

# CODE OF ETHICS

***TOTO** Group*

*Adopted by the Board of Directors of*

*Toto Holding SpA*

*with resolution dated 15 June 2020.*

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## OVERVIEW

With the Decree n.231 of the 8th of June 2001, the legislator has introduced the administrative responsibility of the companies for such facts that could be considered crimes. This responsibility is in addition of the individual responsibility of the person that has physically done the illicit fact and is independent from it.

With this document TOTO Group<sup>1</sup> establishes the principles, the rights, the duties and the responsibilities of the company against shareholders, employees, consultants, clients, suppliers and Public Authorities. With it, furthermore, recommends, promotes the ban of behaviors from which could be attributed responsibilities to the company or in any case non-compliant with the established ethic principles.

The Code (aligned with the Confindustria guide lines principles) is the base on which is founded the preliminary control system, assigned to a Supervisory Committee that has its own power in terms of controls, and is integrated part of the Organization, Management and Control and Anti Corruption Framework adopted by each company of the Group, that contain, furthermore, the general principles and the rules of behavior that the company recognizes as a positive ethical principle and on respect of all the stakeholders of the Code.

This Code is applied to all the Group and therefore, as guide line, to all the companies that form it and in particular to TOTO Holding S.p.A. and the subsidiaries companies, directly or indirectly controlled or connected, for which it carries out a management and coordination activity.

Conducting his activities and maintaining his proper autonomy, each company can utilize the organizational support from other companies of TOTO Group, through service contracts, according to the market fair value principle and with the system of the internal procedures.

## THE TOTO GROUP

**TOTO** is a Group of large dimensions with different business sectors that operates with its own operational companies working in the markets of large infrastructure, highways and railways, highways concessions, renewables energies construction and concessions, design and engineering.

TOTO HOLDING is a parent financial company that possess the shares in operational companies of the Group, and conducts a strategic coordination activity and of goals fixing for the its controlled companies.

The key success factors of the Group are the reliability in the realization of projects and, most of all, the diversification of the business in the following specific sectors, for each of which specific controlled companies are established:

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<sup>1</sup> In this document “Group” or “Company”

**❖ CONSTRUCTION**

The Group works, since forty years in large highways and railways projects and large complex infrastructures, in Italy and abroad. It is specialized in *tunnelling*, with traditional method or by mechanical excavation method through TBM utilization. Consolidated experience in construction of bridges and viaducts with innovative methods.

**❖ CONCESSIONS**

The GROUP manages to one of the most important Italian motorway networks, the A24-A25, the most rapid link between Tirreno e Adriatico. The Group manages this transport infrastructure that has an high economic and strategic value, and so is one of the most big player of the sector through the application of an integrated strategic model construction/concession.

**❖ RENEWABLE ENERGIES**

The alternative energetic sources is one of the most import business sector of the Group, as an EPC Contractor that can follow each project during its full lyfe cicle. The most important activities are the design and realization of large renewables energy plants with photovoltaic and eolic technology, hydroelectric and geotermic technology.

**❖ SERVICES**

The Company realizes ordinary and straordinaria manutention and manages highways plants. Provides support to the other compnies of the Group (higways concession) and to third clients.

**❖ ENGINEERING**

In order to work out new costruction projects, the Group has its own engineering company, with an experience of forty years, that provides support and know how to the other controlled companies and to the market with a high professional value.

**❖ REAL ESTATE**

In order to promote and to participate to civil costruction business initiatives, the Group has its own real estate company, with a specific know-how, doing the property management and the develop of new initiatives in the real estate sector.

## **1. SCOPE AND BENEFICIARIES OF THE CODE**

The Code, adopted by each company of TOTO Group, establish principles and behavior guidances of the Company Boards and all the Directors, the employees, consultants and all kinds of third parties, agents, persons with power of attorney and any other person that could acts in the name and on behalf of the company.

All the beneficiaries are obliged to observe the principles contained in the Code. Under no circumstances does the claim to act in the interest of the Group justify the adoption of behaviors in contrast with those set out in this document.

The observation of the Code must be considered an essential part of the contractual obligation of the employees of the company (according to the art. 2104 c.c.).

The violation of the Code harms the relationship of trust established with the Company and can cause disciplinary actions and damages claims, keeping fix, for the employees, the respect of the art. 7 of the Law n. 300 of the 20th of may 1970 ("Statuto dei Lavoratori"), of the collective national work agreements and the procedures adopted by the Company.

## **2. TRAINING AND COMUNICATION**

The Company has the duty of undertakes to ensure timely internal and external communication of the Code through:

- ❖ The distribution to all the Directors and all the employees;
- ❖ The Posting in notice-boards (places accesible to all);
- ❖ The availability for all the third parties on the web site of the Company.

The Supervisory Committee, according with the CEO, promotes and monitors proper training sessions periodically on the Code principles, forecasted considering different roles and responsibilities, through eventually more intensive sessions with a more high level of depth for the persons qualified as "on risk" with reference to the Company 231/01 Framework. In the contract agreements with third parties is included a specific clause regarding the respect of the Model end the Code and related disciplinary sanction in case of obligation violation. The effectiveness implementation of this clause is a duty of the Legal Department of the Company.

## **3. MAIN PRINCIPLES**

TOTO Group, and each companies wich are part of it, following their proper economic targets, believes in the necessity of obtaining the exellence in the performances in terms of quality and in the respect of the professional ethic and of the following described principles.

### ***3.1 Responsibilities and respect of the laws***

TOTO Group has, as main principle, the respect of the laws and of the democratic consituted order. This principle represents a duty in the relationship within the company, the control

and administration bodies, the directors, all the body members and all the employees. The principle is contextually extended to the agents, consultants, suppliers, clients and anyone who has or intends to have relationships with the Company. Business relations with those who do not comply with this principle will not be started or interrupted. In this context, compliance with regulations and ethical principles, established by trade associations, as well as with this Code, is also relevant. The Company does not approve or justify any violent or threatening action, aimed at obtaining conduct contrary to current legislation, including ethical law, and / or the Code of Ethics.

### **3.2 *Honesty***

Corporate bodies, Directors, employees, consultants, etc. of the Company, must be aware of the ethical meaning of their actions and must not pursue personal or company profits in violation of the laws and of this Code. In the definition of contractual agreements with clients, it is necessary to ensure that the clauses are formulated in a clear and understandable way, ensuring the maintenance of the condition of "equality" between the parties.

### **3.3 *Correctness***

This principle means the respect, doing rights and obligations by each person involved in the working and professional activity, and as well avoiding conflicts of interest between each worker and the Company. In particular everyone must act in order to avoid situations of conflict of interest, which may occur in all situations where the pursuit of their interest is in contrast with the interests and the mission of the Company. In addition, situations must be avoided in which an employee, a Director or other, can obtain an undue advantage and / or profit from known opportunities during and due to the performance of their working activities.

### **3.4 *Impartiality***

TOTO Group repudiates any principle of discrimination based on sex, nationality, religion, personal and political opinions, age, health and economic conditions of its interlocutors, including its suppliers. Anyone notices a suffered discrimination can report it to the Supervisory Body, which will verify the actual violation of the Code.

### **3.5 *Transparency***

According to the principle of transparency, every operation and transaction must be correctly registered, authorized, verifiable, legitimate, coherent and congruous. All actions and operations must have adequate recording and verification of the decision-making, authorization and performance process must be possible. For each operation there must be adequate documentary support, in order to be able to carry out, at any time, checks that

attest to the characteristics and motivations of the operation and identify who authorized, performed, registered and verified the operation same. The Company uses objective and transparent criteria for the choice of suppliers. This choice, in compliance with current regulations and internal procedures, must take place on the basis of objective assessments relating to competitiveness, quality and economic conditions. The supplier will also be selected in consideration of the ability to guarantee:

- ❖ The respect of the Code;
- ❖ the implementation of an adequate quality system;
- ❖ the availability of proper instruments and organizational structures;
- ❖ compliance with labor protection legislation, including the health and the safety of workers, child labor and women, trade union rights or in any case representative associations.

### **3.6 Confidentiality**

The Company keeps data and information, including personal and company data, ensuring the full compliance with the security and protection issues, also from the point of view of the personal laws (Decree 196 / 03 and General Data Protection Regulation 2016/679). The company protect the privacy of all, in compliance with current regulations, in order to avoid the communication or dissemination of personal data in the absence of the consent of the interested party. The acquisition, processing and storage of personal data information takes place in compliance with specific procedures, aimed at preventing unauthorized persons and / or bodies from becoming aware of it. These procedures comply with current regulations.

### **3.7 Efficiency**

In every work activity, the cost opportunity in the management and utilization of the company resources, must be pursued, in compliance with the most advanced quality standards. The Company is also committed to:

- ❖ safeguard company resources and assets, as well as manage its assets and capital by adopting all the necessary precautions to ensure full compliance with applicable laws and regulations;
- ❖ ensure a continuous dialogue with the group companies, in compliance with the procedures adopted for the communication of documents.

### **3.8 Human Resources Value**

Human resources are recognized as a fundamental and indispensable factor for business development. The Company protects professional growth and development, in order to increase the wealth of skills possessed, in compliance with current legislation on individual personality rights, with particular regard to the moral and physical integrity of the employees.

The Company undertakes not to favor forms of clientelism and nepotism. Personnel are hired only on the basis of regular employment contracts, as no form of irregular work is tolerated. The candidate must be made aware of all the characteristics relating to the employment relationship.

he recognition of wage increases or other incentive tools, as well as access to higher roles and assignments (promotions) are linked, in addition to the rules established by law and the collective employment contract, to the individual merits of employees, among such as the ability to express organizational behaviors and skills based on the Company's ethical reference principles, indicated in this Code.

### **3.9 Protection of the Health and the Safety**

TOTO Group pursues with the maximum effort the target to guarantees hygiene, health and safety. The Company adopts measures in order to avoid risks related to its own work activity and to attributes an adequate evaluation of the existing risks, in order to eliminates them, if is it possibile, to reduce it through the adoption of a a minimizzarli attraverso l'adozione di un suitable prevention and protection system.

The Group undertakes to adapt the work to the man, including the workplaces criteria, the choice of work equipment and the production methods, in particular to mitigate monotonous and repetitive jobs, as well as to reduce the effects of such work on the health.

The Company is also committed to the continuous improvement of the workplace safety management system:

- ❖ considering the technologies and technical method evolution;
- ❖ replacing of all that is dangerous with the not dangerous or less dangerous;
- ❖ planning the prevention and protection system, the organization of work, working conditions, social relations and the influence of the factors in the work environment;
- ❖ recognizing priority to the "collective" prevention and protection issues than the individual ones;
- ❖ giving adequate training activities to all employees;
- ❖ checking and / or adapting first aid, emergency management, fire prevention issues.

These principles are used in order to identifying and taking the necessary measures to protect the safety and the health of the workers, including activities for the prevention of professional risks, information and training, as well as the application of controls and of the necessary instruments.

All have to observe these principles, in particular when decisions must be made (or choices done) and, subsequently, when they must be implemented.

### **3.10 Protection of the individual personality**

TOTO Group recognizes the need to protect individual freedom in all its forms and repudiates any kind of violence, especially if aimed at limiting personal freedom, as well as



any phenomenon of exploitation, prostitution and / or child pornography. The Company undertakes to promote, within the scope of its business and among the interested parties of this Code, the sharing of the same principles.

### ***3.11 Enviromental protection***

TOTO Group considers environmental protection as a priority and, more generally, is committed to pursuing sustainable development of the territory through its knowledge and competences.

Consequently, the Company intends to use the best and efficient technologies available, with constant monitoring of the company processes, also through the selection of industrial solutions with a lower environmental impact.

All the Company's activities must be carried out according with the principles of the environmental laws. In cases not covered by the laws for specific environmental aspects, the Company indicates and applies strictly internal standards.

Reaching an advantage for the Company, if it involves or could leads to a violation, intentional or culpable, of the environmental regulations, is never justified.

### ***3.12 Relationship with Public Authorities***

The Group pursues the target of maximum integrity and fairness in relationship, even contractually, with public institutions and, in general, with the Public Administration, in order to guarantee maximum transparency in institutional relationships, according with the autonomy in the organization and management of an economic operator. Relationship with institutional subjects are done exclusively through the persons appointed to do so.

The instructions valid for all the employees are also valid for Consultants or "third parties" who can represents the Company in relationship with the Public Administration. Furthermore, the Company must not be represented by a consultant or by a "third party", if there are conflicts of interest, even potential ones.

### ***3.13 Rejection of any kind of terrorism***

TOTO Group rejects all forms of terrorism and intends to adopt, within the scope of its business, suitable measures to prevent the danger of involvement in terrorism. The Company undertakes not to establish any working or commercial relationship with subjects, whether persons or legal persons, involved in terrorist events, as well as not to finance or in any case facilitate any activity of these.

### ***3.14 Trasparency in commercial transactions***

TOTO Group has as its principle the maximum transparency in commercial transitions and prepares the most appropriate tools in order to contrast the recycling and the receiving of stolen goods. The compliance to the principles of correctness, transparency and good faith

in relations with all contractual counterparties must be guaranteed, even if they are part of the same Group.

## **4. BEHAVIOR PRINCIPLES FOR THE CODE IMPLEMENTATION**

### **4.1 *Behavior principles for Corporate Bodies members***

Corporate Bodies, aware of their responsibility, in addition to the compliance with the law, current legislation and the Articles of Association, are required to comply also with the provisions of the Model and the Code which is part of it. It is required for the members of the corporate bodies:

- ❖ to act with autonomy, independence, and fairness towards public institutions, every private entity (including social creditors) and public, economic associations, political forces etc .;
- ❖ to conduct behavior inspired by integrity, loyalty and a sense of responsibility towards the Company;
- ❖ to guarantee continuous and informed participation in the meetings and activities of the corporate bodies;
- ❖ to ensure the sharing of the mission, while maintaining a own personal critical spirit, in order to guarantee a significant personal contribution;
- ❖ to evaluate situations of conflict of interest or incompatibility of functions, assignments in or outside of the Company, refraining from performing acts in situations of conflict of interest in the context of its business;
- ❖ to not stop in any way the control and / or audit activities carried out by the shareholders, by the other corporate bodies, including the Supervisory Committee and the Legal Auditors;
- ❖ use confidential information, not taking advantage from their job position in order to obtain profit, both direct and indirect. All external communication activities must comply with the laws and practices of conduct and must be suitable for safeguarding the information covered by industrial secret;
- ❖ respect, according with its competence and within the limits of its responsibilities, the rules of conduct indicated below.

### **4.2 *Principles and rules of conduct for the employees***

Personnel must adapt their conduct, both in internal relations and towards interlocutors external to the Group, to current legislation and to the principles of the Organization, Management, Control and Anti-Corruption Model of the Company and of this Code, summarized below:

- ❖ do not put in place, giving cause or collaborating in the conduct of behavior suitable for integrating any kind of the types of crime referred to the 231/01 Decree;

- ❖ collaborate with the Supervisory Committee, providing the information, data and news requested by it in the context of control and monitoring activities;
- ❖ carry out the informative flows to the Supervisory Committee enounced in this Code;
- ❖ report any violations of the Model and / or the Code to the Supervisory Committee.

Personnell can contact the Supervisory Committee at any time, by writing (also by email to the address of the SC members), and verbally, also in order to request clarifications and / or information in relation, for example:

- ❖ the interpretation of the Code and / or of the other protocols connected to the Model;
- ❖ the legitimacy of a specific conduct, as well as their compliance with the Model or the Code.

In addition to the general provisions above, anyone must comply with the principles and rules of conduct indicated below.

#### **4.3 Conflict of interest**

Personnel must avoid carrying out or facilitating operations of conflict of interest - real or potential - with the Company, as well as activities that may interfere with the ability to take decisions impartially in the best interest of the company and in full respect of the rules of this Code.

Personnel, in particular, must not have financial interests in a supplier, in a competitor company or client and cannot carry out work activities that could causes a conflict of interest. In a situation of (potential or actual) conflict of interest, the employee must communicates this circumstance to their line manager and the SC, refraining from carrying out any action.

#### **4.4 Relationship with Public Authorities**

All the relationship with qualifying public subjects must be conducted in full compliance with the laws and regulations, as well as the Model and the Code, in order to ensure the absolute legitimacy of the Company's activities. The Company prohibits all Personnel from accepting, offering or promising, even indirectly, money, gifts, goods, services or favors (also in terms of employment opportunities - including commercial), with reference to relations with Public Officers or Public Service Officers, to influence their decisions, in order to obtain more favorable treatment or undue performance or for any other purpose, including the treatment of acts managed in their offices.

If connected to the aforementioned relationships, any requests or offers of money, gifts or favors of any kind, forwarded or received by the Employees, must be immediately reported to the attention of their hierarchical superior and the Supervisory Committee.

Gifts and courtesy to Public Managers, Public Service Officers or, in any case, public employees are allowed only when, they do not compromise in any way the integrity and

independence of the parties and cannot be interpreted as a tool to obtain advantages in a improper way.

In any case, during a negotiation or any other relationship with the Public Administration, the Personnell must refrain from taking action, directly or indirectly, aimed at:

- ❖ propose employment and / or commercial opportunities from which benefits may arise, for themselves or for others, to employees of the Public Administration or to their family;
- ❖ solicit or obtain confidential information that could compromise the integrity or reputation of one or both parties.

In the case of investigations, inspections or requests from the Public Authority, the Personnell is required to ensure due collaboration.

#### **4.5 Relationship with Suppliers**

Personnel must base relations with suppliers of services with the maximum correctness and transparency, in compliance with the laws and regulations, the Model and the Code, as well as internal procedures and, in particular, those relating to relations with customers and those of purchasing and selecting suppliers.

#### **4.6 Partecipation in a tender / business initiative**

In case of tender / business initiative participation, it is appropriate:

- ❖ act in compliance with the principles of fairness, transparency and good faith;
- ❖ assess, in the bid preliminary analysis, the adequacy and the reasonable execution of the services requested;
- ❖ provide all the data, information requested during the participant selection phase in order to assign the tender;
- ❖ in case of public tenders, maintain clear and correct relationships with the public officials in charge, avoiding any behavior that could compromise its freedom of judgment.

In case of tender awarded, in the relationship with the Client it is appropriate:

- ❖ ensure that the negotiation and commercial relations are carried out clearly and correctly;
- ❖ guarantee the diligent fulfillment of contractual obligations.

#### **4.7 Updating Process**

Given that the dedicated Functions will systematically monitor the evolution of the laws, any updates to the Code will be available to all personnell through the Group's internal official channels and for which all the employees are required to take appropriate knowledge of them. During the management of their activities on behalf of the Company, the personnell is required to always maintain an high professional grade and to be constantly updated with reference to their specific area of competence.

#### **4.8 Confidentiality**

Personnel must treat with absolute confidentiality, even after the termination of the employment relationship, data, news and information that is in their possession, avoiding their dissemination and / or use for their own or third party speculative purposes. Confidential information can be disclosed, within the Company, only to those who have a real need to know it for work reasons.

#### **4.9 Appropriate utilization of the Company tools**

Personnel must protect and safeguard the values and assets of the Company entrusted to it, and contribute to the protection of the Company's assets, avoiding situations that may adversely affect the integrity and security of such assets. In any case, personnel must avoid using the Company's resources, goods or materials for personal benefit, or in any case for improper purposes. Personnel who leave the Company for any reason, including retirement, must return all material owned by the Company, including documents and IT tools containing information owned exclusively by the Company.

#### **4.10 Financial Statement and other Company documents**

All the employees must keep particular attention to the preparation of the financial statements and other company documents. It will be necessary to guarantee:

- ❖ adequate collaboration with the corporate functions managers for drafting the company corporate documents;
- ❖ the completeness, clarity and accuracy of the data and information provided;
- ❖ the compliance with the compilation principles of accounting documents.

#### **4.11 Health and Safety**

In terms of health and safety, all the employees of the Group in particular has to:

1. keeps care of its own health, hygiene and safety and that of other persons present at the workplace, on which the effects of his actions or omissions fall, in accordance with the training, the instructions and the tools provided by the employer, also through the responsible managers and the supervisors;
2. contribute, together with the employer, Directors and supervisors, to the fulfillment of the obligations envisaged to protect health and safety at work;
3. observe the instructions given by the employer, Directors and Supervisors, in terms of collective and individual protection;
4. correctly use of work equipment, dangerous substances and preparations, transport machinery, as well as collective and individual safety devices;
5. use the available protection devices properly;
6. report immediately to the employer, to the manager or to the person in charge, the deficiencies of the equipment and devices referred to the points 3 and 4, as well as any potential dangerous condition of which he becomes aware, taking direct action,

in case of urgency, without prejudice to the obligation referred to in point 7 below, to eliminate or reduce situations of serious danger, by informing the safety worker's representative;

7. do not remove or modify the safety, signaling and control devices without authorization;
8. take care of the available tools of individual protection, without making any changes on his own initiative and reporting any defects or inconveniences to the employer or to the manager or person in charge;
9. not to carry out, on its own initiative, actions that are not in its own competence or that may compromise the safety of itself or of other workers;
10. participate in training programs organized by the employer;
11. submit itself to the health checks required by the current legislation or in any case ordered by the competent doctor.

#### ***4.12 Enviromental Protection***

Each employee involved in the production process that may have environmental repercussions, must carry out their work activities with the maximum conscientiousness, checking and immediately reporting to their hierarchical superior and to the company control bodies any dangerous situation referred to the risk environmental matrix, such as discharges and accidental emissions of dangerous substances. Each employee of the Company is responsible for the correct application of the rules on environmental protection, with particular reference to the management of construction and demolition residues, waste and excavated soil and rock material. It is the duty of all employees to protect the environment. Anyone who becomes aware of the violation of environmental protection rules, or of actions that aim to hide similar violations, must immediately inform their Managers and in any case the competent function indicated by the corporate procedures.

#### ***4.13 Urban Construction***

The respect that the Group intends to reserve for the environment, is also reflected in compliance with existing legislation on construction and urban planning. No building initiative can be undertaken unless prior to the acquisition of all permits, licenses, concessions or authorizations under the jurisdiction of the Public Administration. The Group's internal technicians and all external suppliers (professionals, companies etc.) must operate in compliance with the laws, regulations, general and local uses, even if this would impede the rapid realization of business.

#### ***4.14 Money Laundering, Stolen Goods***

Personnel adopts all the appropriate tools and measures to ensure the transparency and correctness of commercial transactions. In particular, it is a priority duty that:

- ❖ the tasks assigned to any third party and / or persons who take care of the economic / financial interests of the Company, must be written, and must indicate the contents and the agreed economic conditions;
- ❖ competent functions ensure that the correctness of the payments has been made to all the counterparties, also verifying the coincidence between the person to whom the order is issued and the person who receives the relative sums;
- ❖ the control of the financial flows (payments / operations) concerning relations with subsidiaries companies is carried out;
- ❖ the minimum requirements set and required in order to select offering subjects of goods and / or services that the Company intends to acquire are followed;
- ❖ the evaluation criteria for the offers are established;
- ❖ with reference to the commercial / professional reliability of suppliers and partners, all necessary information is requested and obtained;
- ❖ in the event of agreements / joint ventures aimed at making investments, maximum transparency is guaranteed.

#### ***4.15 IT System utilization***

Carrying out their activities, all the employees must use IT tools and services in full compliance with current legislations (and, in particular, with regard to IT crimes, IT security, privacy and copyright, cyberbullying and mobbing IT) and internal procedures. In particular, it is prohibited:

- ❖ illegal access to an IT or telematic system;
- ❖ unauthorized detention and abusive diffusion of access codes to IT or telematic systems;
- ❖ the sharing of computer equipment, devices or programs aimed at damaging or interrupting an IT or telematic system;
- ❖ illegal interception, impediment or interruption of IT or telematic communications;
- ❖ the damage to information, data and IT programs and IT or telematic systems.

Personnell may not upload borrowed or unauthorized software to corporate systems, nor may they make unauthorized copies of licensed programs for personal, corporate or third party use.

The Personnell must use the computers and IT tools made available by the Company exclusively for business purposes; consequently, the Company reserves the right to verify the contents of the computers as well as the correct use of IT tools in compliance with company procedures.

Furthermore, the employees are required not to send threatening and insulting e-mail messages, not to use linguistic expressions that do not conform to the Company's style, or in any case to inappropriate language.

#### ***4.16 Behavior Principles for third parties***

This Code and the Model is applicable, in terms of behavior principles, to the members of the corporate bodies and personnel and also to third parties, or rather all the subjects, external to the Group, who operate, directly or indirectly, for the companies of the Group. Third Parties are therefore obliged to comply with the instruction of the Model and this Code and, in particular, within the limits of their respective competences and responsibilities, the ethical principles and the rules of conduct issued to all Personnell.

In case of no respect of this Code, TOTO Group will not conclude and / or continue any relationship with the third parties. It is foreseen, in the engagement letters and / or in the negotiation agreements, of specific clauses aimed at confirming the obligation of the Third party to fully comply with this Code, as well as to foresee, in case of violation, specific warning action with reference to the compliance with the Model or application of penalties or, again, the termination of the contractual relationship.

For contractual relationships already in place at the time the Code of Ethics came into force, an appropriate supplementary agreement with the content indicated above is signed by the third party.

#### ***4.17 Communication obligation toward the Supervisory Committee***

All are required to give timely information to the Supervisory Committee, when they are aware of violations even only potential, within the scope of the Group's activities, of laws or regulations, of the Model, of the Code or of the internal procedures.

The communications to the SC can be made, even anonymously, both by email and in writing. In any case, the SC will ensure that the person making the communication, if identified or identifiable, is not subject to retaliation, discrimination or, in any case, penalties, thus ensuring their confidentiality (except for the recurrence of any legal obligations that impose differently).

### **5. IMPLEMENTATION, CONTROL AND UPDATING OF THE CODE**

#### ***5.1 Supervisory Committee's duties***

The control over the implementation and compliance with the Model and the Code of Ethics is entrusted to the Supervisory Committee. Without prejudice to the provisions of the Model, in relation to this Code, the duties of the SC are, among others, the following:

- ❖ check compliance with the Model and the Code, in order to reduce the risk of committing the offenses included in the Decree;
- ❖ make their own comments regarding both ethical issues that may arise in the context of corporate decisions, and the alleged violations of the Model or the Code of which it becomes aware;



- ❖ to provide interested parties with all the clarifications required, including those relating to the legitimacy of a correct behavior or conduct, or to the correct interpretation of the provisions of the Model or of the Code;
- ❖ follow and coordinate the updating of the Code, also through its own proposals for adapting / updating;
- ❖ promote and monitor the Company's implementation of communication and training activities on the Model and, in particular, on the Code;
- ❖ report any violations of the Model or the Code to the competent corporate bodies, proposing the sanction to be imposed and verifying the effective application of any sanctions imposed.

This Code will be reviewed in order to ensure the updating with reference to the changes of the laws. The Supervisory Committee reports to the CEO of the Company and, under proper request, to the Board of Auditors, regarding the grade of application and the need for updating; after the opinion of the Board of Auditors, which can make proposals to the CEO, the SC will implement the necessary updates to the Code.

## ***5.2 Code Violation and related sanctions***

The disciplinary system regarding the violations of the provisions included in the Model and in the Code, the applicable sanctions and the procedure for contesting violations and imposing sanctions, is foreseen in the Model of each company belonging to the TOTO Group. With reference to the CEO and the Board of Auditors, 4 different sanctions are established, from the written warning to the appointment withdrawal. In case of a Board Directors, the violation contested and linked to the Company by an employment relationship, the sanctions provided for managers or employees will be applied. In relation to the subjects qualified as "Top Managers", 6 distinct sanctions are provided, from the verbal warning to dismissal without notice. If the violation was committed by a person qualifying as "Other Senior Manager", the penalties provided for the Directors, Board of Auditor Members will apply.

With reference to employees, 6 different penalties are provided for, from verbal warning to dismissal without notice, the application of which must take place in full compliance with the provisions of the art. 7 of Law no. 300/1970.

With reference to other third parties, any failure to comply with the principles and requirements of the Model and the Code, may cause sanctions, application of penalties or a contract termination.

## ***5.3 Reporting of a potential code violation***

If a person that has to be compliant with the Model and this Code becomes aware of a fact and / or circumstance of potential violation, he must promptly report it to the SC of the Company to which it belongs. The Company has activated the appropriate dedicated

communication channels, in order to facilitate the reporting process (whistleblowing) to the SC.

In particular, there is a specific e-mail box, where it is possible send any reports regarding failure to comply with the Model or this Code, which is also used for receiving anonymous reports, i.e. those in which it is not possible to trace the identity of the sender.

In any case, the SC ensures that those who have made the reports are not subject to retaliation, discrimination or, in any case, penalties, ensuring the adequate confidentiality of these subjects (except for the recurrence of any legal obligations that impose other).