



***TOZZI GREEN S.P.A.  
ORGANISATION, MANAGEMENT, AND CONTROL MODEL  
PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231 DATED  
JUNE 8TH, 2001***

***Version updated and approved by the Board of Directors on 17 December 2021***

**Table of Contents**

Table of Contents..... 2

DEFINITIONS ..... 4

FOREWORD ..... 6

STRUCTURE OF THE MODEL ..... 7

GENERAL SECTION ..... 8

1. ITALIAN LEGISLATIVE DECREE NO. 231/2001 ..... 9

    1.1.1 KEY CHARACTERISTICS AND SCOPE OF APPLICATION .....9

    1.1.2 TYPES OF OFFENCES IDENTIFIED BY THE DECREE AND SUBSEQUENT AMENDMENTS THERETO .....9

    1.2 CRITERIA FOR ATTRIBUTING LIABILITY TO THE ORGANISATION .....16

    1.3 GUIDANCE OF THE DECREE CONCERNING THE CHARACTERISTICS OF THE ORGANISATION, MANAGEMENT, AND CONTROL MODEL .....18

    1.3.1 CRIMES COMMITTED ABROAD.....19

    1.4 LIABILITY IN THE EVENT OF CHANGES TO THE ORGANISATION.....19

    1.5 SANCTIONS .....20

    1.6 THE BENEFIT OF REDUCING THE DURATION OF DISQUALIFICATION SANCTIONS .....22

    1.7 CONFINDUSTRIA "GUIDELINES" .....22

    1.8 EVOLUTION OF CASE LAW .....23

2. PROCESS OF DRAFTING THE MODEL..... 25

    2.1 THE COMPANY’S DECISION.....25

    2.2 METHODOLOGICAL APPROACH ADOPTED.....25

3. THE ORGANISATION, MANAGEMENT, AND CONTROL MODEL ..... 28

    3.1 AIMS OF THE MODEL .....28

    3.2 KEY ELEMENTS OF THE MODEL .....29

    3.3 CODE OF ETHICS.....29

    3.4 RECIPIENTS OF THE MODEL .....30

    3.5 ADOPTION, AMENDMENTS, AND ADDITIONS TO THE MODEL.....30

4. THE COMPONENTS OF THE PREVENTIVE CONTROL SYSTEM ..... 32

    4.1 SYSTEM OF ETHICAL PRINCIPLES .....32

    4.2 ORGANIZATION SYSTEM.....33

    4.3 AUTHORISATION SYSTEM .....34

    4.4 MANAGEMENT AND CASH FLOW CONTROL SYSTEM .....34

    4.5 INFORMATION AND TRAINING PROGRAMME .....35

    4.6 DISCIPLINARY SYSTEM .....35

    4.7 SYSTEM OF OPERATING PROCEDURES.....35

    4.8 INFORMATION AND IT APPLICATIONS SYSTEMS .....36

5. SUPERVISORY BODY ..... 37

    5.1 IDENTIFYING THE REQUISITES OF THE SB.....37

    5.2 IDENTIFYING THE SB .....38

    5.3 PROCEDURE FOR APPOINTING THE SB AND TERM OF OFFICE .....38

    5.4 CAUSES OF INELIGIBILITY, REASONS FOR AND POWERS OF REVOCATION .....39

    5.5 DUTIES OF THE SB .....40

    5.6 OBLIGATIONS TO PROVIDE INFORMATION TO THE SUPERVISORY BODY .....42

- 5.7 SB REPORTING .....44
- 5.8 RETENTION OF INFORMATION .....45
- 6. DISSEMINATION OF THE MODEL..... 46
  - 6.1 INITIAL COMMUNICATION .....46
  - 6.2 TRAINING OF PERSONNEL.....46
- 7. DISCIPLINARY SYSTEM..... 47
  - 7.1 VIOLATIONS OF THE MODEL.....47
  - 7.2 MEASURES WITH REGARDS TO EMPLOYEES .....49
  - 7.3 VIOLATIONS OF THE MODEL BY EXECUTIVES AND RELATED MEASURES .....52
  - 7.4 MEASURES AGAINST MEMBERS OF THE GOVERNING BODY, MEMBERS OF THE BOARD OF STATUTORY AUDITORS, AND MEMBERS OF THE SUPERVISORY BODY .....53
  - 7.5 MEASURES AGAINST CONSULTANTS, SUPPLIERS, LOCAL PARTNERS, CONTRACTORS, AND COLLABORATORS INVOLVED IN THE SENSITIVE ACTIVITIES .....54

## DEFINITIONS

**“Agents/Brokers”** Persons not employed by the Company who act in the name of and on behalf of the Company (mainly abroad) under an agency/broker agreement.

**“Contractors”** Conventionally, this means all the contractors of works or services pursuant to the Italian Civil Code, as well as the subcontractors, temporary workers, self-employed workers (including agents and brokers) who have entered into a contract with the Company and whose services it uses in the Sensitive Processes.

**“Sensitive Process/Activity”** The set of company activities and operations organised in order to pursue a specific purpose or manage a specific company area of Tozzi Green S.p.A., in areas that are potentially at risk of the commission of one or more crimes provided for by the Decree, as listed in the Special Sections of the Model, also referred to generally and collectively as area(s) at risk.

**“Parent Company”** Tozzi Holding S.r.l.

**“CCNL”** National Collective Labour Agreement.

**“Consultants”** Persons not employed by the Company who act in the name of and/or on behalf of Tozzi Green S.p.A. on the basis of a mandate or other collaborative relationship.

**“Decree”** Italian Legislative Decree no. 231 of 8 June 2001. (It. Legislative Decree 231/01).

**“Mandate”** An internal document conferring duties within the company organisation.

**“Recipients”** All those to which the Model is addressed and, in particular: the Corporate Bodies and their members, the Employees, the Local Partners, the Contractors, the Suppliers, the Consultants, the Collaborators (with particular reference to project workers and temporary workers) involved in the Sensitive Activities, the employees of other Group Companies involved in the Sensitive Activities, as well as the members of the Supervisory Body, insofar as they do not belong to the above categories (see also Section 3.3).

**“Suppliers”** Suppliers of goods (goods and materials for production) and services (excluding consulting) that the Company uses within the scope of the Sensitive Processes.

**“Tozzi Green Group”** This is the Group of Companies headed by Tozzi Holding S.r.l., although the sole logo adopted by this group is that of Tozzi Green S.p.A.

**“Model”** The organisation, management, and control model envisaged by the Decree.

**“SB”** The Supervisory Body envisaged by the Decree.

**“Sensitive Operation”** Set of activities of particular relevance carried out by Tozzi Green S.p.A. within the context of the Sensitive Processes/Activities.

**“Governing Body”** Board of Directors of Tozzi Green S.p.A.

**“Process Owner”** The person who, due to the organisational position held or the activities carried out, is most involved in the relevant Sensitive Activity or has the greatest visibility with regard to such activity for the purposes of Model 231.

**“Power of Attorney”** The unilateral legal instrument by means of which the company grants powers of representation in dealings with third parties.

**“Crimes/offences”** The types of crimes/offences covered by the Decree.

**“Local Partners”** These are the partners with which Tozzi Green S.p.A. forms Joint Ventures in Italy and internationally for the development of the Company's business. The relationships are governed by the stipulation of *joint ventures* or the establishment of an SPV (Special Purpose Vehicle).

**“Company” or “Tozzi Green S.p.A.” or “Tozzi Green”** Tozzi Green S.p.A., with registered office located in Mezzano, Ravenna (RA) at Via Brigata Ebraica 50, Tax Code and Company Registry number 02132890399, and Economic and Administrative Registry (REA) number: RA- 174504.

**“Group Companies”** All companies belonging to the Group headed by Tozzi Holding S.r.l., which exercises control over them pursuant to Article 2359 of the Italian Civil Code.

## FOREWORD

Tozzi Green S.p.A. is a company operating in the renewable energy sector, dealing with the development of authorisation procedures for the construction of new plants, the construction of plants on an Engineering, Procurement, and Construction (EPC) basis and the operation and maintenance of plants as an Operation and Maintenance (O&M) contractor for hydroelectric, wind, photovoltaic, biomass, and biogas plants, for the production and sale of energy, also offering Asset Management services (including the management of contracts and reporting).

The Board of Directors of Tozzi Green (hereinafter also the "Company" or "Tozzi Green"), in its meeting of 4 February 2013, approved the "Organisation, management, and control model" pursuant to Italian Legislative Decree no. 231 of 8 June 2001, containing the "Regulations regarding the administrative liability of legal entities, companies, and associations, including those without legal personality, pursuant to Article 11 of Italian Law no. 300 of 29 September 2000".

Subsequently, the Model was reviewed and updated in 2016, in 2019 and then again in 2021 and approved in its present form by resolution of the Board of Directors on 17 December 2021.

At the same time as the Model was adopted, the Board of Directors appointed a specific body, called the Supervisory Body, to which it entrusted the supervisory and control duties provided for in the Decree.

## STRUCTURE OF THE MODEL

Tozzi Green's Organisation, Management, and Control Model consists of a "General Section" and a number of "Special Sections" (as better specified below) and the documents referred to from time to time in the Model text, which are to be considered an integral part of the Model itself.

In the General Section, after a review of the principles of the Decree (Chapter 1), the methodology used to develop the Model is described (Chapter 2), followed by an illustration of the purpose and nature of the Model, a description of the procedures for its implementation and amendment (Chapter 3), the components of the preventive control system (Chapter 4), the characteristics and functioning of the Supervisory Body (Chapter 5), the procedures for disseminating the Model (Chapter 6), and the disciplinary system associated with any breaches of the principles set out in the Model (Chapter 7).

The Company has decided to start the process of coming into compliance with Italian Legislative Decree 231/01 by carrying out *Control & Risk Self-Assessment and Gap Analysis* (hereinafter also *CRSA*) activities, with reference to the following categories of crimes:

- Crimes against the Public Administration;
- Crimes relating to counterfeiting of money, banknotes, legal tender, government-issued bearer certificates, revenue stamps, and identification instruments or marks;
- Crimes against industry and trade;
- Corporate crimes, including the crime of corruption between private parties and incitement to corruption between private parties;
- Crimes against individuals, with specific reference to the crime of illegal brokering and labour exploitation;
- Crimes of manslaughter and grievous and very grievous negligent personal injury committed in violation of the regulations on occupational health and safety;
- Crimes of receiving stolen goods, money laundering, use of money or other assets of unlawful origin, and self-money laundering;
- Crimes involving the violation of copyright laws;
- Crime of inducement not to make statements or to make false statements to the Judicial Authorities;
- Environmental crimes;
- Employment of citizens of other countries without a valid residence permit and crimes of illegal immigration;
- Tax crimes;
- Smuggling offences.

The Company reserves the right at a later stage to assess extending this CRSA to other types of crimes referred to in the Decree.

On the basis of this preliminary assessment and the results of the CRSA activities, a number of "Special Sections" dedicated to each of the above-mentioned categories of crimes have been drawn up, with the aim of:

- Providing the Recipients with a representation of the Company's organisation, management, and control system, as well as an example of how crimes may be committed in the context of each Sensitive Activity;
- Indicating to the Recipients the principles of conduct, the general rules of conduct, and the specific requirements with which they must comply in carrying out their activities.

The documentation prepared as a result of the Control & Risk Self-Assessment and Gap Analysis activities is an integral part of the Model.

**GENERAL SECTION**



**1. ITALIAN LEGISLATIVE DECREE NO. 231/2001****1.1.1 KEY CHARACTERISTICS AND SCOPE OF APPLICATION**

The Decree introduces and regulates the administrative liability of organisations for crimes. This Decree, which implements Community legislation on combating corruption, has innovated our legal system, which until 2001 had no criminal or administrative liability for collective bodies, which could at most be required to pay, jointly and severally, the fines, penalties, and administrative sanctions imposed on their legal representatives, directors, or employees. Since 2001, the Decree has been continuously updated, with the aim of progressively broadening its scope of application, by introducing new categories of predicate crimes, as will be described in section 1.2 below.

The scope of application of the Decree is quite broad and affects all organisations with legal personality, companies, associations, including those without legal personality, public economic organisations, and private organisations providing a public service. Excluded from the scope of the Decree are the government, territorial public organisations, non-economic public organisations, and organisations that perform functions of constitutional importance (e.g. political parties and trade unions).

The new liability assigned to organisations is based on the following punitive model: the legislature identifies certain types of crimes, the perpetrators of which are always natural persons, which may be committed in the interest or to the advantage of an organisation; it then identifies a specific link between the perpetrator of the crime and the organisation, so that it may be inferred that the perpetrator of the crime has acted, within the scope of the activities carried out, for the organisation; the link between the natural person and the organisation and the link between the crime and the interests of the organisation give rise to the latter's direct liability; it chooses a specific punitive system for the organisation, which is separate from the system applicable to the natural person.

The liability of the organisation therefore arises if:

- ✓ A crime is committed to which the Decree links the liability of the organisation;
- ✓ The crime has been committed by a person who has a particular link with the organisation;
- ✓ There is an interest or advantage for the organisation in the commission of the crime.

The nature of this new form of corporate liability is mixed. It can be defined as a liability that combines the essential features of the criminal system with those of the administrative system. The organisation is liable for an administrative offence and is punished with an administrative sanction, but the mechanism for imposing sanctions is based on criminal procedure; the competent authority for challenging the offence is the Public Prosecutor and the competent authority for imposing sanctions is the criminal court.

The administrative liability of the organisation is independent of that of the natural person who committed the offence and, therefore, exists even if the perpetrator of the crime has not been identified or if the offence has been extinguished for a reason other than an amnesty.

The liability of the organisation, in any case, is in addition to and does not replace that of the natural person who committed the crime.

**1.1.2 TYPES OF OFFENCES IDENTIFIED BY THE DECREE AND SUBSEQUENT AMENDMENTS THERETO**

The liability of the organisation is subject to the limits provided for by law. The first and most important limit consists of the limited number of offences for which the organisation may be held liable. This means that the organisation cannot be punished for any offence committed in the course of its activities, but only for offences specified by the legislature and expressly indicated by law. Articles 24 et seq. of the Decree, in its original version and subsequent amendments, indicate the crimes (known as predicate crimes) that may result in the liability of the organisation.

The limitation of the applicability of the Decree to predicate crimes only is logical and understandable: it would not make sense to punish the organisation for the commission of crimes that have no connection with

its activities and that result solely from the choices or interests of the natural person who commits them. These are very diverse categories of offences. Some are typical of and exclusive to the business activity; others, on the other hand, normally go beyond the actual business activity, and relate to typical activities of criminal organisations.

As at the date of approval of this Model, the predicate crimes envisaged by the Decree belong to the categories listed below:

**Crimes committed in relations with the Public Administration (Articles 24 and 25):**

- Embezzlement against the State (art. 316-bis of the Italian Criminal Code)
- misappropriation of funds causing damage to the State (Article 316 ter of the Italian Criminal Code);
- Fraud against the State or other public agency or the European Communities (Art. 640, par. 2, subpar. 1 of the Italian Criminal Code)
- Aggravated fraud to obtain public funds (Article 640 bis of the Italian Criminal Code);
- Cyber fraud against the State or other public agency (Article 640 ter, Italian Crim. Code);
- Fraud in public procurement (art. 356 of the Italian Criminal Code);
- Fraud against the European Agricultural Fund (art. 2 of Italian Law no. 898/1986);
- Extortion (Article 317 of the Italian Criminal Code);
- Corruption in the exercise of public functions (art. 318 of the Italian Criminal Code);
- Corruption for an act contrary to official duties (Art. 319 of the Italian Criminal Code);
- Aggravating circumstances (Art. 319-bis Italian Criminal Code);
- Corruption in judicial proceedings (Art. 319-ter Italian Criminal Code);
- Undue inducement to give or promise benefits (art. 319-quater of the Italian Criminal Code);
- Corruption of a person in charge of a public service (art. 320 of the Italian Criminal Code);
- Sanctions for the corrupter (Art. 321 Italian Criminal Code);
- Incitement to corruption (Art. 322 Italian Criminal Code);
- Embezzlement, extortion, undue inducement to give or promise benefits, corruption and incitement to corruption of members of International Courts or bodies of the European Communities or international parliamentary assemblies or international organisations and officials of the European Communities and officials of foreign countries (art. 322-bis of the Italian Criminal Code);
- Improper influence peddling (art. 346-bis of the Italian Criminal Code);
- Embezzlement (limited to the first paragraph) (Art. 314 of the Italian Criminal Code);
- Embezzlement by profiting from others' mistakes (art. 316 of the Italian Criminal Code);
- Abuse of office (art. 323 of the Italian Criminal Code).

**Computer crime and unlawful processing of data (Article 24-bis)**

- Forgery of public IT document or with probative value (Article 491 bis of the Italian Criminal Code);
- Unauthorized access to information or telecommunication systems (Article 615-ter, Italian Criminal Code);
- Unauthorized possession and circulation of access codes to information or telecommunication systems (Article 615-quater of the Italian Criminal Code);
- Distribution of electronic equipment, devices or software programs designed to damage or disrupt another information or telecommunication system (art. 615 quinquies of the Italian Criminal Code);
- Illicit interception, prevention or interruption of computer or network communications ( Article 617-quater of the Italian Criminal Code);
- Installation of devices finalized to intercept, prevent or interrupt computer or network communications (Article 617 quinquies of the Italian Criminal Code);
- Damage to information, data and computer programs (Article 635-bis of the Italian Criminal Code);
- Damage to information, data and computer programs used by the State or other public entity or public utility (Article 635 ter of the Italian Criminal Code);
- Damage to information or telecommunications systems (Article 635-quater, Italian Criminal Code);

- Damage to public-utility information or telecommunication systems (art.635 quinquies of the Italian Criminal Code);
- Computer fraud by the subjects which provide electronic signature certification services (Article 640 quinquies of the Italian Criminal Code);
- Violation of the regulations on the National Cyber Security Perimeter (Article 1, paragraph 11 of Italian Decree-Law no. 105 of 21 September 2019).

**Organised crime offences (Article 24-ter)**

- Criminal association (Article 416 of the Italian Criminal Code);
- Mafia associations, including when foreign (art. 416-bis of the Italian Criminal Code);
- Electoral exchanges between politicians and the mafia (Article 416-ter of the Italian Criminal Code);
- Kidnapping for the purpose of extortion (Article 630 of the Italian Criminal Code);
- Association for the illegal trade of narcotics and psychotropic substances (Article 74 of Italian Presidential Decree no. 309 of 09 October 1990);
- Crimes of illegal manufacture, introduction into the country, offering for sale, sale, possession and carrying in a public place or a place open to the public, of war or warlike weapons or parts thereof, explosives, illegal weapons as well as common firearms, excluding those specified in art. 2, par. 3 of Italian Law no. 110 of 18 April 1975 (Article 407(2)(a)(5) of the Italian Code of Criminal Procedure).

**Crimes of counterfeiting of money, banknotes, legal tender, government-issued bearer certificates, revenue stamps, and identification instruments or marks (Article 25-bis)**

- Counterfeiting money, spending and introduction of counterfeit money into the country, through intermediaries (Article 453 of the Italian Criminal Code);
- Alteration of money (Article 454 of the Italian Criminal Code);
- Spending and introduction of counterfeit money into the country, without intermediaries (Art. 455 of the Italian Criminal Code);
- Spending of counterfeit money received in good faith (Article 457 of the Italian Criminal Code);
- Falsification of revenue stamps, introduction into the Country, purchase, possession or circulation of counterfeit stamps (Article 459 of the Italian Criminal Code);
- Counterfeiting of watermarked paper used for manufacturing government-issued bearer certificates or revenue stamps (Article 460 of the Italian Criminal Code);
- Manufacture or possession of watermarks or tools for counterfeiting money, revenue stamps or watermarked paper (Article 461 of the Italian Criminal Code);
- Use of counterfeit or altered revenue stamps (Article 464 of the Italian Criminal Code);
- Counterfeiting, alteration, or use of trademarks or distinctive marks or patents, models, or drawings (Article 473 of the Italian Criminal Code);
- Introduction into the Country and trade of products with false marks (Article 474 of the Italian Criminal Code);

**Crimes against industry and trade (Article 25-bis.1)**

- Obstructing industry or commerce (Art. 513 of the Italian Criminal Code);
- Unfair competition with threats or violence (Art. 513-bis of the Italian Criminal Code);
- Fraud against national industries (Art. 514 of the Italian Criminal Code);
- Fraudulent trading (Art. 515 of the Italian Criminal Code);
- Sale of non-genuine food as genuine (Art. 516 of the Italian Criminal Code);
- Sale of industrial products with misleading signs (Art. 517 of the Italian Criminal Code);
- Manufacture and sale of goods made by usurping industrial property (Art. 517-ter, Italian Criminal Code);
- Counterfeiting of geographical indications and designations of origin for agricultural and food products (Art. 517-quater of the Italian Criminal Code).

**Corporate crimes, including the crime of corruption between private parties and incitement to corruption between private parties (Article 25-ter)**

- False corporate communications (Article 2621 of the Italian Civil Code);
- Minor offences (Article 2621-bis of the Italian Civil Code);
- False corporate communications by listed companies (Article 2622 of the Italian Civil Code);
- Obstruction of controls (Article 2625, par.2 of the Italian Civil Code);
- Improper return of capital (Article 2626 of the Italian Civil Code);
- Illegal distribution of profits and reserves (Art. 2627 of the Italian Civil Code);
- Illegal transactions involving shares or quotas or parent company shares (Art. 2628 of the Italian Civil Code);
- Transactions causing detriment to creditors (Art. 2629 of the Italian Civil Code);
- Omitted disclosure of conflict of interest (Art. 2629-bis of the Italian Civil Code);
- Fictitious capital formation (Article 2632 of the Italian Civil Code);
- Improper distribution of corporate assets by liquidators (Art. 2633 of the Italian Civil Code);
- Corruption between private parties (Article 2635, par. 3 of the Italian Civil Code);
- Incitement to corruption between private parties (Article 2635-bis of the Italian Civil Code);
- Undue influence over Assembly (Art. 2636 Italian Civil Code);
- Manipulating the Market (Art. 2637 of the Italian Civil Code);
- Obstruction of the functions of public supervisory authorities (Art. 2638, par.1 and 2 of the Italian Civil Code).

**Crimes of terrorism or subversion of the democratic order (Article 25-quater)**

- Subversive associations (Art. 270 of the Italian Criminal Code);
- Association finalized to terrorism (also international terrorism) or subversion of the democratic order (art. 270-bis of the Italian Criminal Code);
- Aggravating and mitigating circumstances (Art. 270-bis.1 of the Italian Criminal Code);
- Assistance to associates (Article 270-ter of the Italian Criminal Code);
- Recruitment for the purposes of terrorism, including international terrorism (Art. 270-quater of the Italian Criminal Code);
- Organisation of transfer for the purposes of terrorism (Art. 270-quater.1);
- Training for the purposes of terrorism, including international terrorism (Art. 270-quinquies of the Italian Criminal Code);
- Financing of acts of terrorism (Art. 270-quinquies.1 of the Italian Criminal Code);
- Misappropriation of assets or money placed under sequestration (Art. 270-quinquies.2 of the Italian Criminal Code);
- Acts of terrorism (Art. 270-sexies of the Italian Criminal Code);
- Attack for purposes of terrorism or subversion (art. 280 of the Italian Criminal Code);
- Terrorist attack with murderous weapons or explosives (Article 280-bis of the Italian Criminal Code);
- Act of nuclear terrorism (Art. 280-ter of the Italian Criminal Code);
- Kidnapping for the purpose of terrorism or subversion (Article 289 -bis of the Italian Criminal Code);
- Kidnapping for the purpose of coercion (Art. 289-ter of the Italian Criminal Code);
- Incitement to commit any of the crimes envisaged by the first and second chapters (Art. 302 of the Italian Criminal Code);
- Political conspiracy by agreement (Art. 304 of the Italian Criminal Code);
- Political conspiracy by association (Art. 305 of the Italian Criminal Code);
- Constitution of and Participation in Armed Gangs (Art. 306 of the Italian Criminal Code);
- Assistance to participants of conspiracies or armed gangs (Art. 307 of the Italian Criminal Code);
- Seizure, hijacking, and destruction of an aircraft (Italian Law no. 342/1976, art. 1);
- Damage to ground installations (Italian Law no. 342/1976, art. 2);
- Penalties (Italian Law no. 422/1989, art. 3);

- Urgent measures for the protection of the democratic order and public security (Art. 1, Italian Decree-Law no. 625 of 15/12/1979, converted with amendments into Italian Law no. 15 of 06/02/1980);
- International Convention for the Suppression of the Financing of Terrorism, subscribed in New York on 9th December 1999 (Article 2).

**Practices of female genital mutilation (article 25-*quater*.1)**

- Practices of female genital mutilation (Art. 583 bis of the Italian Criminal Code).

**Crimes against individuals (Article 25-*quinquies*)**

- Reducing or maintaining individuals in slavery or servitude (Art. 600 of the Italian Criminal Code);
- Child prostitution (Art. 600-bis, par. 1 and par. 2 of the Italian Criminal Code);
- Child pornography (Art. 600-ter of the Italian Criminal Code);
- Possession of pornographic material (Article 600-*quater* of the Italian Criminal Code);
- Virtual pornography (Art. 600-*quater*, par.1 of the Italian Criminal Code);
- Tourism initiatives finalized to the exploitation of child prostitution (Art. 600 *quinquies* of the Italian Criminal Code);
- Human trafficking (Art. 601 of the Italian Criminal Code);
- Buying and selling slaves (Article 602 of the Italian Criminal Code);
- Illegal intermediation and labor exploitation (Art. 603-bis of the Italian Criminal Code);
- Lure of minors (Art. 609-*undecies* of the Italian Criminal Code).

**Market abuse (article 25-*sexies*)**

- Abuse of insider information (Art.184 of It. Leg. Decree no. 58/1998);
- Market manipulation (Art. 185 of Italian Legislative Decree no. 58/1998).

**Manslaughter and grievous or very grievous negligent personal injury, committed in violation of the regulations on occupational health and safety (Article 25-*septies*)**

- Manslaughter (Art. 589 of the Italian Criminal Code)
- Grievous or very grievous negligent personal injury (Art. 590 of the Italian Criminal Code).

**Receiving stolen goods, money laundering, use of money or other assets of unlawful origin, and self-money laundering (Article 25-*octies*)**

- Receiving stolen goods (Art. 648 of the Italian Criminal Code);
- Laundering (Art. 648 bis of the Italian Criminal Code);
- Use of money, goods or assets of illicit origin (Art. 648-ter of the Italian Criminal Code);
- Self-laundering (Art. 648-ter.1 of the Italian Criminal Code).

**Crimes related to payment instruments other than cash (Art. 25-*octies*.1)**

- Misuse and falsification of payment instruments other than cash (Art. 493-ter of the Italian Criminal Code);
- Possession and distribution of equipment, devices, or computer programs aimed at committing crimes involving payment instruments other than cash (Article 493-*quater* of the Italian Criminal Code);
- Computer fraud (already punishable under Art. 24 of Italian Legislative Decree no. 231/2001 when committed to the detriment of the State or other public body or the European Union) punished under Art. 25-*octies* 1 if aggravated by the transfer of money, monetary value, or virtual currency (Art. 640-ter, par. 2 of the Italian Criminal Code)
- Any other crime envisaged by the Italian Criminal Code against the public trust, against public assets, or which in any case damages public assets, if it concerns instruments of payment other than cash.

**Crimes involving the violation of copyright laws (Article 25-*novies*)**

- Entry into computer network systems available to the public, through connections of any kind, of original works protected by copyright or a part thereof (Art. 171, par. 1, subpar. a-bis of Italian Law no. 633/41);
- Aforementioned offenses committed on the work of others not intended for publication if it would offend the honor or reputation (Article 171 of It. Law no. 633/1941, paragraph 3);
- Illegal copying of computer programs, for profit; import, distribution, sale, possession for commercial or business purposes, or leasing of programs distributed on media not marked by SIAE; provision of tools finalized to remove or circumvent protective devices of computer programs (Article 171- bis of It.Law no. 633/1941, paragraph 1);
- Reproduction, transfer to another medium, distribution, communication, display or performance to the public of the contents of a database; extraction or re-utilization of a database; distribution, sale or leasing of a database (Art. 171-bis It.Law no. 633/1941, par.2);
- Illegal copying, reproduction, transmission or public distribution by any means, in whole or in part, of intellectual property intended for television, cinema or sale or rental of records, tapes or similar media or any other media containing sound or video recordings of musical, cinematographic, or audiovisual works or sequences of moving images; literary, dramatic, scientific, educational, musical or dramatic-musical, multi-media works, even if included in bundles or databases; unauthorised reproduction, duplication, transmission, or distribution, sale, transfer, or import of more than fifty copies or specimens of works protected by copyright and related rights; placement into a system of computer networks through connections of any kind, of intellectual works protected by copyright, or a part thereof (Art. 171-ter of Italian Law no. 633/41);
- Omitted notification to SIAE of identification data of media not subject to marking or false declaration (Section 171- septies It.Law no. 633/41);
- Fraudulent production, sale, import, promotion, installation, alteration, use for public and private use of equipment for decoding of audiovisual transmissions subject to controlled access, via air, via satellite, cable, with signals both analogic and digital (Section 171-octies It.Law no. 633/41).

**Inducement not to make statements or to make false statements to the Judicial Authorities (article 25-decies)**

- Inducement not to make statements or to make false statements to the Judicial Authorities (article 377-bis of the Italian Criminal Code).

**Environmental crimes (Article 25-undecies)**

- Environmental pollution (Art. 452-bis of the Italian Criminal Code);
- Environmental disaster (Art. 452-quater of the Italian Criminal Code);
- Unintentional environment crimes (Art. 452-quinquies of the Italian Criminal Code);
- Traffic and littering of highly radioactive materials (Art. 452-sexies of the Italian Criminal Code);
- Aggravating circumstances (Art. 452-octies of the Italian Criminal Code);
- Activities organized for the illegal trade of waste (Art. 452-quaterdecies of the Italian Criminal Code);
- Killing, destruction, capture, collection, holding of specimens of protected wild animal or plant species (Art. 727-bis of the Italian Criminal Code);
- Destruction or degradation of habitat inside a protected site (Article 733-bis of the Italian Criminal Code);
- Discharge of unauthorised waste (Art. 137, par. 2, 3, 5, 11, and 13 of Italian Legislative Decree no. 152/2006, also known as the "Consolidated Environmental Act");
- Unauthorised waste management activities (Art. 256, par. 1, 3, 5, and 6 of Italian Legislative Decree no. 152/2006, also known as the "Consolidated Environmental Act");
- Pollution of the soil such as to require clean-up operations (Art. 257, par. 1 and 2 of Italian Legislative Decree no. 152/2006, also known as the "Consolidated Environmental Act");
- Falsification of waste analysis results (Art. 258, par. 4, second sentence, of Italian Legislative Decree no. 152/2006, also known as the "Consolidated Environmental Act");

- Illegal waste trafficking (Art. 259, par. 1 of Italian Legislative Decree no. 152/2006, also known as the “Consolidated Environmental Act”);
- Intentionally false statements on the waste analysis certificate used in the context of the SISTRI (Waste tracking system) - Handling Area, and material falsity and intentionally false statements on the SISTRI - Handling Area form (Art. 260-bis of Italian Legislative Decree no. 152/2006);
- Violation of atmospheric emission limits and/or non-compliance with the provisions of the emissions authorisation (Art. 279, par. 5 of Italian Legislative Decree no. 152/2006, also known as the “Consolidated Environmental Act”);
- Importing, exporting or re-exporting, selling, displaying for sale, holding for sale, transporting, also on behalf of third parties, or holding specimens of species listed in Annex A, Appendix I, in Annex B, and in Annex C, part 1, of Regulation (EEC) no. 3626/82 and subsequent amendments thereto (Art. 1, pars. 1 and 2, Art. 2, pars. 1 and 2, and Art. 6, par. 4 of Italian Law no. 150/1992);
- Falsification or alteration of CITES protected species certificates ( Art. 3-bis of Italian Law no. 150/1992);
- Possession of live specimens of wild mammals and reptiles and live specimens of mammals and reptiles bred in captivity which are a danger to public health and safety (Art. 6 of Italian Law no. 150/1992);
- Use of the ozone-depleting substances listed in Table A of Law 91/594/EC (Art. 3, par. 6 of Italian Law no. 549/1993);
- Ship-source pollution (Arts. 8 and 9 of Italian Legislative Decree no. 202/2007).

**Crimes involving the employment of citizens of other countries without a valid residence permit and crimes of illegal immigration (Article 25-duodecies)**

- Provisions against illegal immigration (Art. 12, par. 3, 3-bis, 3-ter, and 5 of Italian Legislative Decree no. 286/1998);
- Employment of foreign workers without the residence permit referred to in Art. 22 of Italian Legislative Decree no. 286 of 25 July 1998, or whose permit has expired – and whose renewal has not been applied for by the legal deadline – or has been revoked or cancelled (Art. 22, par. 12 of Italian Legislative Decree no. 286/98). The aggravated cases (Art. 22, par. 12-bis of Italian Legislative Decree no. 286/98) in respect of which, pursuant to Art. 2 of Italian Legislative Decree no. 109/2012, Italian Legislative Decree no. 231/2001 becomes applicable, concern cases in which the workers employed are (alternately):
  - o more than three in number;
  - o minors of non-working age;
  - o exposed to situations of serious danger, with reference to the services to be performed and the working conditions ( Art. 603-bis, par. 3 of the Italian Criminal Code).

**Crimes of racism and xenophobia (Article 25-terdecies)**

- Propaganda and incitement to commit racial, ethnic, or religious discrimination (Article 604-bis of the Italian Criminal Code).

**Crimes of fraud in sports competitions, illegal gambling or betting, and gambling by means of prohibited equipment (art. 25-quaterdecies):**

- Fraud in sports competitions (Art. 1 of Italian Law no. 401/1989);
- Illegal gambling or betting (Art. 4 of Italian Law no. 401/1989).

**Tax offences (Article 25-quinquiesdecies):**

- Fraudulent tax declaration through the use of invoices or other documents for non-existent transactions (Art. 2 of Italian Legislative Decree no. 47/2000);
- Fraudulent tax declaration through other means (Art. 3 of Italian Legislative Decree no. 74/2000);
- Understated tax declaration (Art. 4 of Italian Legislative Decree no. 74/2020);

- Failure to file tax declaration (Art. 5 of Italian Legislative Decree no. 74/2020);
- Issuance of invoices or other documents for non-existent transactions (Art. 8 of Italian Legislative Decree no. 74/2000);
- Concealment or destruction of accounting documents (Art. 10 of Italian Legislative Decree no. 74/2000);
- Undue compensation (Art. 10-quater of Italian Legislative Decree no. 74/2020);
- Fraudulent evasion of tax payment (Art. 11 of Italian Legislative Decree no. 74/2000).

**Smuggling offences (Article 25-sexiesdecies):**

- Smuggling of goods across land borders and customs areas (Art. 282 of Italian Presidential Decree no. 73/1943);
- Smuggling of goods across border lakes (Art. 283 of Italian Presidential Decree no. 73/1943);
- Smuggling of goods by sea (Art. 284 of Italian Presidential Decree no. 73/1943);
- Smuggling of goods by air (Art. 285 of Italian Presidential Decree no. 73/1943);
- Smuggling in non-customs areas (Art. 286 of Italian Presidential Decree no. 73/1943);
- Smuggling for undue use of goods imported with customs facilities (Art. 287 of Italian Presidential Decree no. 73/1943);
- Smuggling in customs warehouses (Art. 288 of Italian Presidential Decree no. 73/1943);
- Smuggling in coastal navigation and traffic (Art. 289 of Italian Presidential Decree no. 73/1943);
- Smuggling in the export of goods eligible for the restitution of duties (Art. 290 of Italian Presidential Decree no. 73/1943);
- Smuggling in temporary import or export (Art. 291 of Italian Presidential Decree no. 73/1943);
- Smuggling of foreign manufactured tobacco (Art. 291-bis of Italian Presidential Decree no. 73/1943);
- Aggravating circumstances of the crime of smuggling foreign manufactured tobacco (Art. 291-ter of Italian Presidential Decree no. 73/1943);
- Criminal association involving the smuggling of foreign tobacco products (Article 291-quater of It. Presidential Decree no. 73/1943);
- Other cases of smuggling (Art. 292 of Italian Presidential Decree no. 73/1943);
- Aggravating circumstances of smuggling (Art. 295 of Italian Presidential Decree no. 73/1943);

**Transnational crimes (Article 10 of Italian Law no. 146/2006)**

- Criminal association (Article 416 of the Italian Criminal Code);
- Mafia association (Article 416 bis of the Italian Criminal Code);
- Criminal association involving the smuggling of foreign tobacco products (Article 291-quater of It. Presidential Decree no. 43/1973);
- Association for the illegal trade of narcotics and psychotropic substances (Article 74 of It. Presidential Decree no. 309/1990);
- Provisions against illegal immigration (Italian Legislative Decree no. 286/1998, Art. 12);
- Inducement not to make or to make false statements to the Judicial Authorities (Art. 377-bis of the Italian Criminal Code);
- Aiding and abetting (Article 378 of the Italian Criminal Code).

The list of predicate crimes is likely to be further expanded in the future.

**1.2 CRITERIA FOR ATTRIBUTING LIABILITY TO THE ORGANISATION**

If one of the predicate crimes is committed, the organisation can be punished only if certain conditions are met, which are defined as criteria for imputing the crime to the organisation. These criteria can be divided into "subjective" and "objective".



The first "subjective" criterion is that the crime was committed by a person connected to the organisation by a qualified relationship. There must, therefore, be a significant link between the individual/perpetrator of the crime and the organisation. Administrative liability of the organisation can only exist if the perpetrator of the crime belongs to one of these two categories:

**"Top-level managers"** such as, for example, legal representatives, directors, general managers, or directors of autonomous organisational units, as well as the persons who manage the organisation, even in a de facto manner. In essence, these are those who have autonomous power to take decisions in the name of and on behalf of the company. All persons delegated by the directors to manage or direct the company or its branches are also deemed to belong to this category. In this context, the structure of the system of delegation of powers and duties is of particular importance in the overall logic of defining this Organisation, Management, and Control Model.

**"Subordinates"** - all those who are subject to the management and supervision of top management, typically employees, but also persons not belonging to the organisation's staff, who have been entrusted with an assignment to be carried out under the direction and supervision of top management. What matters for the purposes of belonging to this category is not the existence of an employment contract, but the activity actually carried out. It is clear that the law is intended to prevent the organisation from being able to avoid liability by delegating to external partners activities in the context of which a crime may be committed. The external parties concerned include, for example, contractors and consultants who, on behalf of the company, carry out activities in its interest. Lastly, the Model also covers mandates or contractual relationships with persons not belonging to the company's staff, if these persons act in the name of, on behalf of, or in the interest of the company.

The second "objective" criterion is that the crime must be committed in the interest or to the advantage of the organisation. The crime must, therefore, concern the company's activity or the company must have had some benefit, even if only potential, from the crime. The two conditions are alternatives and it is sufficient that at least one of them exists:

- ✓ An "interest" exists when the perpetrator of the crime acted with the intention of providing an advantage to the company, regardless of whether this objective was subsequently achieved.
- ✓ An "advantage" exists when the company has derived, or could have derived, a positive result, economic or otherwise, from the offence.

The law does not require that the benefit obtained or hoped for by the organisation is necessarily of an economic nature: liability exists not only when the unlawful conduct results in a financial advantage, but also in the event that, even in the absence of such a concrete result, the offence is in the interests of the company.

Even an improvement in the company's position in the market, the concealment of a financial crisis, gaining a new territory are results that involve the interests of the company, without providing it with an immediate economic benefit.

The organisation is not liable if the offence was committed in the exclusive interest of the offender or in the exclusive interest of third parties.

The Decree also establishes the conditions under which an offence is not attributable to the organisation: if, prior to the commission of the offence, it adopted and effectively implemented an "organisation and management model" (the Model) that is capable of preventing the commission of crimes of the kind committed.

Looking at the law in a positive light, it can be stated that the organisation is liable for the offence only if it fails to adopt the Model or fails to comply with the required standards relating to its organisation and the performance of its activities: a shortcoming that can be attributed to a mistaken business policy or to structural deficiencies in the company's organisation. Since a company cannot express its own will to commit the offence, it is its representatives, directors, or organisation that will express and give concrete expression to its culpable participation in the commission of the offence. In order for the offence not to be attributed to it, the organisation must demonstrate that it has done everything in its power to organise itself, manage

itself, and monitor that an offence provided for in the Decree cannot be committed in the exercise of its business activity. This is why the Decree excludes liability only if the organisation can prove that:

- ✓ The Governing Body had, prior to the commission of the offence, adopted and effectively implemented organisation, management, and control models capable of preventing offences of the kind committed;
- ✓ The task of overseeing the functioning of, and compliance with, the models and ensuring that they are kept up to date was entrusted to a body within the organisation which has independent powers of action and control (Supervisory Body, refer to section 5 below);
- ✓ The persons committed the offence by fraudulently by-passing the organisational, management and control models;
- ✓ The oversight provided by the above-mentioned body was neither lacking nor inadequate.

The conditions listed above must all be met in order for the liability of the organisation to be excluded. The company's exemption from guilt therefore depends on the adoption and effective implementation of a Model for the prevention of crimes and the establishment of a Supervisory Body for the Model. The Supervisory Body is assigned the responsibility of monitoring the activity's compliance with the standards and procedures defined in the Model. In particular, the Decree assigns the following tasks to the Supervisory Body:

- ✓ Supervision of the functioning of the Model;
- ✓ Possible updating of the Model;
- ✓ Acquisition of information relating to breaches of rules of conduct, including through the creation of an internal information flow;
- ✓ Co-ordination with other company bodies with similar expertise;
- ✓ Implementation of procedures for disciplinary action.

The Model serves as grounds for non-punishment of the organisation whether the predicate crime is committed by a top-level manager or a subordinate. However, the Decree is much stricter on the culpability of the organisation and leaves less scope for defence if the crime is committed by a top-level manager. In this case, in fact, the Decree prescribes that the organisation must also prove that the persons committed the crime by fraudulently circumventing the Model. The Decree requires a higher degree of proof of non-involvement in the crime, since the organisation must also prove a kind of internal "fraud" committed against the Model by top-level managers.

In the event of a crime committed by subordinates, the company can only be held liable if it is established that committing the crime was made possible by a failure to comply with management or supervisory obligations. This is true organisational negligence: the company indirectly allowed the crime to be committed by failing to supervise the activities and persons at risk of committing a predicate crime.

The adoption and implementation of the Model does not constitute an obligation under the law. However, in view of the aforementioned criteria for attributing the crime to the organisation, the Model is the only tool available to prove that it is not guilty and, ultimately, to avoid being subject to the sanctions prescribed by the Decree. It is therefore in the company's interest to have an effective model and to enforce it.

### **1.3 GUIDANCE OF THE DECREE CONCERNING THE CHARACTERISTICS OF THE ORGANISATION, MANAGEMENT, AND CONTROL MODEL**

The Decree does not analytically regulate the nature and characteristics of the Model, but simply sets out some general principles. The mere adoption of the Model is not a sufficient condition in itself to exclude the company's liability. In fact, the Model operates as grounds for non-punishment only if it is:

- ✓ Suitable, that is, only if it is reasonably capable of preventing the crime or crimes committed;

- ✓ Effectively implemented, that is, if it is applied to company procedures and the internal control system.

As regards the suitability of the Model, the Decree requires it to have the following minimum content:

- ✓ The activities of the company in the context of which offences may be committed are identified;
- ✓ Specific protocols are defined for planning the formulation and execution of the company's decisions in relation to the offences to be prevented;
- ✓ Procedures for managing financial resources suitable for preventing the commission of offences are identified;
- ✓ A disciplinary system is introduced to punish the failure to comply with the measures specified in the model;
- ✓ Obligations to provide information to the Supervisory Body are put in place;
- ✓ In relation to the nature and size of the organisation, as well as the type of activity carried out, appropriate measures are put in place to ensure that the activity is carried out in compliance with the law and to promptly discover and eliminate risk situations.

With reference to the effective implementation of the Model, the Decree envisages the need for periodically checking and updating the Model, if significant violations of the provisions contained therein should occur or if there should be changes in the organisation or activities of the company.

The Model is therefore a set of principles, tools, and conduct that governs the organisation and management of the company, as well as the control tools. It changes and takes into account the nature and size of the company and the type of activities it carries out. The rules and conduct prescribed by this Model should allow the company to determine whether there are any risk situations, that is, situations conducive to the commission of a crime covered by the Decree. Once such risk situations have been identified, the Model must be able to eliminate them by imposing conduct and controls.

### **1.3.1 CRIMES COMMITTED ABROAD**

Under Article 4 of the Decree, the company may also be held liable in Italy for predicate crimes committed abroad, but only if a number of conditions are met:

- the State where the crime was committed does not prosecute the crime;
- the company's head office is located in Italy;
- the crime is committed abroad by a top-level manager or subordinate of the Italian organisation;
- the general conditions for prosecution provided for in Articles 7, 8, 9, and 10 of the Italian Criminal Code are satisfied (and if the law provides that the guilty party – a natural person – is punished at the request of the Minister of Justice, proceedings are brought against the organisation only if the request is also made against the organisation itself), which are designed to regulate those cases in which a crime committed abroad can be prosecuted in Italy.

### **1.4 LIABILITY IN THE EVENT OF CHANGES TO THE ORGANISATION**

The Decree governs the liability regime of the organisation in the event of transformation, merger, demerger, or transfer.

In the event of a transformation of the organisation, liability for crimes committed prior to the date on which the transformation took effect remains unaffected. The new organisation will therefore be subject to the sanctions applicable to the original organisation, for acts committed prior to the transformation.

In the event of a merger, the organisation resulting from the merger, including by incorporation, shall be liable for the crimes for which the organisations that took part in the merger were liable. If the merger took

place before the conclusion of the proceedings to ascertain the liability of the organisation, the Judge shall take into account the economic conditions of the original organisation and not those of the organisation created by the merger.

In the case of a demerger, the liability of the demerged organisation for crimes committed prior to the date on which the demerger took effect remains unaffected; the organisations benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged organisation within the limits of the value of the net assets transferred to each individual organisation, unless it is an organisation to which the business unit in which the crime was committed was also partly transferred. Disqualification sanctions apply to the organisation (or organisations) into which the business unit where the crime was committed remained or was merged. If the demerger took place before the conclusion of the proceedings to ascertain the liability of the organisation, the Judge shall take into account the economic conditions of the original organisation and not those of the organisation resulted by the demerger.

In the event of the transfer or assignment of the organisation where the crime was committed, without prejudice to the benefit of prior enforcement of the transferring organisation, the transferee is jointly and severally obliged with the transferring organisation to pay the fine, to the extent of the value of the transferred organisation and to the extent of the fines recorded in the mandatory accounting ledgers or due for crimes of which the transferee was in any case aware.

## 1.5 SANCTIONS

An organisation held liable for the commission of one of the predicate crimes may be punished with four types of sanctions, which differ in their nature and how they are enforced:

### 1) Fines

When the judge holds the organisation liable, a fine is always levied. A fine is determined by the judge through a system based on "quotas". The amount of the fine depends on the seriousness of the offence, the degree of liability of the company, the activity carried out to eliminate or mitigate the consequences of the offence or to prevent the commission of other offences. The judge, when determining the amount of the fine, takes into account the economic and asset situation of the company.

### 2) Disqualification sanctions

Disqualification sanctions may be applied in addition to fines, but only if expressly envisaged for the offence for which proceedings are being brought and provided that at least one of the following conditions is met:

- ✓ The organisation obtained a significant profit from the offence and the offence was committed by a top-level manager or a subordinate, but only if the commission of the offence was made possible by serious organisational deficiencies;
- ✓ In case of repetition of the offences.

The disqualification sanctions provided for by the Decree are the following:

- ✓ Temporary or permanent disqualification from engaging in the activity;
- ✓ Suspension or revocation of authorisations, licences, or concessions instrumental to the commission of the offence;
- ✓ Prohibition of contracting with the public administration, except to obtain a public service;
- ✓ Exclusion from benefits, loans, grants, or subsidies and possible revocation of those already granted;
- ✓ Temporary or permanent ban on advertising goods or services.

However, even if one or both of the above conditions have been met, the disqualification sanctions shall not be applied if any of the following circumstances exist:

- a) the perpetrator committed the crime mainly in his/her own interest or in the interest of third parties and the organisation did not gain an advantage or gained a minimal advantage; or
- b) the financial damage caused is particularly slight; or
- c) before the declaration of the opening of proceedings of first instance, all the following conditions (hereinafter, conditions preventing the application of a disqualification penalty) are met:
  - the organisation has paid full compensation for the damages and eliminated the harmful or dangerous consequences of the crime or, in any case, has effectively done so;
  - the organisation has eliminated the organisational deficiencies that led to the crime by adopting and implementing a Model;
  - the organisation has made available the profit obtained, for the purposes of confiscation.

The disqualification sanctions are temporary, lasting for a period that varies according to the offence and the qualification of the person responsible for committing it, as indicated below:

- not less than 4 and not more than 7 years in cases of conviction for one of the offences referred to in Article 25(2) and (3), if the offence was committed by a "top-level manager" (according to Article 5(1)(a) of the Decree)
- not less than 2 and not more than 4 years in cases of conviction for one of the offences referred to in Article 25(2) and (3), if the offence was committed by a "subordinate" (according to Article 5(1)(b) of the Decree)
- from 3 months to 2 years:
  - for an offence referred to in Article 25(2) and (3), if the organisation, before the judgement of first instance, has effectively taken steps to prevent the criminal activity from being carried out with further consequences, to ensure the evidence of the offences and the identification of the perpetrators or the seizure of the amounts or other transferred benefits, and has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models that are suitable for preventing offences of the kind committed;
  - for other offences (other than those referred to in Article 25(2) and (3)) for which disqualification sanctions are expressly envisaged.

Disqualification sanctions may exceptionally be applied with permanent effect. They may also be applied as a precautionary measure, prior to the conviction, at the request of the Public Prosecutor, if there are serious reasons to believe that the organisation is liable and there are well-founded and specific elements to believe that there is a real danger that offences of the same kind as the one being prosecuted may be committed.

Italian Legislative Decree no. 231/2001 also provides that where the conditions exist for the application of a disqualification penalty ordering the interruption of the company's activities, the Judge, instead of applying such penalty, may order the continuation of the activities by a Court-appointed receiver (Article 15 of the Decree) appointed for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met:

- the company performs a public service or a service of public necessity whose interruption could cause serious harm to the community;
- interrupting the company's activities may significantly affect employment, taking into account the company's size and the economic conditions of the area in which it is located.

### 3) Confiscation

This consists of the acquisition by the government of the amount or profit of the crime or an equivalent value, except for the portion that can be returned to the damaged party and without prejudice to the rights acquired by third parties in good faith.

#### 4) Publication of the conviction

This involves the publication of the conviction once only, in full or as an excerpt, at the expense of the organisation, in one or more newspapers specified by the judge as well as by posting it in the municipality where the organisation has its head office. The publication of the conviction may be ordered when a disqualification penalty is imposed on the organisation.

All sanctions are of an administrative nature, even if applied by a criminal judge. The penalty framework established by the Decree is very severe, both because the fines can be very high, and because the disqualification sanctions can significantly limit the normal exercise of the company's activities, barring it from a number of businesses.

Administrative sanctions against the organisation are time-barred after five years from the date on which the offence was committed, except in cases of interruption of the limitation period.

The final conviction of the organisation is recorded in the national register of administrative sanctions for offences: this archive contains all the rulings relating to sanctions that have become irrevocable, applied to organisations pursuant to the Decree.

#### **1.6 THE BENEFIT OF REDUCING THE DURATION OF DISQUALIFICATION SANCTIONS**

Paragraph 5-*bis* of Article 25 of Italian Legislative Decree no. 231/01, introduced by Italian Law no. 3/2019 (also known as the Anti-Corruption Law) "*Measures for combating crimes against the public administration, as well as on the statute of limitations of the crime and on the transparency of political parties and movements*", provides for a reduction in disqualification sanctions in the event of the commission of the crimes of extortion, undue inducement to give or promise benefits, or corruption (for a term of between 3 months and 2 years).

The benefit is granted to the organisation which, prior to the issuance of the judgment of first instance, has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models that are suitable for preventing offences of the kind committed, and has effectively taken steps:

- to prevent the criminal activity from being carried out with further consequences;
- to ensure the evidence of the offences;
- to identify the perpetrators;
- to seize the amounts or other transferred benefits.

#### **1.7 CONFINDUSTRIA "GUIDELINES"**

Art. 6 of Italian Legislative Decree no. 231/2001 provides expressly that the organisation, management, and control models may be adopted based on the codes of conduct drawn up by the associations representing the organisations.

Tozzi Green has, therefore, taken into account in the preparation of its model, the "*Guidelines for the construction of organisation, management, and control models pursuant to Italian Legislative Decree no. 231/2001*" (hereinafter "**Guidelines**") drawn up by Confindustria and last updated in June 2021.

In defining the Model 231, the Confindustria Guidelines provide for the following planning stages:

- identification of risks, namely the analysis of the business environment in order to highlight how and in which business areas the crimes listed in Italian Legislative Decree no. 231/2001 may occur in the business environment;

- setting up of a control system suitable to prevent the risk of occurrence of the offences identified in the previous phase, to be carried out by assessing the existing control system and its degree of adaptation to the prevention requirements set out in Italian Legislative Decree no. 231/2001.

The most important components of the control system outlined in the Confindustria Guidelines to ensure the effectiveness of the organisation, management, and control model are summarised below:

- the provision of ethical principles and rules of conduct in a Code of Ethics;
- a sufficiently clear and formalised organisational system, especially with regard to the assignment of responsibilities, hierarchical reporting lines, and description of tasks;
- manual and/or IT procedures governing the performance of activities, with appropriate and adequate controls;
- powers of authorisation and signature that are consistent with the organisational and management responsibilities assigned by the organisation, including, where appropriate, expenditure limits;
- management control systems capable of promptly reporting possible critical issues;
- staff training and information.

The Confindustria Guidelines further specify that the components of the control system outlined above must comply with a series of control principles, including:

- verifiability, traceability, consistency and appropriateness of each operation, transaction, and action;
- application of the principle of separation of duties and tasks (no single individual should independently manage an entire process);
- establishment, implementation, and documentation of control activities on processes and activities at risk for the commission of offences;
- provision of an adequate penalty system for violations of the rules of the Code of Ethics and of the procedures envisaged by the Model;
- the requirements of the Supervisory Body must be specified. They can be summarised as follows:
  - autonomy and independence;
  - professionalism;
  - continuity of action;
  - obligations to inform the Supervisory Body.

It should be pointed out that deviations from specific points of the various Guidelines do not in themselves invalidate the validity of the Model. In fact, since the Model must be prepared with regard to the actual situation of the organisation to which it refers, it may well deviate from the Guidelines which, by their very nature, are of a general nature.

## **1.8 EVOLUTION OF CASE LAW**

For the purposes of preparing the Model, Tozzi Green also took into account the initial case law that has emerged on the subject.

In particular, although the initial rulings on the administrative liability of organisations pursuant to Italian Legislative Decree no. 231/2001 did not consider the adequacy of the control systems adopted, case law has subsequently been developed which has been concerned with checking their actual adequacy, the timeframe for their adoption, and the suitability of the Model with respect to the needs and characteristics of the organisations adopting them (Court of Milan, Criminal Section IV, 4 February 2013, no. 13976; Court of Cassation, Criminal Section V, no. 4677 of 2014; Court of Appeal of Florence, Criminal Section III, no. 3733 of 2019; Criminal Court of Cassation, Section VI, no. 12528 of 2019; Criminal Court of Cassation, Section IV, no.

3731 of 2020; Court of Milan, Criminal Section II, no. 10748 of 2021; Court of Vicenza, Criminal Section, no. 348 of 2021).

In the various decisions, certain constant references emerge for the purpose of checking the suitability of the Model adopted, namely the reference to the criminal conduct for which action is being taken, to the organisational structure, to the size, to the type of business, and to the history, including the legal history, of the company involved in the proceedings.

More specifically, the Judges assessed:

- the effective autonomy and independence of the Supervisory Body;
- the analytical nature and comprehensiveness of the identification of the areas at risk;
- the provision of specific protocols for planning and implementing the organisation's decisions in relation to the offences to be prevented;
- the provision of reporting requirements placed on the body responsible for supervising the functioning of and compliance with the models;
- the introduction of a disciplinary system to punish failure to comply with the specified measures.

Accordingly, Tozzi Green drew up its own Model in light of the most recent case law decisions, taking into account the principles established by them and the guidelines that have become established over time.



**2. PROCESS OF DRAFTING THE MODEL****2.1 THE COMPANY'S DECISION**

Despite the fact that the Decree does not require the adoption of an Organisation, Management, and Control Model, Tozzi Green decided to do so in order to ensure ethical conduct and to pursue compliance with the principles of legality, fairness, and transparency in the conduct of company business.

Furthermore, the decision to adopt an Organisation, Management, and Control Model reflects Tozzi Green's commitment to pursue its mission in strict compliance with the goal of creating value for its shareholders.

Therefore, Tozzi Green has decided to launch a project to come into compliance with the provisions of the Decree, in order to adopt its own Model. This is not only a valid tool for raising the awareness of all those who work on behalf of the Company, to encourage them to behave in a correct and straightforward manner in carrying out their activities, but also an essential means of prevention against the risk of committing the offences set out in the Decree. As stated above, the Company has decided to initiate the process of coming into compliance with Italian Legislative Decree no. 231/01 by carrying out Control & Risk Self-Assessment and Gap Analysis activities, as well as preparing and adopting this Model, with reference to: crimes against the Public Administration, corporate crimes, including the crime of corruption between private parties and the crime of incitement to corruption, crimes of receiving stolen goods, money laundering, and use of money, goods, or benefits of unlawful origin and self-money laundering, organised crime offences (including transnational crimes, refer to Article 10 of Italian Law no. 146/2006), crimes relating to fraudulent use or exploitation of trademarks and patents, crimes against industry and trade, crimes involving the violation of copyright laws, inducement not to make statements or to make false statements to the Judicial Authorities (including transnational crimes, refer to Article 10 of Italian Law no. 146/2006), crimes of manslaughter and grievous and very grievous negligent personal injury, committed in violation of the regulations on occupational health and safety, environmental crimes, crimes against individuals (with specific reference to the crime of illegal brokering and labour exploitation), crime of employing citizens of other countries without a valid residence permit, tax offences and smuggling offences.

The Company reserves the right to extend the CRSA and the related integration of the Model to new offences that may be introduced in the future within the scope of Italian Legislative Decree no. 231/2001.

**2.2 METHODOLOGICAL APPROACH ADOPTED**

The Model, inspired by the Guidelines for the purposes of Italian Legislative Decree no. 231 of 8 June 2001 proposed by Confindustria in the version of June 2021 and by the principles of "*best practice*" in relation to controls (C.O.S.O. Report; Federal Sentencing Guidelines), was drafted taking into account the structure and activities effectively carried out by the Company, and the nature and size of its organisation. In particular, the structure of the project is briefly described below.

Article 6(2)(a) of Italian Legislative Decree 231/2001 specifically requires the organisation's organisation, management and control model to identify the business operations that are potentially at risk for the commission of the offences listed in the Decree (i.e., "**Sensitive Activities**").

The Company accordingly conducted an in-depth analysis of its business operations, with the support of an outside consultant.

The Company first carried out a preliminary analysis of its business environment and then an analysis of the areas of activity that have potential risk profiles with regard to the commission of the offences indicated in the Decree that are considered applicable to Tozzi Green.

In particular, the following were analysed, by way of example:

- ✓ The history of the Company and the corporate context;
- ✓ The sector to which it belongs;
- ✓ The organisational structure (formalised in company organisation charts, service orders, etc.);

- ✓ The existing corporate governance system;
- ✓ The system of powers of attorney and mandates;
- ✓ Existing legal relations with third parties, also with reference to service contracts regulating intercompany relations;
- ✓ The typical manner in which the business is managed;
- ✓ The type of relationships and activities (e.g., commercial, financial, control, regulatory, representation, collective bargaining, etc.) conducted with public administrations;
- ✓ Cases of possible and alleged irregularities in the past;
- ✓ The practices and procedures formalised and disseminated within the Company in order to carry out corporate activities.

On the basis of the preliminary analyses, the company departments involved in the activity areas presenting potential risk profiles in relation to the commission of the offences indicated were then identified, as well as the persons belonging to those departments who occupy key roles in the company organisation, known as Key Officers, in order to be able to conduct the interviews relating to the subsequent investigation phase.

For the purposes of preparing this document, the Company therefore proceeded, by means of interviews with Key Officers and document analysis:

- ✓ To identify the Sensitive Activities, that is, the areas in which it is possible that the predicate crimes indicated in the Decree and considered applicable to Tozzi Green may be committed, and the possible ways in which such crimes may be implemented;
- ✓ To identify the operating procedures for carrying out the Sensitive Activities, the persons involved, and the system for allocating liability;
- ✓ To perform a self-assessment of the risks (known as "Control & Risk Self-Assessment") of committing offences and of the internal control system capable of preventing potentially unlawful conduct;
- ✓ To identify adequate control measures, necessary for preventing the above-mentioned offences or mitigating the risk of committing them;
- ✓ To identify any deficiencies and/or areas for improvement in the control measures.

In particular, the results of the analysis carried out and described above, including examples of the possible ways in which offences may be committed in the context of Sensitive Activities, have been collected in the document entitled "Control & Risk Self-Assessment and Gap Analysis pursuant to Italian Legislative Decree 231/2001", divided into the following sections:

**Section I "Mapping of sensitive activities"**, which contains, for each area at risk, all the Sensitive Activities that are at risk of commission of "231" crimes and the Contact Persons of the company departments involved.

**Section II "Executive Summary – assessment of residual risk"**, which describes, for each Sensitive Activity identified, the residual risk of "231" crimes being committed, classified by categories of crimes.

**Section III "Risk Assessment"**, which, in accordance with the provisions of the Confindustria Guidelines, describes the main types of crimes which potentially could be committed in each Sensitive Activity, with some examples of unlawful conduct and possible purposes that could be pursued by the Company in the commission of the crime itself. The document also sets out the potential risk of commission of the offence identified for each Sensitive Activity identified.

**Section IV "Gap Analysis & Action Plan"**, which identifies and assesses the control measures implemented by the Company, both those of a comprehensive nature, and those specific to each Sensitive Activity identified, highlighting any gaps and indicating suggestions/actions to be implemented in order not only to improve the internal control system, but also to mitigate the risk of commission of the offences provided for in the Decree.

Such documentation is the basis for, and an integral part of, this Model.

The final stage of the Project is the drafting of the Organisation, Management, and Control Model, the structure of which is described at the beginning of this document.

The Model therefore identifies, in light of the results of the Control & Risk Self-Assessment and Gap Analysis activities, the general principles of conduct and the prevention rules, which must be implemented to prevent, to the extent reasonably possible, the commission of the predicate crimes of relevance for the Company. To this end, the Company has taken into account the existing control and prevention tools aimed at regulating corporate governance, such as the Articles of Association, the system of mandates and powers of attorney, the contracts, as well as the applicable operating procedures and instructions drawn up by the individual company departments.

The documentation in electronic format and/or hard copy concerning the Company and the outputs produced in the different phases of the Project have been filed and made available in a specific archive that can be consulted by the members of the Supervisory Body, the Board of Directors, and anyone authorised by the Company to view them (hereinafter "Archive").

**3. THE ORGANISATION, MANAGEMENT, AND CONTROL MODEL****3.1 AIMS OF THE MODEL**

The adoption of the Model is intended to create a system of provisions and organisational tools aimed at ensuring that the Company's activities are carried out in full compliance with the Decree and at preventing and punishing any attempts to engage in conduct involving the risk of committing one of the offences set out in the Decree.

Therefore, the Model has the following aims:

- To improve the Corporate Governance system;
- To introduce to the Company further principles and rules of conduct intended to promote and enhance an ethical culture within it, with a view to fairness and transparency in the conduct of business;
- To put in place a structured and organised system of control and prevention aimed at reducing the risk of committing crimes in connection with the company's activities;
- To make everyone who works in the name of and on behalf of Tozzi Green in the "areas of activities at risk" aware that they could risk, in case of violation of the provisions contained therein, incurring penalties both for the offender (civil, disciplinary and, in some cases, criminal) and for the Company (administrative liability under the Decree);
- To inform everyone who operates in any capacity in the name of, on behalf of, or in the interests of Tozzi Green that the violation of the provisions contained in the Model will result in the imposition of appropriate penalties or the termination of the contractual relationship;
- To reiterate that Tozzi Green does not tolerate unlawful conduct of any kind or for any purpose, as such conduct (even if the Company was apparently in a position to benefit from it) is in any case contrary to the ethical principles that the Company intends to follow;
- To actively censure any conduct in violation of the Model through the imposition of disciplinary and/or contractual penalties.

The Model prepared by Tozzi Green is, therefore, based on a structured and organised system of protocols and monitoring activities that:

- Identifies the areas and activities potentially at risk in the performance of the company's activities, i.e. those activities in which it is believed that there is a greater possibility that offences may be committed;
- Defines an internal regulatory system designed to prevent crimes, which includes, among other things:
  - A Code of Ethics that expresses the commitments and ethical responsibilities involved in conducting company business and activities;
  - A system of mandates, powers, and powers of attorney for signing corporate documents that ensure a clear and transparent representation of the process of decision-making and implementation;
  - Formalised procedures designed to regulate the operating and control procedures in areas at risk;
- Is based on an organisational structure consistent with the activities carried out by the Company and designed to ensure, on the one hand, proper strategic and operational management of business activities and, on the other hand, continuous control of conduct. This control is ensured by

guaranteeing a clear and systematic attribution of duties, applying a proper separation of duties, and ensuring that the defined organisational structure is actually implemented, by means of:

- A formally defined organisational chart that is clear, adequate, and consistent with the activity carried out by the Company together with a clear definition of the duties and responsibilities assigned to each organisational unit;
- A system of mandates for internal duties and powers of attorney to represent the Company externally that ensures a clear and consistent separation of duties;
- Identifies the activities of management and control of the financial resources in the activities at risk;
- Assigns the Supervisory Body the task of overseeing the functioning of, and compliance with, the Model and of recommending that it be updated.

### **3.2 KEY ELEMENTS OF THE MODEL**

The key elements developed by Tozzi Green in defining the Model, which are discussed in detail below, can be summarised as follows:

- the mapping of activities at risk of the commission of crime (known as "sensitive activities"), with the identification of examples of possible ways of committing crimes, as set out in the document entitled "*Control & Risk Self-Assessment and Gap Analysis pursuant to Italian Legislative Decree 231/2001*" referred to in section 2.2;
- the series of company procedures and policies, to monitor all company activities, including – in particular for the purposes of this Model – those activities which, following the aforementioned mapping activities, were found to have exposure to a potential risk of commission of the crimes referred to in Italian Legislative Decree 231/2001;
- the provision of general principles and specific control protocols aimed at regulating the decisions of Tozzi Green set out in the Sections of the "*Special Section*" of this Model;
- the verification and documentation of every significant transaction;
- procedures for the adoption and effective application of the Model as well as for any necessary amendments to it (updating the Model);
- the establishment of a Supervisory Body to which specific supervisory tasks are assigned on the effective implementation and application of the Model in accordance with the Decree;
- a penalty system intended to ensure the effective implementation of the Model and containing the disciplinary actions and penalties applicable to the Recipients in the event of violation of the provisions contained in the Model;
- the provision of information and training activities on the contents of this Model.

### **3.3 CODE OF ETHICS**

The provisions contained in this Model are integrated with those of the Tozzi Green Group's Code of Ethics (hereinafter the "Code of Ethics") (Annex A).

The Code of Ethics, originally approved by the Chairman in 2007, was subsequently reviewed, updated, and approved by the Company's Board of Directors in 2016, in 2019 and, most recently, on 17 December 2021.

The provisions of the Code of Ethics are based on the principles of the latter, although the scope of the Model differs from that of the Code of Ethics, due to the purposes it intends to pursue in implementing the provisions of Italian Legislative Decree 231/01.

From this point of view, in fact:

- ✓ The Code of Ethics is an instrument adopted independently and is subject to general application by the Company in order to express principles of "corporate conduct" that it accepts as its own and with

regard to which it requires compliance by all Recipients. Compliance with the Code of Ethics therefore serves not only to spread within the Company a culture that is sensitive to legality and ethics, but also to protect the interests of employees and of those who have relations with the Company, safeguarding the Company from serious liability, penalties, and reputational damage;

- ✓ On the other hand, the Model addresses the specific requirements laid down in the Decree, and is aimed at preventing the commission of specific types of offences for acts which, to the extent that they are committed apparently for the benefit of the Company, may entail administrative liability under the provisions of the Decree.

In view of the fact that the Code of Ethics sets out principles of conduct (including legality, fairness, and transparency) that are also suitable for preventing the illegal conduct referred to in Italian Legislative Decree 231/2001, this document is important for the purposes of the Model and is therefore complementary to it.

### **3.4 RECIPIENTS OF THE MODEL**

The provisions of this Model are binding for the entire Board of Directors, for all those who hold positions of representation, administration, and management or management and control (including on a de facto basis) at Tozzi Green, for employees, management personnel, and collaborators subject to the direction or supervision of top-level managers of the Company (hereinafter the "**Recipients**").

In particular, the provisions of the Model are addressed to the following Recipients:

- the Company Bodies and their members and all those who hold management positions at the Company or one of its divisions and/or organisational units with financial and operational autonomy, as well as those who manage and control the Company, including on a de facto basis;
- the Employees of the Company, including Executives;
- those who collaborate with the Company by virtue of a para-subordinate work relationship (e.g. apprentices, etc.);
- the Suppliers, Local Partners, Contractors, Consultants, and Collaborators involved in the Sensitive Activities;
- the employees of other Group Companies involved in the Sensitive Activities;
- as well as the members of the Supervisory Body, insofar as they do not belong to the above categories.

The persons to whom the Model is addressed are required to scrupulously comply with all its provisions, also in fulfilment of the duties of loyalty, integrity, and diligence deriving from the legal relations established with the Company.

The Company condemns any conduct that is contrary not only to the law, but also to the provisions of the Model, even if the conduct is carried out in the interest of the Company or with the intention of providing it with an advantage.

As regards sanctions in the event of violations of the Model, please refer to the provisions outlined in section 7 below.

### **3.5 ADOPTION, AMENDMENTS, AND ADDITIONS TO THE MODEL**

The Decree stipulates that the Governing Body adopt the Model, leaving it up to each entity to identify the body within itself to which to delegate this task.

In accordance with the Confindustria Guidelines, Tozzi Green has chosen its Board of Directors as the Governing Body responsible for adopting the Model. The task of monitoring the effective implementation of the Model is instead entrusted, in accordance with the Decree, to the Supervisory Body.

Consequently, since this document is a *“deed issued by the governing body”* (in accordance with the provisions of Article 6(1)(a) of the Decree), subsequent substantial amendments thereto shall be the responsibility of the Board of Directors of the Company by means of a resolution issued in accordance with the procedures laid down for the adoption of the Model itself. The updating activity, which is intended as an addition or a change, is aimed at ensuring the adequacy and suitability of the Model, with regard to its role of preventing the crimes set out in Italian Legislative Decree 231/2001. Changes of a substantial nature include, but are not limited to, the following:

- ✓ Inclusion in this document of additional Special Sections;
- ✓ Deletion of certain sections of this document;
- ✓ Changes to the Supervisory Body's duties;
- ✓ Designation of a different Supervisory Body from the one currently envisaged;
- ✓ Updating and/or amending the control principles and rules of conduct;
- ✓ Identification of new Sensitive Activities that are at risk of commission of “231” crimes;
- ✓ Changes in the organisational structure that have an impact on the Model;
- ✓ Changes to the penalty system.

Additionally, the Chairman of the Board of Directors has the power to make any changes or additions to this document of an exclusively formal nature, provided that its substance remains unchanged. The Board of Directors shall be informed of such changes at the first available meeting. In any event, the Supervisory Body, in the context of the powers granted pursuant to Article 6(1)(b) and Article 7(4)(a) of the Decree, is responsible for submitting to the Board of Directors proposals for updating and adjusting this Model. This Body shall also always be promptly informed of any substantial or formal amendments made to the Model.

**4. THE COMPONENTS OF THE PREVENTIVE CONTROL SYSTEM**

The Model prepared by Tozzi Green is based on and integrated with a structured and organised internal control system comprised of protocols and rules, tools for defining responsibilities, as well as mechanisms and tools for monitoring business processes, which existed prior to the adoption of the Model.

The control principles underlying the architecture of Tozzi Green's internal control system, with particular reference to the Sensitive Activities outlined in the Model and in line with Confindustria's provisions, are described below:

- **Clear identification of roles, duties, and responsibilities** of those involved in carrying out company activities (in-house or external to the organisation);
- **Separation of duties** between those who actually perform an activity, those who control it, those who authorise it, and those who record it (where applicable);
- **Verifiability and documentability of *ex-post* operations:** the relevant activities carried out (especially in the context of Sensitive Activities) must be adequately formalised, with particular reference to the documentation prepared during their execution. The documentation produced and/or available as hard copy or in electronic format must be filed in an orderly and systematic manner by the departments/persons involved;
- **Identification of preventive controls and *ex-post*, manual, and automatic checks:** manual and/or automatic controls must be in place to prevent the commission of the crimes or to detect *ex-post* irregularities that could be contrary to the purposes of this Model. These controls are more frequent, detailed, and refined in the context of those Sensitive Activities characterised by a profile of higher risk of commission of Offences.

The components of the preventive control system that must be implemented at the corporate level in order to ensure the effectiveness of the Model are as follows:

- A system of ethical principles aimed at preventing the offences envisaged by the Decree;
- An organisational system that is sufficiently formalised and clear;
- A system of authorisation and signatory powers that is consistent with the defined organisational and management responsibilities;
- A management control system capable of providing timely warning of the existence and emergence of critical situations;
- A staff communication and training system covering the elements of the Model;
- A disciplinary system that is adequate for sanctioning violations of the Model's rules;
- A system of manual or computerised operating procedures aimed at regulating the activities in the corporate areas at risk with appropriate checkpoints;
- An information and IT applications system for carrying out operational or control activities in the context of the Sensitive Activities, or in support of them.

Without prejudice to the provisions of this section having common characteristics in relation to all the relevant types of offences, please refer to each Special Section for the protocols having specific characteristics for each Sensitive Activity.

**4.1 SYSTEM OF ETHICAL PRINCIPLES**

The Company considers it essential that the Recipients comply with ethical principles and general rules of conduct when carrying out their activities and managing relations with colleagues, business partners, outsourcers and third parties, customers, suppliers, and the Public Administration.



These rules are set out in the Code of Ethics (ANNEX A).

## 4.2 ORGANIZATION SYSTEM

The Company's organisational system is defined through the preparation of company organisation charts and the issuing of mandates for duties and organisational instructions (concerning service, job descriptions, internal organisational guidelines), which provide a clear definition of the duties and responsibilities assigned to each local organisational unit.

The definition of the areas of responsibility of the persons who are called upon to act in the name of and on behalf of the Company is ensured within the framework of a formalised system of powers (refer to section 4.3 below).

### 4.2.1 THE ORGANISATIONAL STRUCTURE WITH REGARD TO HEALTH, SAFETY, AND THE ENVIRONMENT

With regard to occupational health and safety, the Company has adopted an organisational structure pursuant to Italian Legislative Decree 81/2008 and subsequent amendments thereto (also known as the "**Consolidated Safety Act**"), with a view towards eliminating or, where this is not possible, minimising the risks of manslaughter and grievous or very grievous negligent personal injury to workers.

In view of the role performed, the Chairman of the Board of Directors is recognised as having the related and inherent position of Employer pursuant to Article 2 of the Consolidated Safety Act with reference to company activities and the places where they are carried out, and is granted full decision-making and management autonomy in compliance with the approved budget and applicable company procedures.

The following parties operate in the context of the organisational structure with regard to occupational health and safety:

- Employer pursuant to Art. 2 of Italian Legislative Decree no. 81/08;
- Employer's Delegate pursuant to Art. 16 of Italian Legislative Decree no. 81/08;
- Head of the Prevention and Protection Service (RSPP);
- 5 occupational physicians, one of whom is the coordinator;
- QHSE Manager;
- Worker Safety Representative (WSR);
- Safety Officers;
- Safety Managers;
- First aid team members;
- Fire-fighting team members;
- Electrical system managers;
- Workers.

It is the specific responsibility of the Employer to draw up and prepare the Risk Assessment Document ("**DVR**") as a formalisation, organised by the company, of the assessment of all risks to the health and safety of workers while carrying out their respective activities and the appropriate measures to prevent accidents and injuries through risk reduction.

The duties and responsibilities of the above-mentioned parties are formally defined in accordance with the organisational and functional structure of the Company, with reference to the specific roles working in the context of activities at risk for the commission of offences relating to occupational health and safety.

The system for the management of obligations relating to occupational health and safety (as also indicated in Special Part "D" of the Special Section of the Model, to which reference should be made) provides for a control system also for maintaining over time the conditions of suitability of the measures adopted, through the work of the Prevention and Protection Services.

The system also envisages the review and possible amendment of the solutions adopted when significant violations of the rules relating to accident prevention are discovered, or when changes occur in the organisation and activity in relation to scientific and technological progress (activities carried out through the competent RSPP, in accordance with the provisions of art. 28 of Italian Legislative Decree 81/2008 and during the periodic meeting referred to in art. 35 of Italian Legislative Decree 81/2008).

In order to ensure effective protection of occupational health and safety, the Company, according to the specific organisational needs of the company, evaluates the use of the various institutions envisaged by the Consolidated Safety Act (by way of example, but not limited to: delegation of functions, sub-delegation) in accordance with the principles and criteria set out in the legislation itself.

As for the environmental system adopted, Tozzi Green has implemented a control system on the implementation of the system itself and on the maintenance over time of the conditions of suitability of the measures taken pursuant to Italian Legislative Decree 152/2006 and subsequent amendments thereto – Environmental Regulations – with a view to eliminating, or where this is not possible, reducing to a minimum the risks to the environment as well as to the health of workers and the surrounding community.

The Company periodically verifies the application and effectiveness of its environmental procedures in force, also with a view to modifying the solutions adopted in the event of organisational changes or in relation to scientific and technological progress.

#### **4.3 AUTHORISATION SYSTEM**

The authorisation and decision-making system consist of a structured and coherent system of mandates for duties and powers of attorney of the Company, based on the following requirements:

- The mandates must match each management power to the relevant responsibility and to an adequate position in the organisational chart and be updated following organisational changes;
- Each mandate must specifically and unambiguously define and describe the management powers of the person to whom it is granted and the person to whom he/she reports hierarchically/functionally;
- The management powers assigned by means of mandates and their implementation must be consistent with corporate goals;
- The person granted the mandate must have adequate powers of expenditure for the duties assigned to him/her;
- Powers of attorney may be granted exclusively to persons with an internal functional mandate or a specific assignment and must provide for the extension of powers of representation and, if necessary, numerical spending limits;
- Everyone who has dealings with the Public Administration on behalf of Tozzi Green must have a mandate/power of attorney to that effect.

#### **4.4 MANAGEMENT AND CASH FLOW CONTROL SYSTEM**

The management control system adopted by Tozzi Green is divided into the various stages of annual budgeting, analysis of the final periodic reports, and preparation of forecasts at the Company level. The system guarantees the:

- Diversity of the people involved, in terms of adequate separation of duties for the processing and transmission of information;

- Ability to provide prompt notification of the existence and emergence of critical situations through an adequate and timely system of information flows and reporting.

Article 6(2)(c) of the Decree also explicitly states that the Model must "identify ways of managing financial resources that are suitable for preventing offences from being committed". To this end, the management of financial resources is defined on the basis of principles characterised by a reasonable separation of duties (also in light of the organisational structure of the Company and the Group), such as to ensure that all disbursements are requested, carried out, and monitored by independent departments or persons who are separated as far as possible, and who, moreover, are not assigned other responsibilities such as to give rise to potential conflicts of interest.

Also, liquidity management is based on the criteria of asset preservation, with the related prohibition of carrying out risky financial transactions, and possible joint signature to authorise the use of liquidity for amounts exceeding predetermined thresholds.

#### **4.5 INFORMATION AND TRAINING PROGRAMME**

With specific reference to the activities carried out in the context of the Sensitive Activities, an adequate periodic and systematic information and training programme is provided and guaranteed for Employees and Collaborators who are involved in them.

The programme includes the discussion of corporate governance issues and the dissemination of operational mechanisms and corporate organisational procedures relevant to the Sensitive Activities.

These activities integrate and complete the information and training programme on the specific subject of the activities implemented by the Company in order to comply with Italian Legislative Decree no. 231/01, as provided for and specifically regulated in the relevant chapters of the General Section of the Model.

#### **4.6 DISCIPLINARY SYSTEM**

The existence of a system of sanctions applicable in the event of failure to comply with the Company's rules of conduct and, specifically, with the provisions and internal procedures laid down in the Model is essential to ensure the effectiveness of the Model. With regard to this aspect, please refer to what is fully described below in Chapter 7 of this document.

#### **4.7 SYSTEM OF OPERATING PROCEDURES**

Article 6(2)(b) of the Decree explicitly states that the Model must "*provide for specific protocols aimed at planning the making and implementation of the organisation's decisions with regard to the offences to be prevented*".

To this end, the documentation drawn up following the Control & Risk Self-Assessment and Gap Analysis activities contains, for each Sensitive Activity, the applicable Company Policies and Procedures.

These documents make it possible, in particular, to regulate in greater detail the activities involved in the Sensitive Activities and thus to guide and ensure the implementation and application in practice of the conduct and control principles laid down in this Model.

For this purpose, the company procedures relating to Sensitive Activities guarantee, in particular, the application of the following principles:

- Clear formalisation of roles, duties, and procedures and schedules for carrying out the regulated operational and control activities;
- Representation and regulation of the separation of duties between the decision-maker, the person authorising its implementation, the person performing the activities, and the person with control responsibility;

- Traceability and formalisation of each relevant activity of the process covered by the procedure in order to make it possible to retrospectively trace what was done and highlight the control principles and activities applied;
- Adequate level of archiving of relevant documentation.

These Policies and the Procedures applicable to the Sensitive Activities integrate and complete the principles and rules of conduct, as well as the components of the organisation, management, and control system described or referred to in this Model and are, therefore, to be considered an integral part of the organisational protocols defined in the Model itself and useful for preventing the commission of the offences referred to in the Decree.

#### **4.8 INFORMATION AND IT APPLICATIONS SYSTEMS**

In order to protect the company's documentary and information assets, adequate security measures must be in place to protect against the risk of loss and/or alteration of the documentation relating to the Sensitive Activities, or the risk of undesired access to data/documents.

In order to safeguard the integrity of the data and the effectiveness of the information systems and/or IT applications used for carrying out operational or control activities in the context of the Sensitive Activities, or in support thereof, the presence and application of the following is guaranteed:

- User profiling systems regarding access to modules or environments;
- Rules for the proper use of company computer systems and resources (hardware and software);
- Automated system access control mechanisms;
- Automated mechanisms for blocking or inhibiting access;
- Automated mechanisms for managing authorisation workflows.

**5. SUPERVISORY BODY****5.1 IDENTIFYING THE REQUISITES OF THE SB**

Art. 6(1) of Italian Legislative Decree 231/2001 requires, as a condition for the company to be exempt from administrative liability, that the duty of supervising the compliance with and functioning of the Model, and ensuring that it is updated, be entrusted to a Supervisory Body within the company which, endowed with autonomous powers of initiative and control, performs the duties entrusted to it on an ongoing basis.

The Decree requires the Supervisory Body to perform its functions outside the operational processes of the company, reporting periodically to the Board of Directors, and to be free from any hierarchical relationship with the Board itself and with the individual heads of Departments/Functions.

The Confindustria Guidelines emphasise that, although Italian Legislative Decree 231/2001 allows for either a single- or multi-member composition, the choice between these two solutions must take into account the purposes envisaged by the law and, therefore, ensure the effectiveness of controls in relation to the size and organisational complexity of the organisation.

In order to perform the duties established by the Decree, the Supervisory Body must possess the following requisites:

- ✓ **Autonomy and independence:** as also specified by the Confindustria Guidelines, the position of the Supervisory Body within the Organisation *“must ensure the autonomy of the control action from any form of interference and/or influence by any member of the Organisation”* (including the Governing Body). The Supervisory Body must therefore be placed as a staff unit in a hierarchical position (as high as possible), reporting to the company's highest operational management. Moreover, in order to ensure the necessary autonomy of action and independence, *“it is essential that the SB not be assigned operational tasks which, by making it a participant in operational decisions and activities, would undermine its objectivity of judgement when verifying conduct and the Model”*;
- ✓ **Professionalism:** this requisite refers to the specialised technical skills that the Supervisory Body must have in order to be able to perform the activity assigned to it by law. In particular, the members of the Supervisory Body must have specific knowledge of any techniques that may be useful for carrying out inspections and consulting activities for analysing the control system and for carrying out legal analyses (in particular in the criminal and corporate sector), as is clearly specified in the Confindustria Guidelines. In fact, it is essential to have knowledge of risk analysis and assessment techniques, flow-charting of procedures and activities, fraud detection methodologies, statistical sampling, the structure, and methods of committing offences;
- ✓ **Continuity of action:** in order to ensure the effective implementation of the organisational Model, it is necessary to have a structure dedicated to supervisory activities, which is required to constantly monitor, by means of investigative powers, compliance with the Model by the Recipients, to ensure its implementation and updating, representing a constant reference for all Tozzi Green staff.

Therefore, the SB must:

- ✓ Be independent and in a third-party position with respect to those subject to its supervision;
- ✓ Be placed at the highest possible hierarchical position;
- ✓ Have independent powers of action and control;
- ✓ Have financial independence;
- ✓ Not have any operational duties within the organisational structure of the Company;
- ✓ Have continuity of action;
- ✓ Have qualifications of professionalism;

- ✓ Establish a systematic channel of communication with the Board of Directors as a whole.

## 5.2 IDENTIFYING THE SB

Tozzi Green's Board of Directors deemed it appropriate to set up a Supervisory Body as a collective body, the members of which are as follows:

- ✓ an external consultant acting as Chairman;
- ✓ an in-house member, the Head of the Legal Department. The considerations made in light of the type of business and organisation of the Company, and its characteristics, suggest that the optimal composition of the Supervisory Body is a collective one.

In order to fully comply with the dictates of the Decree, the SB, as identified above, is an entity that reports directly to the Company's top management (Board of Directors) and is not linked to the operational structures by any hierarchical ties, so as to ensure its full autonomy and independence in the performance of its duties.

The activities carried out by the SB cannot be reviewed by any other company body or structure, it being understood that the Governing Body is in any case called upon to carry out a supervisory activity on the adequacy of its actions, since it is ultimately responsible for the functioning and effectiveness of the Model.

As a further guarantee of independence and in accordance with the provisions of the Confindustria Guidelines, in the context of the procedures for the drawing up of the corporate budget, the Governing Body shall approve an allocation of financial resources, proposed by the SB itself, which the SB may use for any needs to properly perform its duties (e.g. specialist advice, travel, etc.).

The SB has the skills, knowledge, and professional competence as well as the requisites of integrity needed to perform the duties assigned to it, as it has suitable inspection and consultancy capabilities as well as expertise in internal control and legal matters, with particular reference to criminal law.

Any change in the composition of the SB or the assignment of the role of SB to parties other than those identified herein or any change in the duties assigned to the SB must be approved by the Governing Body.

## 5.3 PROCEDURE FOR APPOINTING THE SB AND TERM OF OFFICE

The SB is appointed by the Board of Directors by means of a resolution passed with the majority of its members.

The appointment of a member of the SB is completed with the declaration of acceptance by the latter entered in the minutes of the Board, or with the signing for acceptance, by the same, of the copy of the abstract of said resolution.

Before each new appointment, the Board of Directors shall verify the existence of the requisites expressly prescribed by the Decree for the member of the SB, as well as the other requisites mentioned in this chapter.

The Board of Directors shall periodically assess the adequacy of the SB in terms of its organisational structure and the powers granted.

The term of office shall be the same as that of the Board of Directors of the Company or a different term as established in the resolution of appointment.

A member of the SB may resign from office or, on the other hand, be re-elected at the end of his/her term of office.

**5.4 CAUSES OF INELIGIBILITY, REASONS FOR AND POWERS OF REVOCATION**

Appointment as a member of the Supervisory Body is subject to the subjective requisites of integrity, respectability, and professionalism, as well as to the absence of the following causes of incompatibility with the appointment:

- ✓ Existence of relationships of family, marriage, or kinship up to the fourth degree with members of the Board of Directors, with top management in general, with internal auditors of the Company, or with auditors appointed by the independent auditing firm;
- ✓ Existence of conflicts of interest, even potential ones, with the Company such as to compromise the independence required by the role and duties of the Supervisory Body;
- ✓ Provision of surety or other guarantee in favour of one of the directors (or their spouse), or having credit or debit relations with the latter – unrelated to the office conferred;
- ✓ Owning, directly or indirectly, shareholdings of such a size as to be able to exert a significant influence on the company;
- ✓ Performance of administrative functions – in the three years preceding the appointment as member of the SB – of companies undergoing bankruptcy, compulsory administrative liquidation, or other insolvency procedures;
- ✓ Public employment with central or local administrations in the three years prior to appointment as a member of the SB or to the establishment of the consulting/collaborative relationship with the same SB;
- ✓ Existence of a conviction, even if not final, or a judgement of imposition of the penalty on request (i.e. plea bargaining), in Italy or abroad, for the offences referred to in the Decree;
- ✓ Existence of a conviction, with sentence, even if not final, involving a penalty entailing disqualification, even temporary, from holding public office, or temporary disqualification from holding management offices in legal entities and companies;
- ✓ Existence of a conviction, with a final sentence, or a judgement of imposition of the penalty on request (i.e. plea bargaining) in Italy or abroad, for offences other than those referred to in the Decree, involving professional morality.

When accepting the appointment, a member of the SB shall provide the Company with a specific statement in which he/she certifies, under his/her own responsibility, that there are no such reasons for incompatibility.

The rules described above also apply in the event of the appointment of a member of the SB to replace a previously appointed member.

If a member of the SB is no longer available during his/her term of office (e.g. due to resignation or revocation), the Company's Board of Directors shall appoint his/her replacement(s).

The removal from office of a member of the SB and the assignment of this office to another person may only take place in the case of just cause, even related to the organisational restructuring of the Company, by means of a specific resolution of the Board of Directors passed with a majority of its members and with the approval of the Board of Statutory Auditors.

In this regard, "just cause" for revoking the powers connected with the office of member of the Supervisory Body may be understood as, by way of example, but not limited to:

- ✓ loss of the subjective requisites of integrity, respectability, and professionalism that existed at the time of appointment;
- ✓ the emergence of a reason for incompatibility;

- ✓ gross negligence in the performance of the duties connected with the office, such as (by way of example only): failure to draw up the semi-annual information report or the annual summary report to the Board of Directors on the activities carried out; failure to draw up the programme of activities;
- ✓ a "lack of supervision or insufficient supervision" by the Supervisory Body, in accordance with Article 6(1)(d) of the Decree;
- ✓ the assignment of operational duties and responsibilities within the corporate organisation that are incompatible with the requirements of "autonomy and independence" and "continuity of action", which are specific to the Supervisory Body;
- ✓ a false declaration concerning the non-existence of the reasons for incompatibility described above.

In particularly serious cases, the Board of Directors may in any event – after hearing the opinion of the Board of Statutory Auditors – suspend the powers of the SB and appoint an interim SB before removing the SB.

## 5.5 DUTIES OF THE SB

The SB is completely independent in the performance of its duties and its decisions are final. In particular, the SB must:

- ✓ monitor compliance with the Model by the Recipients;
- ✓ monitor the dissemination within the Company of the knowledge, understanding, and observance of the Model;
- ✓ monitor the effectiveness and adequacy of the Model in relation to the corporate structure and the actual ability to prevent the commission of the offences;
- ✓ propose and recommend the updating of the Model where there is a need to adapt it in relation to changed corporate circumstances, regulations, or external factors;
- ✓ periodically report to the Board of Directors and the Board of Statutory Auditors on the activities carried out.

The SB must also act:

- ✓ *ex-ante* (e.g. by training and informing staff);
- ✓ continuously (by means of monitoring, supervising, reviewing, and updating);
- ✓ *ex-post* (by analysing the causes and circumstances that led to the violation of the provisions of the Model or to the commission of the offence).

For the effective performance of the aforementioned duties, the SB is assigned the following duties and powers:

- ✓ Periodically verifying the map of the areas at risk in order to ensure that it is adapted to changes in the company's activities and/or structure;
- ✓ Collecting, processing, and storing information that is relevant with regard to the Model;
- ✓ Periodically verifying the actual application of corporate control procedures in the areas of activity at risk and their effectiveness;
- ✓ Verifying the adoption of actions to solve critical issues in terms of internal control systems identified during Control & Risk Self-Assessment and Gap Analysis activities;
- ✓ Performing periodic checks on specific operations or acts carried out in the context of the Sensitive Activities;



- ✓ Conducting internal investigations and carrying out inspections to ascertain alleged violations of the provisions of the Model;
- ✓ Monitoring the adequacy of the disciplinary system provided for in cases of violation of the rules laid down by the Model;
- ✓ Coordinating with the other company departments, as well as with the other control bodies (especially the Board of Statutory Auditors), also through specific meetings, for better monitoring of the activities in relation to the procedures established by the Model, or for identifying new areas at risk, as well as, in general, for assessing the various aspects relating to the implementation of the Model;
- ✓ Coordinating and cooperating with the persons responsible for the protection of workers' health and safety, as well as for environmental management, in order to ensure that the control system pursuant to the Decree is integrated with the control system set up in accordance with the special regulations for safety in the workplace, as well as for environmental protection;
- ✓ Coordinating with the heads of the company departments in order to promote initiatives for the dissemination of knowledge (also with specific reference to the organisation of training courses) and understanding of the principles of the Model and to ensure the preparation of the internal organisational documentation necessary for its operation, containing instructions, clarifications, or updates;
- ✓ Carrying out periodic checks on the content and quality of the training programmes;
- ✓ Proposing to the Governing Body the assessment criteria for identifying information on Sensitive Activities (refer to section 5.6).

To this end, the SB will have the power to:

- ✓ Issue instructions and service orders aimed at regulating the activity of the SB itself;
- ✓ Access any and all company documents relevant to the performance of the duties assigned to the SB under the Decree;
- ✓ Issue guidelines to the various corporate structures, including top management, in order to obtain from them the information deemed necessary for the performance of their duties, in order to ensure the timely detection of any violations of the Model. To this end, prepare and update the list of information, known as "**Information Flows**" (as defined in section 5.6.), which must be received from the Company Departments/Functions;
- ✓ Carry out periodic checks on the basis of its own programme of activities or even spot checks not scheduled in the programme, but nevertheless deemed necessary for the performance of its duties;

In carrying out its duties, the SB shall in any case have the right to call on the support of external partners, who can be individuals belonging to any company department that from time to time it may be useful to involve in order to pursue the specified purposes and/or third-party consultants.

The Supervisory Body's collaborators, on the instructions of the SB itself, may, even individually, carry out the monitoring activities deemed appropriate for the functioning of and compliance with the Model.

The SB will adopt its own Regulations to ensure the organisation and operating aspects such as, for example, the frequency of inspections, the procedures for passing resolutions, the procedures for convening and recording its meetings, the resolution of conflicts of interest, and the procedures for amending/revising the Regulations.

In addition, as part of the Regulations, the Supervisory Body must expressly provide for formalised opportunities to meet and discuss issues, in particular with:

- the Board of Statutory Auditors;

- the relevant stakeholders with regard to the internal control system;
- the relevant stakeholders with regard to the occupational health and safety management system;
- the relevant stakeholders with regard to the environmental management system.

The purpose of these meetings will be mainly to exchange views and coordinate with the persons involved in the front line of the implementation of the control system, each according to their area of responsibility, in order to allow the SB to take advantage of opportunities to improve the existing controls for the effectiveness of the Model. With this in mind, the SB shall be responsible for verifying with them the effectiveness of the information flows towards it, as defined in section 5.6 "Obligations to provide information to the Supervisory Body".

The SB will regulate the operating procedures and frequency of these meetings, identifying the persons involved from time to time, as well as the agenda of the meetings.

The SB will also draw up a "Programme of Activities" that it intends to carry out in order to discharge the duties assigned to it, to be submitted to the Governing Body.

## 5.6 OBLIGATIONS TO PROVIDE INFORMATION TO THE SUPERVISORY BODY

Italian Legislative Decree 231/2001 sets out, among the requirements the Model must satisfy, the establishment of specific reporting obligations towards the Supervisory Body by the Company Departments/Functions, aimed at enabling the Supervisory Body to carry out its supervisory and verification activities.

In order to facilitate the activity of monitoring the effectiveness and efficiency of the Model, the SB shall therefore be the recipient of:

- *reports* of unlawful conduct of relevance pursuant to Italian Legislative Decree no. 231/2001 or of alleged or actual violations of the Model and the Code of Ethics (hereinafter **Reports**);
- *information* that is useful and necessary for carrying out the supervisory duties entrusted to the SB itself (hereinafter classified as **General Information** and **Information on Sensitive Activities**).

The SB must be allowed access to any kind of information that may be useful for carrying out its activities. Conversely, the SB is required to keep secret all information acquired.

Specifically, all the Recipients may send directly to the Supervisory Body any detailed **Reports** of unlawful conduct of relevance under the Decree and based on precise and corroborating facts, or of violations of the Company's Model, of which they have become aware by virtue of their duties.

On the basis of the provisions of Italian Law no. 179 of 30 November 2017 laying down "*Provisions for the protection of persons reporting crimes or unlawful conduct of which they have become aware when working in the public or private sector*" (known as the "Whistleblowing Law") – which added paragraphs 2-*bis*, 2-*ter*, and 2-*quater* to Article 6 of the Decree – the Models must provide for:

- one or more channels that allow the recipients of the Model to submit, in order to protect the integrity of the organisation, detailed reports of unlawful conduct of relevance under the Decree and based on precise and corroborating facts, or of violations of Model 231, of which they have become aware by virtue of their duties;
- at least one alternative reporting channel capable of guaranteeing, by computerised procedures, that the identity of the whistleblower is kept confidential;
- prohibition against retaliatory or discriminatory acts, whether direct or indirect, against the subject who disclosed the information, on grounds connected, either directly or indirectly, with the disclosure;

- penalties applicable to anyone who breaches the measures for the protection of the whistleblower, as well as to anyone who maliciously or with gross negligence makes reports that turn out to be unfounded.

The communication channels envisaged by the Company for sending Reports to the Supervisory Body are as follows: a confidential letter addressed to the Supervisory Body at the Company's registered office and a dedicated e-mail address, access to which is reserved exclusively for members of the Supervisory Body (odv@tozzigreen.com) (preferred channel); the specific "reporting format" published on the website www.tozzigreen.com (reference link <https://www.tozzigreen.com/it/etica-dimpresa/>) should be used in both cases.

Reports may also be anonymous and must describe in detail the facts and persons that are the subject of the report.

In any case, the identity of the whistleblower and the information contained therein shall be kept confidential in all circumstances following the report, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused in bad faith.

A Report is considered to be made in good faith when it is made on the basis of a reasonable belief founded on factual and circumstantial elements.

In any case, the Company protects bona fide whistleblowers against any form of retaliation, discrimination, or penalisation for reasons connected directly or indirectly to the report, without prejudice to the right of beneficiaries to protect themselves if the whistleblower is found to have civil or criminal liability as a result of any false statement, and without prejudice to legal obligations.

In managing the Report, the Supervisory Body shall ensure:

- that the reported persons are afforded the same forms of protection as the whistleblowers;
- that all statutory and regulatory provisions on data protection are complied with;
- that the investigation phase initiated following the receipt of a report is carried out in compliance with the applicable legislation.

The Supervisory Body shall assess the Reports received with discretion and responsibly, investigating also by interviewing the person who submitted the Report. Any decision not to proceed with the investigation must be justified and must be communicated to the Board of Directors as part of the reporting process (see Section 5.7 below for more information).

In any case, in order to facilitate the supervisory activities for which it is responsible, the SB shall promptly obtain the **General Information** it deems useful for this purpose, including, by way of example, but not limited to:

- critical issues, anomalies, or irregularities found by the company departments when implementing the Model;
- orders and/or information from the judicial police, or any other authority, which indicate that investigations are being carried out, even against unknown persons, for the offences;
- internal and external communications concerning any case that may be connected with offences under the Decree (e.g. disciplinary measures initiated/implemented against employees);
- requests for legal assistance made by employees in the event of legal proceedings being initiated for the offences;
- commissions of enquiry or internal reports from which responsibility for the offences referred to in the Decree emerges;

- news relating to disciplinary proceedings carried out with reference to violations of the Model and any sanctions imposed (including measures against employees) or decisions to dismiss such proceedings and the reasons for doing so;
- news relating to changes in the organisational structure;
- updates of the system of mandates and powers of attorney (including the system of powers and mandates in relation to occupational health and safety);
- copies of the minutes of the meetings of the Board of Directors and the Board of Statutory Auditors;
- news relating to organisational changes in key roles concerning occupational health and safety (e.g. changes in roles, duties, and persons delegated to protect workers);
- changes to the regulatory system regarding occupational health and safety;
- any communications from the external auditor concerning aspects that may indicate deficiencies in the internal control system, objectionable actions, or observations on the Company's financial statements;
- any assignment conferred or intended to be conferred on the external auditor or on companies linked to them, other than that concerning the audit of the financial statements or the accounting audit.

This General Information must be provided to the SB by the heads of the company departments according to their area of competence and must be provided in writing, also using an e-mail address that has been specifically activated and duly communicated to the Recipients of the Model.

Lastly, in order to allow monitoring by the SB of the activities of particular relevance carried out in the context of the Sensitive Activities referred to in the Special Sections, the Process Owners are required to send the SB any "**Information on Sensitive Activities**" carried out. These parties were qualified as *Process Owners* on the basis of the Control & Risk Self-Assessment and Gap Analysis activities carried out.

The "Information on Sensitive Activities" is identified through the delineation of evaluation criteria and parameters defined by the SB on the basis of the Control & Risk Self-Assessment and Gap Analysis activity carried out, and by assessing its effectiveness for the performance of its duties, as well as its constant consistency with the changing volumes and relevance of activities. The SB shall appropriately inform the Board of Directors regarding the definition of said criteria and parameters.

In particular, the information concerning Sensitive Activities, as well as, in general, the regulation of information flows to the SB in terms of frequency, transmission methods, and responsibility for the transmission of such flows shall be regulated in detail in a specific procedure or in an organisational provision defined and issued by the SB itself.

Failure to send information to the Supervisory Body constitutes a violation of this Model.

## **5.7 SB REPORTING**

In order to guarantee its full autonomy and independence while accomplishing its duties, the SB reports directly to the Board of Directors concerning the implementation of the Model and any critical issues.

The SB, with regard to the Board of Directors, is responsible for:

- ✓ Communicating at the beginning of each financial year the Plan of Activities that it intends to carry out in order to discharge the duties assigned to it;
- ✓ Communicating periodically, and at least every six months, the progress of the Programme of Activities, and any changes made to it, giving the reasons for such changes;

- ✓ Promptly reporting any violations of the Model or unlawful and/or illegal conduct, of which it became aware as a result of a report by the Recipients that the SB considers well-founded or that it has ascertained;
- ✓ Draw up, at least once a year, a report summarising the activities carried out in the previous twelve months and their results, the critical issues, and violations of the Model, as well as proposals relating to the necessary updates of the Model to be implemented.

The Board of Directors and the Board of Statutory Auditors have the right to convene the SB at any time, which, in turn, has the right to request, through the relevant departments or persons, the convocation of the aforementioned bodies for urgent and particularly serious reasons.

The SB may also communicate the results of its investigations to the heads of departments if the checks carried out reveal deficiencies, behaviour, or actions that are not in line with the Model. In this case, the SB will need to obtain from the managers of these activities a programme of the actions to be taken, with a timetable, in order to prevent the recurrence of such circumstances.

The SB is required to immediately inform the Board of Statutory Auditors as well as the Board of Directors, if the violation concerns the Company's top management.

## **5.8 RETENTION OF INFORMATION**

All information, reports, and other documents collected and/or prepared in application of this Model shall be retained by the SB in a dedicated archive (electronic and/or hard copy) managed by the SB, for a period of 10 years.

Access to the archive is allowed exclusively to the SB and the Governing Body.

It should also be noted that also the documentation produced as part of the activities of preparing and updating the Model (Control & Risk Self-Assessment and Gap Analysis, etc.) is collected in a dedicated Archive (refer to Chapter 2), and is stored by the SB.

**6. DISSEMINATION OF THE MODEL**

For the purposes of the effectiveness of the Model, it is of primary importance that the rules of conduct contained therein be fully understood by both the staff already present at the company and those who will join it in the future, as well as by every other Recipient, with a different degree of depth depending on their different degree of involvement in the Sensitive Activities. With reference to the Recipients who do not belong to the Company, the Governing Body shall identify the types of legal relations to which it is appropriate to apply the provisions of the Model, due to the nature of the activities carried out. Regarding this, refer to section 3.4 of the Model.

**6.1 INITIAL COMMUNICATION**

In order to ensure effective knowledge and application of the Model, its adoption is formally communicated by the Board of Directors to the different groups of Recipients.

In particular, following approval of the Model, the Company's employees and, subsequently, all new recruits are required to sign a statement of acceptance of the Model and a commitment to comply with its provisions.

On the other hand, as regards Recipients not belonging to the Company (such as the Company's Collaborators, Suppliers, Local Partners, External Consultants, and Contractors), the letter of appointment or the contract entailing the establishment of a form of collaboration with them must explicitly contain specific clauses that may also be drafted in separate documents from the contract itself.

In the event of significant revisions and/or updates of the Model, the Company shall duly inform the Recipients of them.

The Model is also made available according to the methods and tools that the Board of Directors deems appropriate to adopt, such as, by way of example, its dissemination on the Company's website as well as through the corporate Intranet, or making a hard copy of the Model available at the Company's headquarters.

**6.2 TRAINING OF PERSONNEL**

Personnel training for the purposes of implementing the Model is the responsibility of the Board of Directors, which identifies the resources within or outside the Company to be in charge of organising it.

These resources proceed to organise the training sessions in co-ordination with the SB, which assesses their effectiveness in terms of planning, content, updating, schedule, methods, and identification of participants.

Participation in these training activities by the selected employees is mandatory: consequently, non-participation shall be penalised pursuant to the Disciplinary System contained in the Model.

The training shall provide information at least on the following: the regulatory framework (Italian Legislative Decree no. 231/2001 and the Confindustria Guidelines), the Model adopted by the Company, cases of corporate application of the legislation, and the controls and protocols introduced following the adoption of the Model.

The training shall be tailored to the different business areas of the trainees. A detailed record must be kept of the training provided.

Lastly, the planning of the training must include periodic sessions to ensure a constant refresher programme.

**7. DISCIPLINARY SYSTEM**

The Decree provides that a "disciplinary system suitable for penalising non-compliance with the measures specified in the Model" shall be set up both for persons in senior positions and for persons subject to the direction and supervision of others.

The existence of a system of sanctions applicable in the event of failure to comply with the rules of conduct, provisions, and internal procedures laid down in the Model is, in fact, essential to ensure the effectiveness of the Model.

The disciplinary system is published in a place and/or manner accessible to all employees and is made available to all Recipients.

The imposition of the sanctions in question must remain completely independent of the holding and outcome of any criminal or administrative proceedings initiated by the Judicial or Administrative Authorities, in the event that the conduct to be reprimanded also constitutes an offence under the Decree or a criminal or administrative offence under occupational health and safety regulations. In fact, the rules laid down by the Model are assumed by the Company in full autonomy, regardless of the fact that any conduct may constitute a criminal or administrative offence and that the Judicial or Administrative Authorities intend to prosecute such offence.

The verification of the adequacy of the disciplinary system, the constant monitoring of any procedures for the enforcement of sanctions against employees, as well as actions against external parties are entrusted to the SB, which also reports any infringements of which it becomes aware in the performance of its duties.

With the exception of the provisions of section 5.4 ("Causes of ineligibility, reasons for and powers of revocation"), the disciplinary system defined may also be applied to the members of the SB, in relation to the duties assigned to them by this Model (refer to section 7.4 below).

The violation of the rules of conduct of the Code of Ethics and of the measures provided for by the Model, by employees of the Company in any capacity and, therefore, including executives, constitutes a breach of the obligations of the employment relationship, pursuant to Articles 2104 and 2106 of the Italian Civil Code.

**7.1 VIOLATIONS OF THE MODEL**

The following constitute violations of the Model:

1. Conduct that constitutes one of the offences referred to in the Decree;
2. Conduct which, although not constituting any of the offences referred to in the Decree, is unequivocally directed towards their commission;
3. Conduct that does not comply with the procedures referred to in the Model;
4. Conduct in violation of the preventive control tools referred to in Chapter 4 of this General Section;
5. Conduct that does not comply with the provisions laid down in the Model or referred to in the Model, specifically:
  - ✓ in relation to the risk of commission of an offence involving the Public Administration, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections A.3 and A.4. of Special Section A below;
  - ✓ in relation to the risk of commission of a corporate crime, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections B.3 and B.4 of Special Section B below;
  - ✓ in relation to the risk of commission of a crime of receiving stolen goods, money laundering or use of money, goods, or benefits of unlawful origin, and self-money laundering, conduct

- in violation of the general principles of conduct and behaviour and of the specific principles listed in sections C.3 and C.4 of Special Section C below;
- ✓ in relation to the risk of violating the regulations on occupational health and safety which may result in the occurrence of an accident or occupational disease resulting in the crime of manslaughter or grievous or very grievous injury, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections D.3 and D.4 of Special Section D;
  - ✓ in relation to the risk of commission of an environmental crime, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections E.3 and E.4 of Special Section E below;
  - ✓ in relation to the risk of commission of an organised crime offence and transnational crimes, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections F.3 and F.4 of Special Section F below;
  - ✓ in relation to the risk of commission of a crime relating to fraudulent use or exploitation of trademarks and patents, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections G.3 and G.4 of Special Section G below;
  - ✓ in relation to the risk of commission of a crime against industry and trade, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections H.3 and H.4 of Special Section H below;
  - ✓ in relation to the risk of commission of a crime involving the violation of copyright laws, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections I.3 and I.4 of Special Section I below;
  - ✓ in relation to the risk of commission of the crime of inducement not to make statements or to make false statements to the Judicial Authorities, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections L.3 and L.4 of Special Section L below;
  - ✓ in relation to the risk of commission of a crime against individuals, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections M.3 and M.4 of Special Section M below;
  - ✓ in relation to the risk of commission of the crime of employing citizens of other countries without a valid residence permit, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections N.3 and N.4 of Special Section N below;
  - ✓ in relation to the risk of commission of tax offences, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections O.3 and O.4 of Special Section O below;
  - ✓ in relation to the risk of commission of smuggling offences, conduct in violation of the general principles of conduct and behaviour and of the specific principles listed in sections P.3 and P.4 of Special Section P below;
6. uncooperative conduct towards the SB, consisting of, by way of example but not limited to, a refusal to provide requested information or documentation, failure to comply with the general and specific guidelines issued by the SB in order to obtain the information deemed necessary for the performance of its duties, failure to participate, without a valid reason, in inspection visits scheduled by the SB, failure to attend training meetings;



7. acts of retaliation or discrimination against anyone who has reported unlawful conduct, relevant for the purposes of Italian Legislative Decree 231/2001, or a violation of the Model or the Code of Ethics, for reasons directly or indirectly connected to the report itself; in such cases, the disciplinary sanctions provided for below shall be applied, depending on their seriousness;
8. violations of confidentiality obligations concerning the identity of the whistleblower; in this case, the disciplinary sanctions provided for below shall be applied, according to the level of severity;
9. Reports that turn out to be unfounded, if made maliciously or with gross negligence; in this case, the disciplinary sanctions provided for below shall be applied, according to the level of severity.

Moreover, with reference to Reports of unlawful conduct relevant under Italian Legislative Decree no. 231/2001 and reports of violations of the Model, referred to in section 5.6 above, it should be noted that, pursuant to Article 6, paragraph 2-quater of Italian Legislative Decree no. 231/2001, retaliatory or discriminatory dismissal of the whistleblower will be considered invalid. Any changes made to the duties assigned, or any other retaliatory or discriminatory measures taken against the whistleblower shall, pursuant to Article 2103 of the Italian Civil Code, also be considered invalid. It is the responsibility of the employer, in the event of disputes related to the imposition of disciplinary sanctions or to demotions, dismissals, transfers, or subjecting the whistleblower to other organisational measures having direct or indirect negative effects on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself.

The seriousness of violations of the Model shall be assessed on the basis of the following circumstances:

- The presence and intensity of the intent;
- The presence and intensity of negligent, careless, and reckless behaviour;
- The extent of the danger and/or consequences of the violation for the persons covered by the regulations on occupational health and safety, as well as for the Company;
- The predictability of the consequences;
- The timing and manner of the violation;
- The circumstances under which the violation took place;
- Recidivism, consisting of the repeated imposition of disciplinary sanctions for violations of the Model, as well as the repetition of disciplinarily relevant conduct, assessed both in its episodic nature and as a whole (even if not sanctioned);
- The position and duties performed by the person who committed the violation;
- His/her behaviour following the violation.

The penalty procedure shall in any case be referred to the competent Department/Function and/or corporate bodies.

## **7.2 MEASURES WITH REGARDS TO EMPLOYEES**

Violation of the individual rules of conduct set out in this Model by non-executive employees constitutes a disciplinary offence in accordance with the **National Collective Labour Agreement for Metalworkers**.

Any type of violation of the rules of conduct contained in the Model authorises the SB to request the relevant company department of Tozzi Green to initiate the disciplinary procedure and the possible imposition of one of the sanctions listed below, determined on the basis of the seriousness of the violation committed in light of the criteria indicated in section 7.1 and the behaviour before (e.g. any previous violations committed) and after the fact (e.g. communication to the SB of the irregularity) of the person who committed the violation.

The disciplinary measures that can be imposed on these workers – in compliance with the procedures laid down in Article 7 of Italian Law no. 300 of 30 May 1970 (Workers' Statute of Rights) and any special applicable regulations, as well as the above-mentioned National Collective Labour Agreement – are those provided for by the following sanctioning system:

- a) Verbal warning;
- b) Written reprimand;
- c) Fine not exceeding three hours of hourly pay calculated on the minimum wage scale;
- d) Suspension from work without pay for up to a maximum of 3 days;
- e) Disciplinary dismissal with the right to notice and dismissal for just cause without notice.

In any case, the relevant company department of Tozzi Green shall always keep the SB informed of any sanctions imposed and/or violations ascertained.

In particular, with reference to violations of the Model committed by a worker, it is provided that:

1. A **verbal warning or written reprimand**, depending on the seriousness of the violation, shall be imposed on any employee who violates the internal procedures laid down in this Model or adopts, in the performance of activities in areas at risk, conduct in violation of the provisions of the Model, provided that such conduct does not give rise to the imposition of measures provided for in the Decree;
2. A **fine not exceeding 3 hours of hourly pay** shall be imposed on any worker who has repeatedly committed any of the offences entailing the verbal warning or written reprimand referred to in point 1 above more than twice in a two-year period, or who has repeatedly violated, on a single occasion, the internal procedures laid down in this Model or repeatedly adopts, in the performance of activities in areas at risk, conduct in violation of the provisions of the Model, provided that such conduct does not give rise to the imposition of measures provided for in the Decree;
3. **Suspension from work without pay for up to a maximum of 3 days** shall be imposed on any employee who: (i) in violating the internal procedures laid down in this Model or adopting conduct in violation of its provisions when carrying out activities in areas at risk, causes damage to the Company or exposes it to an objective situation of danger to the integrity of its assets, provided that such conduct is not in any case unequivocally directed towards the commission of the offence or does not give rise to the application of the measures laid down in the Decree; (ii) repeatedly commits any of the offences punishable by the fine referred to in point 2 above, more than twice in a two-year period; (iii) makes, with gross negligence, false or unsubstantiated Reports of violations of the Model and the Code of Ethics; (iv) violates the measures taken by the Company to protect the identity of the whistleblower;
4. An employee shall be subject to **disciplinary dismissal with the right to notice** if he/she: (i) repeatedly commits any of the offences punishable by the disciplinary suspension referred to in point 3 above more than twice in a two-year period, after receiving a formal written warning; (ii) maliciously makes false or unsubstantiated reports of violations of the Model or the Code of Ethics; (iii) violates the measures taken by the Company to protect the identity of the whistleblower so as to engender retaliatory actions or any other form of discrimination or penalisation against the whistleblower. **Dismissal for just cause without notice** shall be imposed on any employee whose conduct does not comply with the provisions of this Model and is unequivocally directed towards the commission of an offence punishable under the Decree, as well as on any employee whose conduct is clearly in violation of the provisions of this Model, such as to lead to the actual imposition against the Company of the measures laid down in the Decree.

With reference to the risk of commission of offences in violation of the regulations on occupational health and safety provided for in Article 25-*septies* of the Decree, in accordance with the provisions of Circular of

the Ministry of Labour no. 15816 of 11 July 2011 concerning the "Organisation and management model pursuant to Article 30 of Italian Legislative Decree no. 81/2008", below are the possible violations, ranked in increasing order of seriousness:

1. Any employee who fails to comply with the Model shall be subject to a **written warning** if such violation leads to a situation of possible danger to the physical safety of one or more persons, including the offender, unless one of the cases provided for in points 2, 3, and 4 below is applicable;
2. A **fine not exceeding three hours of hourly pay** shall be imposed on any employee who: (i) repeatedly commits any of the offences that entail the written warning referred to in point 1 above more than twice within a two-year period; (ii) does not comply with the Model, if the violation constitutes a serious breach of safety procedures or results in the physical injury of one or more persons, including the offender, unless one of the cases provided for in points 3 and 4 below is applicable;
3. **Suspension from work without pay for up to a maximum of 3 days** shall be imposed on any employee who: (i) does not comply with the Model, if the violation causes a physical injury that can be classified as "serious" pursuant to Article 583(1) of the Italian Criminal Code, to one or more persons, including the offender, unless one of the cases provided for in point 4 below is applicable; (ii) repeatedly commits any of the offences punishable by the fine referred to in point 2 above, more than twice in a two-year period; (iii) makes, with gross negligence, false or unsubstantiated Reports of violations of the Model and the Code of Ethics; (iv) violates the measures taken by the Company to protect the identity of the whistleblower;
4. An employee shall be subject to **disciplinary dismissal with the right to notice** if he/she: (i) repeatedly commits any of the offences punishable by suspension from work without pay for up to a maximum of 3 days, as specified in point 3 above, more than twice in a two-year period; (ii) maliciously makes false or unsubstantiated reports of violations of the Model or the Code of Ethics; (iii) violates the measures taken by the Company to protect the identity of the whistleblower so as to engender retaliatory actions or any other form of discrimination or penalisation against the whistleblower. Any employee who fails to comply with the Model shall be **dismissed for just cause without notice** if the violation causes a physical injury that can be classified as "very serious" pursuant to Article 583(2) of the Italian Criminal Code <sup>1</sup> or results in the death of one or more persons, including the offender.

If the alleged offence is particularly serious, the employee may be suspended from work as a precautionary measure with immediate effect, until the sanction is imposed, in accordance with the provisions of the Workers' Statute of Rights and the above-mentioned National Collective Labour Agreement.

No disciplinary measure may be adopted without first notifying the employee of the charges and hearing his/her defence.

The charges, specifying the facts constituting the offence, shall be notified in writing, indicating the time limit within which the worker may present his/her justifications, which shall in no case be less than five working days.

---

<sup>1</sup> Art. 583 of the Italian Criminal Code Aggravating circumstances

The personal injury is serious and imprisonment from three to seven years shall be imposed

1. if the act results in an illness endangering the life of the injured party, or an illness or incapacity to carry out ordinary occupations for a period exceeding forty days;
2. if the act results in the permanent weakening of a sense or an organ;

The personal injury is very serious and imprisonment from six to twelve years shall be imposed, if the act results in:

1. an illness that is certainly or probably incurable;
2. the loss of a sense;
3. the loss of a limb, or a mutilation that renders the limb useless, or the loss of the use of an organ or of the ability to procreate, or a permanent and serious difficulty of speech;
4. the deformity or permanent disfigurement of the face.

The worker may be assisted by a member of the internal trade union.

### 7.3 VIOLATIONS OF THE MODEL BY EXECUTIVES AND RELATED MEASURES

Violations of the individual rules set out in this Model committed by Company workers with "executive" status also constitute a disciplinary offence.

Any type of violation of the rules of conduct contained in the Model authorises the SB to request the Chairman of the Board of Directors to impose one of the sanctions listed below, determined on the basis of the seriousness of the violation committed in light of the criteria indicated in section 7.1 and the behaviour before (e.g. any previous violations committed) and after the fact (e.g. communication to the SB of the irregularity) of the person who committed the violation.

The disciplinary measures that can be imposed on "executives" – in compliance with the procedures laid down in Article 7(2) and (3) of Italian Law no. 300 of 30 May 1970 (Workers' Statute of Rights), the National Collective Labour Agreement for industry executives, and any special applicable regulations – are those provided for by the following sanctioning system:

- a) Written reprimand;
- b) Disciplinary suspension from work without pay for up to a maximum of 3 days;
- c) Justified dismissal with the right to notice;
- d) Dismissal for just cause.

In any case, the relevant company department shall always keep the SB informed of any sanctions imposed and/or violations ascertained.

In particular, with reference to violations of the Model committed by executives of the Company, it is provided that:

- ✓ In the event of a non-serious violation of one or more rules of procedure or conduct laid down in the Model, an executive shall be subject to a **written reprimand** consisting of a warning to comply with the Model, which is a necessary condition for maintaining a relationship of trust with the Company;
- ✓ In the event of a non-serious but repeated violation of one or more rules of procedure or conduct laid down in the Model, the executive shall be subject to **disciplinary suspension from work without pay for up to a maximum of three days**. **Suspension** shall also apply in the event that the executive makes, with gross negligence, false or unsubstantiated reports of violations of the Model or the Code of Ethics or violates the measures taken by the Company to protect the identity of the whistleblower;
- ✓ In the event of a serious violation of one or more rules of procedure or conduct laid down in the Model, such as to constitute a serious breach, or in the case of repeated violation of any of the rules requiring suspension more than twice within a two-year period, the executive shall be **dismissed with justification and with the right to notice**. Dismissal with the right to notice shall also apply in the event that the executive maliciously makes false or unsubstantiated reports of violations of the Model or the Code of Ethics or violates the measures taken by the Company to protect the identity of the whistleblower so as to engender retaliatory actions or any other form of discrimination or penalisation against the whistleblower;
- ✓ Where the violation of one or more rules of procedure or conduct laid down in the Model – as specified in the detailed points above – is so serious as to irreparably compromise the relationship of trust, thus preventing the continuation, even on a temporary basis, of the employment relationship, the executive shall be **dismissed for just cause**.

In addition, for Company workers with "executive" status, the following constitute serious violations of the provisions of the Model:

- ✓ Failure to comply with the obligation to direct or supervise subordinate workers on the proper and effective application of the Model;
- ✓ Failure to comply with the obligation to direct and supervise other workers who, although not linked to the Company by a subordinate relationship (i.e. self-employed workers, Consultants, Collaborators, etc.), are nevertheless subject to the direction and supervision of the "executive" pursuant to Article 5(1)(b) of Italian Legislative Decree no. 231/01, without prejudice to the qualification of the contract with such workers.

#### **7.4 MEASURES AGAINST MEMBERS OF THE GOVERNING BODY, MEMBERS OF THE BOARD OF STATUTORY AUDITORS, AND MEMBERS OF THE SUPERVISORY BODY**

In the event of a violation of the Model by one or more members of the Company's Governing Body, the SB shall inform the entire Board of Directors and the Board of Statutory Auditors, which shall take appropriate action in line with the seriousness of the violation committed, in light of the criteria specified in section 7.1 and in accordance with the powers provided for by the law and/or the Articles of Association (statements in the minutes of meetings, request to convene or convocation of the Shareholders' Meeting with appropriate measures against the individuals responsible for the violation on the agenda, etc.).

The disciplinary measures that may be imposed on one or more members of the Company's Governing Body, subject to a resolution of the Board of Directors to be adopted with the abstention of the interested party and, where provided for by the law and/or the Articles of Association, by a resolution of the Shareholders' Meeting, are those provided for by the following sanctioning system:

- a) Written warning;
- b) Temporary suspension from office;
- c) Removal from office.

In particular, with reference to violations of the Model committed by one or more members of the Company's Governing Body, it is provided that:

- ✓ In the event of a non-serious breach of one or more rules of procedure or conduct laid down in the Model, the member of the Governing Body shall be subject to a **written reprimand** consisting of a warning to comply with the Model, which is a necessary condition for maintaining a relationship of trust with the Company;
- ✓ In the event of a serious violation of one or more rules of procedure or conduct laid down in the Model, the member of the Governing Body shall be subject to **temporary suspension from office**;
- ✓ In the event of a serious violation of one or more rules of procedure or conduct laid down in the Model such as to irreparably compromise the relationship of trust, the member of the Governing Body shall be **removed from office**.

In addition, for members of the Company's Governing Body, also the violation of the obligation to direct or supervise subordinates on the proper and effective application of the provisions of the Model shall constitute a punishable violation of the Model.

In the event of violation of the Model by the Company's entire Governing Body, the SB will inform the Board of Statutory Auditors so that it can promptly convene the Shareholders' Meeting so that appropriate action can be taken.

In the event of a violation of the Model by one or more members of the Board of Statutory Auditors or by the entire Board of Statutory Auditors, the SB shall inform the Governing Body, which shall take appropriate action in line with the seriousness of the violation and in accordance with the powers provided for by the law and/or the Articles of Association (statements in the minutes of meetings, request to convene or convocation of the Shareholders' Meeting with appropriate measures against the individuals responsible for the violation on the agenda, etc.).

If the Governing Body is informed about violations of the Model by one or more members of the SB, said Governing Body shall, in collaboration with the Board of Statutory Auditors, take the actions deemed most appropriate according to the seriousness of the violation and in accordance with the powers provided for by the law and/or the Articles of Association.

In particular, if the violation is committed by a member of the SB who is also an employee of the Company, the sanctions set out in Sections 7.2 and 7.3 shall be applicable.

In any case, the Board of Directors and the Board of Statutory Auditors shall always keep the SB informed of any sanctions imposed and/or violations ascertained.

#### **7.5 MEASURES AGAINST CONSULTANTS, SUPPLIERS, LOCAL PARTNERS, CONTRACTORS, AND COLLABORATORS INVOLVED IN THE SENSITIVE ACTIVITIES**

Any violation committed by Consultants, Suppliers, Contractors, Local Partners, or Collaborators involved in the Sensitive Activities may result in the following actions, in accordance with the provisions of the specific contractual clauses contained in the letters of engagement or in the agreements with them, and depending on the seriousness of the violation found:

- a) A written warning to comply with the provisions of the Model and the Code of Ethics;
- b) The imposition of a penalty;
- c) The termination of the contractual relationship, without prejudice to any claim for compensation, should such conduct cause harm to Tozzi Green, as in the case when a judge applies the measures provided for in the Decree.