entire electro-energy sector. Furthermore, CESI carries out activities in the sectors dealing with territorial and structural engineering, monitoring services and environmental diagnostics of industrial plants as well as activities of redevelopment of the territory. These skills expand CESI's activities to the private sector and to public administration agencies in the areas of territorial protection, the safety of existing structures, the protection of arts and antiquities and the planning of new works.

Analysis of the in-house risks carried out for the purpose of adoption of the Model revealed that the Sensitive Activities, as things stand, concern the following types of offences:

- offences committed in dealings with P.A.;
- corporate offences;
- crimes for the purpose of terrorism;
- crimes against the individual ( including crimes related to illicit brokering and labour exploitation);
- money-laundering offences (including self-laundering crimes) ;
- offences involving manslaughter or serious or very serious injury committed in violation of the norms concerning the protection of health and safety in the workplace and crimes of employment of third-country nationals resident illegally;
- IT crimes and illegal data processing;
- organized crime;
- transnational offences;
- crimes against industry and commerce;
- offences regarding the violation of copyrights;
- environmental crimes;

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- crimes of corruption between individuals and incitement to corruption between individuals;
  - tax crimes;
  - smuggling crimes.

Reference should be made to the individual Special Sections of this Model for an analytical description of the individual Sensitive Activities relating to each category of Offence.

The Supervisory Body has the power to identify any additional activities at risk which – depending on legislative changes or the Company’s activities – can be included in the category of Sensitive Activities.

## CHAPTER 4

### The Supervisory Body

#### 4.1 *Identification of the Supervisory Body*

Pursuant to section 6, letter b) of Italian Legislative Decree No. 231/2001, an indispensable condition for granting exemption from administrative liability is the assignment to a body of the Company, endowed with powers of initiative and control, of the task of overseeing the functioning and the observance of the Model, as well as seeing to its updating

In this connection, the Confindustria Guidelines – interpreting the provisions of the Decree – recommend the identification of a body within the structure of the company, characterized by autonomy, independence, on-going action, as well as in possession of professional status and integrity in keeping with the role.

Wishing specifically to analyze the individual requirements which must distinguish the Supervisory Body, the following can be stated:

##### a) Autonomy and independence

The autonomy and independence requisite presupposes that the SB, when performing this function, answers only to the top (for example: the Managing Director, Board of Directors) and that it is endowed with adequate financial resources which it can avail of for any requirement necessary for the correct performance of its duties (e.g. specialist consulting, possible assignments, etc.).

Lastly, independence presupposes that the members of the Supervisory Body do not find themselves in a position of conflict of interests, not even potential, with the Company, nor are they the holders of functions with executive powers within the same.

##### b) Integrity and causes of ineligibility

The following individuals cannot be elected as members of the Supervisory Body and, if they are, automatically and necessarily fall from office:

- i. those who find themselves in the conditions envisaged by section 2382 of the Italian Civil Code that is those who are disqualified, disabled by law, bankrupts or have been convicted by means of punishment involving disqualification, temporary or otherwise, from public offices or the incapacity to carry out executive offices;
- ii. those who have been subject to prevention measures laid down by the judicial authorities as per Italian Law No. 1423 dated 27 December 1956 (law on prevention measures vis-à-vis individuals

who pose a threat with regard to security and public morals) or Italian Law No. 575 dated 31 May 1965 (law against the Mafia);

iii. those who have been convicted by means of sentence even if not yet final, or issued pursuant to sections 444 *et seq.* of the Italian Code of Criminal Procedure or even if by means of punishment conditionally suspended, subject to the effects of rehabilitation:

1) for one of the crimes envisaged by chapter XI of book V of the Italian Civil Code (Criminal provisions regarding companies and consortiums) and in the Royal Decree No. 267 dated 16 March 1942, and its subsequent amendments or additions (discipline of bankruptcy, prior agreement with creditors, receivership and compulsory administrative liquidation);

2) for a crime against a public administration agency, or to imprisonment for a period of no less than one year for a crime against faith, against heritage, against public order, against the public economy or for a tax-related crime;

3) to imprisonment for a period of no less than two years for any crime committed with criminal intent;

4) for one or more torts from among those peremptorily envisaged by Italian Legislative Decree No. 231/01, without prejudice to the case of sentences issued as per sections 444 *et seq.* of the Italian Code of Criminal Procedure involving the application of just pecuniary fines totalling no more than €uro 1,500.00.

iv. those who have covered the position of member of the SB in companies vis-à-vis whom the sanctions envisaged by section 9 of Italian Legislative Decree No. 231/01 have been applied, unless 5 years have elapsed since the infliction of the sanctions on a final basis and the component has not been criminally convicted even on a final basis;

v. those vis-à-vis whom the additional administrative sanctions envisaged by section 187 quarter of the TUF (Consolidated Finance Act) (Italian Legislative Decree No. 58/1998) have been applied.

c) *Proven professional status, specific talents with regard to inspection and consulting activities*

The Supervisory Body must internally possess technical-professional skills in keeping with the functions it is required to perform. These characteristics, together with its independence, guarantee the objectivity of opinion; it is therefore necessary that individuals are present within the Supervisory Body who have adequate professional skills with regard to economics, auditing and handling of corporate risks. The Supervisory Body may also, availing itself of external professionals, endow itself with resources who are competent with regard to corporate organization, auditing accounts and finance on a legal basis.

d) On-going action

The Supervisory Body carries out the activities necessary for supervision on an on-going basis with regard to the correct application of the Model with adequate commitment and with the necessary powers of investigation; it is a structure within the Company, so as to ensure the due continuity of the supervisory activities; it sees to the implementation of the Model guaranteeing it constant up-dating; it does not perform executive duties which might condition and influence that overall view of the corporate activities which is required of it.

The decisions relating to the identification and appointment of the members are delegated to the Board of Directors from among individuals who will be recognized as the most suitable for undertaking the role of the SB since they possess the requisites of autonomy, independence, professional status, integrity and on-going action which are required for this office; furthermore, specific skills shall be considered with regard to inspection and consulting activities in addition to the formal subjective requirements which additionally ensure the autonomy and independence required by the assigned task, such as integrity, absence of conflicts of interest and kinship ties with the corporate bodies and senior management.

In accordance with the matters established by the Decree, and with regard to the afore-mentioned subjects, the Company's Board of Directors, with a resolution of 03 February 2010, has deemed that the composition of the Supervisory Body should be collective, with three members; the participation in the SB of parties from within and outside the Company is permitted.

**4.2 Duration in office**

The Board of Directors sees to the appointment of the Supervisory Body by means of a specific board resolution: in this connection, at the time of appointment adequate clarification with regard to the professional standing of its members (whose curriculum vitae will be attached to the related minutes) will have to be provided during the board meeting.

The first SB appointed after the approval of this Model, is vested for a period coinciding with that envisaged for the remaining duration of the office of the Board of Statutory Auditors at the time of appointment. Subsequent SBs will be appointed for a period of three years, coinciding with the duration of the office of the Board of Statutory Auditors.

On expiry of the appointment, the SB may continue to perform its functions and to exercise the powers it is responsible for, as more fully specified below, until appointment of the new members by the Board of Directors.

So as to ensure the requisites of independence and autonomy, as from the moment of appointment and for the entire duration of the office, the members of the Body:

- a) must not cover executive or delegated appointments on the Company's Board of Directors;
- b) must not carry out functions with executive powers;
- c) must not have significant business dealings with the Company, with subsidiary and associated companies of the Company, except a subordinate employment relationship or possible membership of the Board of Statutory Auditors, nor have significant business dealings with the Directors endowed with powers of attorney (executive directors);
- d) must not have dealings with or form part of the family unit of the executive Directors, the family unit being understood to be that made up of spouses not legally separated, relatives and kin up to fourth removed;
- e) must not directly or indirectly hold equity investments in the Company's share capital;
- f) must have and maintain the integrity requisites indicated in letter b) of paragraph 4.1 above.

The members of the Supervisory Body are, at the time of appointment, obliged to sign a declaration bearing witness to the existence of the independence requisites indicated above and, in any event, to immediately inform the Board and the other members of the Supervisory Body of the occurrence of any impedimental conditions.

The incompatibilities pursuant to the previous letter a) to e), the circumstances as per letter f), supervening incapacity and demise represent hypotheses of automatic forfeiture; without prejudice to the hypotheses of automatic forfeiture, the members of the Body cannot be removed by the Board of Directors unless due to just cause.

Hypotheses of just cause for removal are as follows:

- a) a sentence convicting the Company as per the Decree or a sentence involving a plea bargain, which is *res judicata*, or omitted or insufficient supervision by the Supervisory Body emerges from documents, in accordance with the matters envisaged by section 6.1, letter d) of the Decree;
- b) violation of the confidentiality obligations pursuant to the following paragraph 4.9;
- c) failure to take part in more than three consecutive meetings without justified reason;
- d) serious negligence when fulfilling one's duties;
- e) in the event of parties within the company, possible resignation or dismissal.



In the event of the resignation or automatic forfeiture of an acting member of the Supervisory Body, the latter will promptly inform the Board of Directors which will adopt the necessary decisions without delay.

The Supervisory Body is understood to have fallen from office if the majority of its members leave, due to resignation or other reasons. In this event, the Board of Directors takes steps to appoint new members.

#### **4.3 Functions and powers of the Supervisory Body**

The SB is entrusted with the task of overseeing:

- a) observance of the Model by the Employees, Corporate Bodies, Consultants, Partners, Suppliers and Agents;
- b) the efficacy and suitability of the Model in relation to the company structure and the effective ability to prevent Offences being committed;
- c) the appropriateness of up-dating the Model, when the need to up-date the same in relation to changed corporate and/or legislative conditions has been noted.

On a more operative level, the SB is entrusted the task of:

*i. Up-dates, legislative authority, reporting:*

- a) suggesting and furthering the issue of procedural provisions implementing the standards and rules contained in the Model;
- b) interpreting the relevant legislation and checking the adequacy of the Model with regard to said legislative requirements, reporting to the Board of Directors on any possible areas of intervention;
- c) assessing the need to up-date the Model, reporting to the Managing Director and/or the Board of Directors on any possible areas of intervention;
- d) indicating in the annual report to the Board of Directors as per paragraph 4.6, the appropriate additions to financial resource management systems (both incoming and outgoing) so as to introduce a number of expedients suitable for detecting the existence of any atypical financial flows characterized by greater margins of discretion than ordinarily envisaged;
- e) indicating in the annual report to the Board of Directors as per paragraph 4.6, the appropriateness of issuing specific procedural provisions implementing the standards contained in the Model, which might not be consistent with those in force at that time within the Company, also seeing to the co-ordination of the same with that already existing.

ii. Checks and controls:

- a) carrying out checks on the corporate activities for the purpose of up-dating the mapping of the Sensitive Activities;
- b) in compliance with the matters envisaged in the annual calendar of the body's activities, making periodic checks focused on determinate transactions or specific activities put together by CESI, especially within the sphere of the Sensitive Activities, whose results must be summarised in a specific report to be presented at the time of reporting to the appointed Corporate Bodies;
- c) gathering, processing and keeping the significant information with regard to observance of the Model, as well as up-dating the list of information which must be forwarded or kept available (see paragraph 4.7 below in detail);
- d) co-ordinating with the other company divisions (also by means of specific meetings) for the most complete monitoring of the activities in relation to the procedures established in the Model. Accordingly, the SB has unrestricted access to all corporate documentation (both paper based and IT-related) which it deems as significant and must be constantly informed by management: a) on the aspects of the corporate activities which may expose CESI to the risk of one of the Offences being committed; b) on dealings with the Consultants, Partners, Suppliers and Agents who operate on behalf of the Company within the sphere of Sensitive Activities;
- e) initiating and performing the internal surveys, linking up as and when with the corporate divisions concerned so as to acquire additional survey elements;
- f) pressing for the implementation of the control procedures envisaged by the Model also by means of the issue or proposal of internal provisions (legislative and/or disclosure related).

iii. Training:

- a) defining staff training programmes and the content matter of the periodic communications to be made to the Employees and Corporate Bodies, with the aim of providing the same with the necessary awareness and basic knowledge of the legislation pursuant to Italian Legislative Decree No. 231/2001;
- b) monitoring the initiatives for the disclosure of awareness and understanding of the Model and preparing the internal documentation necessary for the purpose of its effective implementation, containing instructions for use, clarification or up-dates of the same;

- c) arranging for the on-going preparation and up-dating of the area on the Company's Intranet which contains all the information relating to Italian Legislative Decree No. 321/2001 and the Model.

iv. Sanctions:

- a) co-ordinating with company management so as to assess or propose the adoption of any sanctions or measures, without prejudice to the responsibility of the latter – and in particular those tasked with HR management – with regard to the determination and the imposition of the same (in this connection reference should be made at this point to Part 6 of the General Section).

#### **4.4 Powers of the Supervisory Body**

*Ex lege*, the SB has autonomous powers of initiative and control for the purpose of overseeing the functioning and observance of the Model, but it does not have coercive powers or those of intervention on the company structure or sanctioning powers, these being powers which are delegated to the competent Corporate Bodies or company divisions.

Taking into account the peculiarities of the responsibilities and the specific professional contents required, when carrying out its supervisory and control tasks the SB shall also be constantly supported by all the executives and management of the Company. The latter, within the sphere of the respective functions and limits to the authority granted, are primarily responsible with regard to: 1) the control of the activities and the areas of responsibility; 2) observance of the Model by the Employees who they manage; 3) the prompt and accurate disclosure to the SB on any anomalies, problems noted and/or key aspects detected.

The SB may request the executives for specific control activities on the correct and precise functioning of the Model.

All the parties involved within the company structure are obliged to oversee and inform the SB with regard to the correct application of this Model, each one within the sphere of their own operative responsibilities.

Whenever it deems it necessary for the accomplishment of its supervisory activities and all that is envisaged in this Model, the SB may avail itself of the collaboration of additional resources, chosen from the various company divisions, without limitations as to timescales or number.

The autonomy and independence which must by way of necessity characterize the SB's activities, have made it necessary to introduce certain forms of protection in its favour, so as to guarantee the efficacy of the Model and avoid its control activities being able to cause forms of reprisal to its detriment. Therefore, decisions regarding transfer or sanctions relating to the SB and its members, when they are Company employees, are

made the exclusive responsibility of the Board of Directors, having consulted the Head of the Personnel and Organization Department , where necessary.

Therefore, the Company's Board of Directors grants the SB the following powers:

- the power to access all the documents and all the information relating to the Company;
- the power to avail itself of all the Company structures, which are obliged to collaborate, along with the auditors and the external consultants;
- the power to gather information from all the Model's Recipients, including the independent auditing firm, in relation to all the Company's activities;
- the power to request – by means of appropriate channels and individuals – the meeting of the Board of Directors and Board of Statutory Auditors so as to deal with urgent matters;
- the power to request the heads of the company divisions to take part in Supervisory Body meetings, without the power to resolve;
- the powers to avail itself of outside consultants who shall be delegated limited spheres of investigation or activities. In this connection, each year the Board of Directors may approve an expenditure budget for the SB, which the latter may freely avail of in relation to its activities via the competent company structures, subject to any requests for additional amounts due to any contingent needs.
- In particular, CESI S.p.A.'s Surveillance Body is entitled, in respect of the autonomy of the different Companies and the limits set by the provisions of Law, the following powers vis-à-vis the subsidiaries: the power to boost and carry out functions of coordination with regard to the application of the Model and the activities of verification and control of the Model itself.
- The power to propose, according to the above-mentioned controls, the update of the Model in case it is considered necessary.
- The power to take, in those cases deemed as particularly critical with reference to CESI S.p.A. and/or the Group, specific actions of verification and control on the subsidiaries controlled by the Group in the Sensitive Areas with the possibility to access the relevant documentation of all the Companies without intermediation.

#### **4.5      *Calling and functioning rules***

The Supervisory Body may discipline the formalities for its functioning by means of specific regulations, on the basis of the standards indicated below:

- the Supervisory Body meets quarterly and the related documentation is distributed at least 3 days before the meeting;
- the meetings are held in person, via video or tele-conference facilities (or a combination thereof);
- the Chairman, the Managing Director, the Board of Directors and the Board of Statutory Auditors may request the Supervisory Body to meet at any time or to participate to the Board of Director and/or Statutory Board meetings;
- the intervention of the majority of the members in office is required so that meetings meet quorum requirements;
- *ad hoc* meetings can be held and all the decisions adopted during these meetings must be reported on during the following quarterly session;
- the decisions are adopted on the basis of unanimous resolutions; in the event of lack of unanimity, the majority decisions prevails and this is reported straightaway to the Board of Directors;
- the minutes of the meeting contain all the decisions adopted by the body and reflect the main reflections made for reaching the decision; these minutes are kept by the Supervisory Body in its archive.

#### **4.6      *The Supervisory Body's information flows to senior company management***

The SB reports on the implementation of the Model and the emergence of any key aspects.

The SB has two different types of information flows:

- the first, on an on-going basis, directly to the Managing Director and/or the Chairman of the BoD;
- the second, on a minimum annual basis, to the Board of Directors and the Statutory Auditors.

These information flows concern:

- 1) the activities carried out by the SB's office;
- 2) any key aspects (and starting points for improvement) emerging both in terms of conduct or events within CESI, and in terms of the Model's effectiveness. If the SB discovers critical aspects attributable to any of the relevant parties, the corresponding report should be promptly assigned to one of the other parties identified above.

Furthermore, the SB draws up a written annual report for the Board of Directors which contains:

- a) concise analysis of all the activities carried out during the year (indicating in detail the controls performed and the outcome of the same, the specific checks as per Part 7 of this General Section and the outcome of the same, any up-dating of the mapping of the Sensitive Activities, etc.);
- b) a plan of activities envisaged for the following year.

The Board of Directors, the Chairman of the Board of Directors and the Managing Directors have the faculty to call the SB at any time and the latter, in turn, has the faculty to request, via the divisions or competent parties, the calling of said bodies for urgent reasons.

Furthermore, the SB must co-ordinate with the competent divisions present in-house for the various specific profiles, for example:

- with the Legal Affairs and Corporate Secretariat Department in relation to the corporate fulfilments which may be of importance for the purpose of committing corporate offences;
- with the head of the Personnel and Organization Department with regard to training and disciplinary measures;
- with the heads of the Administration, Finance, Control, ICT Department with regard to the handling of the cash flows;
- with the Workplace Health & Safety Managers (HSMs), the Employers and the head of the company Organisation Unit in charge of the matters relating to health, workplace safety and the environment;
- with the head of the Information & Communication Technology Department.

#### **4.7 Information flows to the Supervisory Body: general information and specific mandatory information**

Via specific reports made by the Employees, Corporate Bodies, Consultants, Partners, Suppliers, Agents and Clients the SB must be informed of events which could give rise to CESI's liability as per Italian Legislative Decree No. 231/2001.

The following requirements are valid in this regard:

- the Employees and the Corporate Bodies must inform the SB of information relating to the commission of Offences, or the reasonable conviction they will be committed;
- the company functions involved in any inspection by the public bodies (Judiciary, Finance Police, other Authorities, etc.) must inform the SB of the start of these interventions;

- the Employees, managers and directors, as well as the corporate bodies, are obliged to inform the SB also (i) of any violations of the rules of conduct or procedural regulations contained in this Model, of which they become aware and (ii) of information on any sanction proceedings carried out and any sanctions applied (therein including measures against Employees) or dismissal measures of those proceedings with the respective motivations, if they are linked to the commission of crimes or violation of the rules of conduct or procedural rules of the Model, of which they become aware based upon the functions performed by them;
- the Consultants, Partners, Suppliers, Agents and Clients are obliged to make these reports adopting the formalities and timescales envisaged contractually.

In addition to the reports described above, the Corporate Bodies, Employees and, as per the formalities and within the limits envisaged contractually, the Consultants, Partners, Suppliers, Agents and Clients must **immediately** forward the SB information concerning the measures and/or information originating from Criminal Investigation Department bodies, or from any other authority, which reveal investigations – also with regard to unknown persons – for the Offences if said investigations involve CESI or its Employees, Corporate Bodies, Consultants, Partners, Suppliers, Agents and Clients.

The aforementioned reports to the SB must be made to the following email address: [OrganismoVigilanza@cesi.it](mailto:OrganismoVigilanza@cesi.it).

In any event, if one of the parties indicated above fails to comply with the disclosure obligations pursuant to this paragraph 4.7, said party will receive a disciplinary sanction which shall vary depending on the seriousness of the inobservance of the afore-mentioned obligations and which will be inflicted as per the regulations indicated in part 6 of this Model.

The SB assesses the reports received and adopts any consequent measures at its reasonable discretion and responsibility, possibly hearing from the person making the report and/or the person responsible for the alleged violation and motivating in writing any refusal to proceed with an internal investigation.

In any case, CESI guarantees that whistleblowers will not be subjected to any form of retaliation, discrimination or penalisation and guarantees the maximum confidentiality regarding their identity, subject to legal obligations and to protecting the rights of the Company or of persons accused incorrectly and/or in bad faith.

Furthermore, the SB has the right to request information on the system of delegated powers adopted by CESI, as per formalities established by the same.

#### **4.8 Reporting formalities - Whistleblowing**

In addition to the reporting obligations indicated above, in conformity with the provisions of the Decree, the Company guarantees the possibility of making spontaneous reports.

In particular, as envisaged by Law no. 179 of 30 November 2017, which introduced into the rules contained in the Decree the institution of so-called "*whistleblowing*", the Company adopts all measures necessary to guarantee:

- 1) one or more channels that allow for the submission, to protect the integrity of the entity, of detailed reports of illegal behaviours, relevant in accordance with the Decree and based upon precise and concordant factual elements, or of violations of the Model, of which they have become aware based upon the functions performed; those channels guarantee the confidentiality of the whistleblower's identity in the activities of managing the report;
- 2) at least one alternative reporting channel suitable to guarantee, by electronic methods, the confidentiality of the whistleblower's identity;
- 3) the prohibition on acts of retaliation or discrimination, direct or indirect, against the whistleblower for reasons related, directly or indirectly, to the report;
- 4) that the disciplinary system (described in more detail below) envisages sanctions against those who violate the measures of protection of the whistleblower, as well as those who make with wilful intent or gross negligence reports that are found to be groundless.

The Company, in conformity with the provisions of the legislation on whistleblowing, has, therefore, established two reporting channels suitable to guarantee the confidentiality of the whistleblower's identity.

The report may be sent to the SB:

- electronically, to the email address [OrganismoVigilanza@cesi.it](mailto:OrganismoVigilanza@cesi.it)
- by traditional post, to the address:

*CESI S.p.A. Organismo di Vigilanza*

*Via Rubattino 54*

*20134 Milan*

The SB appraises the reports received, possibly hearing the individual making the report and/or the party responsible for the alleged violation and justifying any refusal to proceed with an internal investigation in writing.



#### **4.9 Confidentiality obligations and whistleblower protection**

The members of the Supervisory Body ensure the confidentiality of the information they come into possession of, in particular if it relates to reports which the same must receive with regard to alleged violations of the Model.

The members of the SB shall also refrain from using confidential information for purposes other than those pursuant to paragraph 4.3 above and in any event for ends not compliant with the characteristic functions of a Supervisory Body, except in the case of express and informed authorization.

Inobservance of these obligations represents just cause for removal from office.

In any case - as anticipated - the Company adopts all necessary measures to guarantee that the whistleblower is not subjected to acts of retaliation or discrimination, direct or indirect, for reasons connected, directly or indirectly, to the report.

In particular, the adoption of discriminatory measures against persons who make reports can be reported to the National Employment Inspectorate, for the measures under its remit, as well as by the whistleblower, also by any trade union organisation indicated by the same.

Furthermore, any dismissal of the whistleblower by way of retaliation or discrimination is void. Any change of duties in accordance with Article 2103 of the Italian Civil Code is also void, along with any retaliation or discrimination measure adopted against the whistleblower. It is the responsibility of the employer, in the event of disputes linked to the application of disciplinary sanctions, or to deskilling, dismissals, transfers or subjection of the whistleblower to another organisational measure having negative effects, direct or indirect, on working conditions, after the submission of the report, to demonstrate that those measures are based upon reasons unrelated to the report itself.

Finally, it is noted that, in circumstances of any report or statement made in the legal forms and limits, the pursuit of the interest in the integrity of the entity, as well as the prevention and representation of embezzlement, constitutes just cause to reveal information covered by the secrecy obligation indicated in Articles 326, 622 and 623 of the Criminal Code and Article 2105 of the Civil Code (without prejudice to the case where the professional secrecy obligation is held by those who become aware of the information based upon a professional consulting or assistance relationship with the entity, the enterprise or the natural person involved). When the information and documents that are communicated to the body in charge of receiving them are subject to business, professional or official secrecy, any disclosure by methods that exceed the purposes of eliminating the offence and, in particular, any disclosure outside the communication channel specifically established to that end constitutes a violation of the respective secrecy obligation.

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#### **4.10      *Supervisory Body's controls***

The SB's surveillance duties regarding the observance of the Model and the predicate offences contained in the Special Parts are the following:

- Monitoring the respect of the procedures, the company instruments and internal documentation for the prevention of the Crimes in constant coordination with Quality, Safety, Environment and Facility Management;
- Suggest organizing and updating company procedures within the sphere of preventative measures against those Crimes dealt with in the Special Parts of the Model, even in consideration of the advancement and the evolution of computer technologies;
- Examine all reports regarding alleged violations of the Model and carry out all the necessary and proper checks;
- Keep track of the flow of information received together with the written evidence of the checks and the controls carried out;

For this purpose the SB is granted free access to all company papers.

#### **4.11      *Gathering and storage of the information***

All information gathered and each report received or prepared by the Supervisory Body is kept for 10 years in a specific archive maintained by the SB, in paper-based or electronic format.

## CHAPTER 5

### Training of the resources and disclosure of the Model

#### 5.1 *Training and disclosure to the Employees*

So that this Model is effective, it is CESI's chief aim to ensure that the resources already present in-house and any future ones are correctly aware of the rules of conduct contained herein. The level of awareness is achieved on the basis of a differing degree of in-depth analysis in relation to the different level of involvement of said resources in the Sensitive Activities.

- Initial communication

The adoption of this Model is communicated to all the Employees present in-house at the time of its adoption.

By contrast, new recruits are provided with an information set (e.g. National Collective Labour Agreement – CCNL, Organization Model, Italian Legislative Decree No. 231/2001, Code of Ethics, etc.), so as to ensure they receive the information considered to be of primary importance.

- Training

Training activities aimed at spreading awareness of the legislation pursuant to Italian Legislative Decree No. 231/2001 is differentiated – with regard to contents or the distribution methods – in relation to the status of the Recipients, the risk level of the area they operate in and whether or not said Recipients represent the Company or not.

In detail, CESI sees to the adoption and implementation of an adequate level of training by means of suitable disclosure instruments, and in particular via:

- company meetings;
- institutional courses (classroom or web-based) concerning specific Sensitive Activities of the Decree.

The disclosure and training system is supervised or supplemented by the activities achieved in this sphere by the SB, availing itself of the collaboration of those in charge of HR management or external consultants.

The failure of Employees to participate in the training activities without justification represents violation of the principles contained in this Model and, therefore, shall be sanctioned in accordance with the matters indicated in part 6 below.

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## **5.2      *Disclosure to Consultants, Partners, Suppliers, Agents and Clients***

Consultants, Partners, Suppliers and Agents must be informed that CESI has adopted this Model and the Code of Ethics and what the fundamental principles which the same draw inspiration from are and the consequences in the event they are violated, at the time the related contract is entered into, also by means of the provision of specific contractual clauses.

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## CHAPTER 6

### The sanction system

#### 6.1 *Role of the sanction system*

The establishment of a sanction system (which fits the violation and is endowed with effective deterrents) applicable in the event of violation of the rules as per this Model, makes the supervisory action of the Supervisory Body efficient and has the purpose of ensuring effective implementation.

The establishment of this sanction system in fact represents an essential requisite of said Model, pursuant to section 6.1, letter e) of Italian Legislative Decree No. 231/2001, for the purpose of the exemption regarding the Company's liability.

The application of the sanction system and the related measures does not depend on the execution and outcome of criminal proceedings which the judicial authorities may have launched in the event that the conduct to be censured is also valid for supplementing a type of liable offence as per Italian Legislative Decree No. 231/2001.

By virtue of what is envisaged by the aforementioned Law no. 179/2017 on whistleblowing and with reference to any recipient of the Model, it is specified that behaviours liable to being sanctioned are also considered to include the violation, in any way, of the measures to protect the whistleblower as well as the making of reports with wilful intent or gross negligence that are found to be groundless.

This part contains a description of the sanction measures adopted by the Company in the event of violation of the Model by the Recipients, in co-ordination with the disciplinary system as per the National Collective Labour Agreement applied by CESI, in observance of the procedures envisaged by section 7 of Italian Law No. 300 dated 30 May 1970 (Workers Statute).

#### 6.2 *Employees subject to the National Collective Labour Agreement (CNL)*

##### 6.2.1 *The sanction system*

Conduct violating the individual rules of conduct established in this Model, adopted by Employees, is considered to be a disciplinary offence

The sanctions which can be inflicted on said Employees are included in those envisaged by the Company's disciplinary code, in observance of the procedures pursuant to section 7 of Italian Law No. 300 dated 30 May 1970 (Workers Statute) and any special provisions applicable.

In relation to the above, the Model makes reference to the categories of deeds subject to sanction, envisaged by the existing sanction system and in other words the pactional norms as per the CCNL (see section 25 "Disciplinary measures" and "Correlation criteria" – the correlation criteria between the shortcomings of the employees and the disciplinary measures regulated by the national trade union agreement dated 25 July 1982 are applicable within CESI).

These categories describe the conduct sanctioned according to the importance which the individual cases considered takes on and the sanctions effectively envisaged for the commission of said deeds according to their gravity.

In detail, in accordance with the "Correlation criteria for the shortcomings of the employees and the disciplinary measures" in force within CESI and referred to by the CCNL, the following is envisaged:

**1) VERBAL OR WRITTEN REPRIMAND measures apply to workers who:**

violate the internal procedures and/or regulations envisaged by this Model (for example: those who do not observe the prescribed procedures, omit to provide the SB with the prescribed information, omit to carry out checks, etc.) or adopt, when accomplishing activities within the sphere of the Sensitive Activities, conduct which is not compliant with the rules of said Model, "inobservance of the provisions brought to the attention of the Company by means of service orders or other suitable means" pursuant to point 6 of paragraph I of said correlation criteria being understood to be recognised in such conduct.

**2) FINE measures apply to workers who:**

repeatedly violate the internal procedures and/or regulations envisaged by this Model or adopt, when accomplishing activities within the sphere of the Sensitive Activities, conduct which repeatedly is not compliant with the rules of said Model, before said shortcomings have been individually ascertained and notified, the repeated lack of "inobservance of the provisions brought to the attention of the Company by means of service orders or other suitable means" before the same has been individually ascertained and notified, being understood to be recognised in such conduct, as per point 7 of paragraph II of said the afore-mentioned correlation criteria.

**3) SUSPENSION FROM SERVICE WITHOUT PAY measures apply to workers who:**

when violating the internal procedures and/or regulations envisaged by this Model or adopting, when accomplishing activities within the sphere of the Sensitive Activities, conduct not compliant with the rules of said Model, as well as carrying out deeds contrary to CESI's interests, cause the Company damage or expose it to a situation of objective danger in relation to the integrity of the company's assets, the determination of damage or a situation of danger for the integrity of the group's assets or the performance of deeds contrary to its interests likewise deriving from "inobservance of the provisions brought to the attention of the Company by means of service orders or other suitable means" being understood to be recognised in such conduct, pursuant to point 1 of paragraph III of said correlation criteria.

**4) TRANSFER BY WAY OF PUNISHMENT OR DISMISSAL WITH COMPENSATION FOR WANT OF NOTICE AND LEAVING INDEMNITY measures apply to workers who:**

when accomplishing activities within the sphere of the Sensitive Activities, adopt conduct not compliant with the rules of said Model and which is aimed unequivocally at committing an Offence or a tort, the determination of considerable damage or a situation of considerable detriment, pursuant to points 1, 3, 4, 5 and 7 of paragraph IV of said correlation criteria being understood to be recognised in such conduct.

**5) DISMISSAL WITHOUT NOTICE AND LEAVING INDEMNITY measures apply to workers who:**

when accomplishing activities within the sphere of the Sensitive Activities, adopt conduct clearly in violation of the rules of said Model and such that it leads to the effective application to the Company's charge of measures envisaged by the Decree, the performance of "deeds capable of radically decreasing the Body's confidence vis-à-vis the same", or the occurrence of the shortcomings referred to in the previous points leading to serious detriment for the Company being understood to be recognised in such conduct, pursuant to points 4, 5 and 6 of paragraph V of said correlation criteria.

The type and entity of each sanction indicated above, shall be applied, as per the matters envisaged by the company disciplinary code in force within CESI, in relation to:

- the wilfulness of the conduct and the degree of negligence, imprudence or inexperience also with regard to the predictability of the event;
- the overall conduct of the worker with particular regard to the existence or otherwise of previous disciplinary records of the same, within the limits permitted by the law;

- the worker's duties;
- the functional position of the individuals involved in the events representing the shortcoming;
- other particular circumstances which accompany the disciplinary violation.

With regard to the assessment of the afore-mentioned infractions, the disciplinary proceedings and the application of the sanctions, the powers already granted to company management, within the limits of the respective authority, remain unchanged.

The disciplinary system is constantly monitored by the SB and the Head of the Company's Personnel and Organization Department.

### **6.3 Measures vis-à-vis executives**

In the event of violation by Employees who cover the capacity of executive, of the procedures envisaged by this Model or adoption, when accomplishing Sensitive Activities, of conduct not compliant with the rules of said Model, the Company shall take steps to apply the most suitable measures vis-à-vis those responsible in compliance with the matters envisaged by the law and the applicable Collective Agreement, including termination of the employment relationship.

### **6.4 Measures vis-à-vis Directors**

In the event of violation of the Model by the Company's Directors, the Supervisory Body informs the Board of Statutory Auditors and the entire Board of Directors who will take steps to adopt the most suitable measures envisaged by current legislation.

### **6.5 Measures vis-à-vis Statutory Auditors**

In the event of violation of the Model by one or more Statutory Auditors, the Supervisory Body informs the entire Board of Statutory Auditors and the Board of Directors who will take the appropriate measures.

### **6.6 Measures vis-à-vis members of the Supervisory Body**

In the event of violation of this Model by one or more members of the Supervisory Body, the other members of the Supervisory Body or any one of the Statutory Auditors or the Directors, shall immediately inform the Board of Statutory Auditors and Board of Directors who will take the appropriate measures including, for example, the removal of the members of the Supervisory Body who have violated the Model from office and



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the consequent appointment of new members replacing the same or the removal from office of the entire body and the consequent appointment of a new Supervisory Body.

#### **6.7 Measures vis-à-vis Consultants, Partners, Suppliers, Agents and Clients**

Any violation by Consultants, Partners, Suppliers, Agents or Clients of the regulations pursuant to this Model applicable to the same or the committing of offences is sanctioned in accordance with the matters envisaged in the specific contractual clauses included in the related contracts.

Any request for compensation remains valid if said conduct leads to tangible damages for the Company, as in the case of application of the measures envisaged by Italian Legislative Decree No. 231/2001 to the same by a judge.

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## CHAPTER 7

### 7.1 *Checks on the Model's adequacy*

In addition to the supervisory activities which the SB carries out on a continual basis on the effectiveness of the Model (which involve checking the consistency between the effective conduct of the Recipients and the Model itself), the latter periodically carries out specific checks on the real ability of the Model to prevent the Offences.

These activities include a sample check on the main company documents and most significant contracts finalized or negotiated by CESI in relation to the Sensitive Activities and the compliance of the same with the regulations contained in this Model.

In addition, a review is made of all the reports received during the year, the action undertaken by the SB, the events considered to be risky and the Employees and the Corporate Bodies' awareness of the problem of the criminal liability of the company, by means of sample checks.

As a rule, the SB also avails itself of the support of those internal divisions which, from time to time, become necessary for the purpose of these checks.

The checks and the outcome of the same form the subject matter of an annual report to the Board of Directors. In detail, if the outcome is negative, the SB indicates the improvements to be implemented in the plan relating to the year.