

sustainability report  
2019

# WE LIGHT UP THE WORLD IN GREEN

TOZZIgreen



# LEGEND



Wind



Environmental sustainability



Soy



Biomass



Labour



Geranium



Photovoltaic



Human Rights



Maize



Hydroelectric



Fight against corruption



Auditory impact



Renewable energy



Economic impacts



Visual impact



Rural Electrification



Employment impacts



Water resources



Agriculture



Development of human capital



Waste



Corporate Services

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# Letter from the CEO to stakeholders



The pages you are about to read are Tozzi Green's first Sustainability Report. We decided to produce it because of all that we have been doing in the world of renewable energy for more than thirty years now. It was a highly challenging step for all of us, but at the same time one that harmonised perfectly with our history, our identity and our roots.

After all, we are a family business that was founded in the 50s and has evolved and expanded, constantly placing as the company's "object" and "purpose" the creation of sustainable added value over time for all the stakeholders. Precisely for this reason and aware of the great challenge that the United Nations launched on 25 September 2015, when it approved the Global Agenda for Sustainable Development (Agenda 2030) and its 17 Sustainable Development Goals (SDGs) to be achieved by 2030, during 2019 we decided to officially join the UN Global Compact by committing ourselves to incorporate the 10 principles that inspire the initiative into our corporate mission.

"We Light up the World in Green" is the title of our Sustainability Report, in which we want to tell the story of our company in the world, measuring the environmental, economic and social impacts of its various activities, using the sustainability reporting parameters, the GRI Sustainability Reporting Standards, which are the guidelines for measuring and communicating the impact that any activity can have on the various dimensions of sustainability.

For Tozzi Green, its relationships with communities, development and growth are the cardinal points of action. The term "sustainability" is not merely an "obligation" to be fulfilled before our stakeholders and planet Earth, but is an integral part of the company culture, its business management and its relationship with people, employees, internal and external associates and institutions of all levels, in Italy and abroad.

Today we can consider ourselves to be one of the leading players in the world in rural electrification by virtue of a project that in the two-year period 2018-2019, thanks to our winning bid in response to the international invitation to tender promoted by the Peruvian Government, has brought stand-alone electricity to 218 thousand homes scattered across the most remote areas of Peru not yet connected to the national electricity grid. All through small systems (Solar Home System) that store energy from photovoltaic systems installed on the roofs of houses or nearby, enabling the improvement of the living conditions of thousands of people, generating social inclusion and contributing significantly to the right to education, as well as to the functionality of Emergency facilities and medical clinics.

The process that prompted us to invest and focus our efforts on such a delicate front has added value to our Code of Ethics through which we are committed to ensuring fairness towards the enterprise as a whole, and transparency, loyalty and consideration for the areas where we operate. The Peruvian project represents the essence of Tozzi Green's modus operandi which, without the need to attach any label,



introduces an ethical vision into its work, in other words it is something that comes totally from within.

The correctness of this approach, i.e. of a holistic vision of social, environmental and economic development, is evident in the fact that ethics and profit are never in conflict, but represent the business model closest to guaranteeing the well-being of future generations, while protecting the entire Planet.

Sustainability takes shape through an ethical relationship with financial instruments, as well as the building of virtuous relationships with governments and stakeholders. All our projects are based on this principle: fostering the development of local communities and responding with concrete actions to the needs of the local areas.

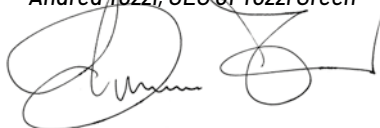
Ethics and development, sustainability and dynamism are part of our corporate DNA and represent the very essence of our business. A clear expression of this can be found in what we have been doing in Madagascar in the agricultural sector for many years now. Although it does not represent our company's core business from a financial perspective, it accounted for 15% of our turnover in 2018 and 8% in 2019. There Tozzi Green has initiated the largest maize farming operations on the island, as well as the production of essential oils for perfumery, spices and oil plants, generating over 1,500 jobs. This undertaking has enabled us to build a hospital and a school, and to support the development of instruction and education through the playing of rug-

by. In fact it has been a response to the goals of the UN, namely to bring into the areas where companies operate, opportunities for the socio-economic development and growth of the populations involved.

The objectives we have achieved and those we have set ourselves for the future always centre around people. The key to our success lies in the dedication and ability of our employees to continually renew themselves at all levels of the business chain in all the countries where we operate. For Tozzi Green safety, reward and continuous training are the "must-haves" on which we try to improve every year, in order to make the commitment of every single worker more and more stimulating.

If this first Sustainability Report were a book, we would have to dedicate it to every employee, to the communities that host us and to all the Peruvian and Malagasy children who we have had the pleasure of meeting along the way.

*Andrea Tozzi, CEO of Tozzi Green*





# WE CREATE SUSTAINABLE VALUE OVER TIME

## Our vision.

We work together with companies and local communities to create a world running on clean energy.

We pursue a new growth model based on economic development, social progress and environmental friendliness for a better life today and to build together the foundations of the well-being of future generations.





# Group highlights in 2019

**144.8** mln€  
Revenues from normal operations  
**+17%**

**82.3** mln€  
Amount paid  
to suppliers

**8** mln€  
Income taxes

**217,025** kits  
SHS (Solar Home Systems)  
installed as at 31.01.2020

**WE LIGHT UP THE**

**57.0** mln€  
EBTDA  
**+28%**

**44.5** mln€  
Added Value distributed  
to stakeholders  
**+11%**

**9.5** mln€  
Remuneration  
of staff  
**+38%**

**10** plants  
Plants belonging to Companies in which  
the Group has majority shareholdings  
**3** wind / **2** hydroelectric /  
**4** photovoltaic / **1** biogas  
**+19** small wind plants



**120.5 MW**  
Total installed capacity

**152,736**  
tonnes of  
CO<sub>2</sub> avoided

**25%**  
Proportion of  
women among  
employees

**39%**  
Percentage of training  
hours devoted to women

# WORLD IN GREEN

**290,516 MWh**  
Energy produced  
**+5%**

**616 MW**  
Capacity under  
management

**420**  
Number of employees  
**+20%**

**4,250**  
Training hours provided  
**+89%**

**173**  
New recruits  
In the period



# A PRESENT THAT COMES FROM AFAR

Our story.

"We started at the beginning of the twentieth century by providing light to a small town, when light was still a precious commodity available to the few. We crossed the "short century", we structured ourselves, and we expanded our knowledge and know-how. Today we bring clean energy to entire communities that are still without it, building together with them the history of the third millennium."

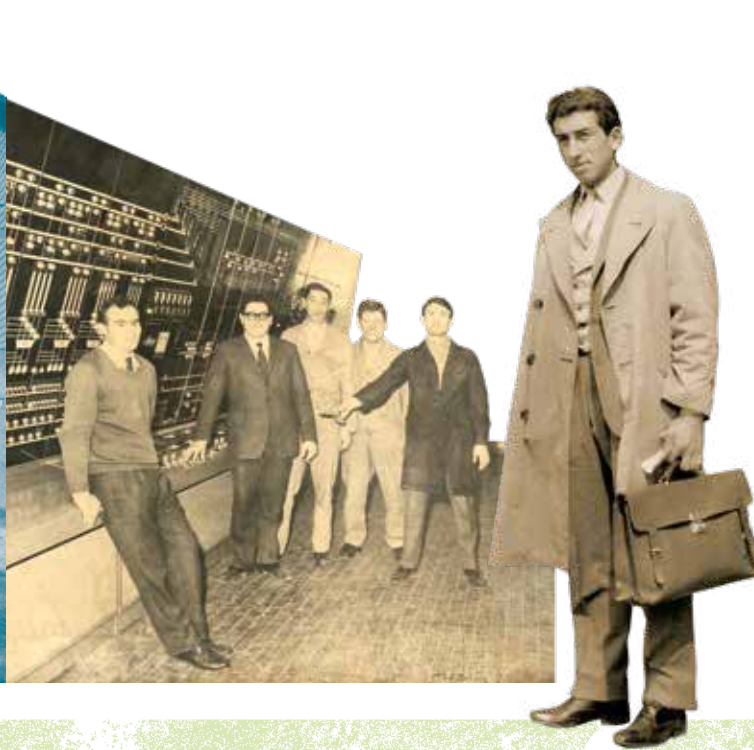
*Andrea Tozzi, CEO of Tozzi Green*







## BRIEF HISTORY OF THE GROUP



### At the dawn of the 20th century

"... It is an entrepreneurial story that has its roots in the "short century", that of the Tozzi family. A seed that already at the beginning of the 20th century, in the Italian socio-economic context of the time, characterised by backwardness and ongoing endemic poverty, was able to germinate, giving breath to that "can do" spirit that then characterised the Italian family-centred capitalism of the economic boom after the Second World War. The scene of events is the town of Casola Valsenio which, along with Brisighella, makes up the mountainous part of the Province of Ravenna and the Romagna Apennines. It was here that Domenico Tozzi, grandfather of Franco (current Chairman of the Group), as early as 1911, before the outbreak of the Great War, as an aside to his work as a bricklayer, put forward the first concrete hypotheses for providing electricity to

his home village. Returning from the front he set about constructing a grain mill and a small hydroelectric power station capable of meeting the energy needs of the whole village.

He and his son Arturo, who joined him in the business at a very young age, were the first distinctive elements of what over the years has become the entrepreneurial vocation of the Tozzi family. In their attempt to satisfy the energy needs of that community of people eager to escape from a typically medieval darkness, using the waters of the Senio river, they were completely unaware that they were intuitively laying the foundations for the formation of that DNA that makes the green economy the core business of the current Group based in Mezzano." (Franco Tozzi, *Qualcosa abbiamo fatto*, Published by Itaca, 2014, Fabio Cavallari)

### The post-war years

Immediately after the war the family started a small shop selling electrical equipment. Father and brothers soon set up a small company involved in industrial plant engineering in the electro-technical sector, dealing in those early years with the modernisation of electrical systems on ships, then building new systems in sugar factories belonging to Eridania, through to working with major companies such as Eni, Enel and Shm Progetti. Over time they became an industry leader in plant engineering and electrical panel boards.





## From the '50s to the end of the century

In the 1950s the Tozzi brothers founded the company Fratelli Tozzi, which in 1982 became Tozzi Sud and established itself on the market as an industry leader in plant engineering and electrical panel boards. By the 90s Franco and his son Andrea (respectively the Chairman and CEO of the Group today) had started the development of the first hydroelectric plants, after the liberalisation of the energy market in Italy. This vocation for renewables has continued for 30 years, through the establishment of TRE S.p.A. Tozzi Renewable Energy, the green heart of the group.

## The new millennium

The beginning of the 2000's saw the birth of Tozzi Holding, the family's financial company, which today is responsible for a plethora of companies in Italy and abroad, in the industrial services and renewable energy sectors. At the end of 2015 the founding brothers and their respective children continued along different paths, following different vocations and giving rise to two independent industrial entities. TRE built on its experience in renewable energies and, with its distinct brand of expertise, became Tozzi Green.

Tozzi Green develops, builds and operates plants for the production of electricity from renewable energy sources (RES), both in Italy and abroad and is the only company that integrates the entire horizontal development > EPC > O&M chain.



# 2.1

## The Group today

### 2.1.1 Activities

#### DEVELOPMENT

In addition to participating in international tendering for the construction of plants from renewable energy sources around the world, with a particular focus on Italy and the developing countries in Africa and Latin America, Tozzi Green has always identified areas of interest where it has then built its own plants. In particular, after identifying a project to be developed, it prepares all the specialist studies and carries out the design work needed in order to obtain authorisation to carry out the project and financing for it.

In addition, in countries where there is the possibility of developing projects independently through bilateral negotiations for energy contracts, it follows all the preliminary stages before the start-up of new plant constructions through:

- identification of areas with suitable physical characteristics, availability of natural resources and suitable access infrastructures;
- contacts and consensus management in local communities;
- procedures and authorisation processes of the relevant administrative and monitoring authorities.

A present that comes from afar

Tozzi Green is a company specialising in solutions, services and projects for the development of plants and the generation of power from renewable sources. Innovative ideas and forward-looking solutions are its key characteristics. Active in Italy and abroad, it integrates the entire horizontal **DEVELOPMENT > EPC > O&M** chain for all renewable energy source (RES) plants: hydroelectric, maxi wind, photovoltaic and biogas.

#### ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC)

The EPC (Engineering, Procurement and Construction) activity is part of the DNA of Tozzi Green, which has developed the skills to build its own assets and to provide its partners and/or clients with engineering services, procurement of materials necessary for the execution of the project and complete management of the site.



#### OPERATION & MAINTENANCE (O&M)

The maintenance and operation of a plant are fundamentally important aspects for ensuring optimal functioning and maximum efficiency. Tozzi Green offers a complete O&M service for medium and large renewable energy source plants, consisting of:

- routine maintenance;
- special maintenance for refurbishment and start up;
- remote monitoring and operation;
- full service maintenance.

The service is provided by means of a specialist team that supports the activities of running and maintaining plants located around the world and of monitoring them in order to guarantee high levels of technical performance and of availability of the plants.



One of the leading players in the world in rural electrification and sustainable rural development, Tozzi Green responds to the need for electricity in developing countries.

### ASSET MANAGEMENT

Through its Asset Management activity, Tozzi Green offers its clients a wide range of services for handling all the administrative, regulatory, tax and environmental requirements connected with running plants powered from renewable energy sources, the sale of the energy produced and related incentive schemes. The objective is to increase the profitability of the plants and the value of the investment over time and to ensure compliance with current regulations.

## 2.1.2 Markets served and positioning

A feature of Tozzi Green compared to its competitors, is the complete and transversal management of the entire renewable energy supply chain. This is a distinctive element of the Group which, through its member companies, is able to offer its customers the convenience of dealing with a single, complete and credible partner, since it guarantees control over the entire process chain.

### CONSOLIDATED PRESENCE IN THE 4 TYPES OF RENEWABLE ENERGY SOURCES



#### PHOTOVOLTAIC

For over 15 years Tozzi Green has been carrying out the development, construction and management of large photovoltaic plants. Currently among the assets owned are 3 photovoltaic plants located in Italy.

ASSETS IN THE PORTFOLIO

**44.66 MW**



#### HYDROELECTRIC

The Group owns 2 hydroelectric plants in Madagascar. The development of new plants in Italy, Madagascar and Latin America is in the pipeline.

ASSETS IN THE PORTFOLIO

**19.4 MW**



#### WIND

Tozzi Green holds among its assets, 3 wind farms and 19 small wind plants in Italy, and is engaged in development activities, particularly in the southern regions of Italy.

ASSETS IN THE PORTFOLIO

**53.5 MW**



#### BIOGAS

The Group is active in Italy in the biogas sector with an installation in the municipality of San Giovanni in Persiceto (BO).

ASSETS IN THE PORTFOLIO

**1 MW**



One of the world's leading players in the field of rural electrification and sustainable rural development, Tozzi Green is meeting the needs of developing countries for the supply of electrical power. The Group is carrying out a unique project of **rural electrification** in Peru which aims to bring electricity to areas not connected to the national grid through innovative distributed micro-generation systems, called Solar Home Systems (SHS), which make use of solar energy.



**120.5 MW**

Installed capacity  
*Italy & Madagascar*

**217,025 kits**

Solar Home System  
installed as at 31.01.2020  
*Peru*

**616 MW**

Capacity under  
management

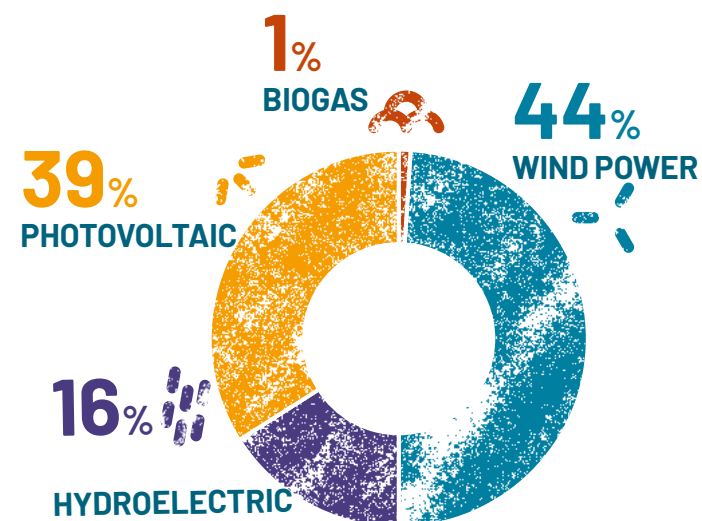
## 2.1.3 Its local presence

In over 30 years of activity, Tozzi Green has built on its own account and on behalf of third parties a large number of plants totalling about 700 MW of installed capacity, powered by renewable energy sources and distributed over a wide and diversified geographical area. Tozzi Green's main site and the Group's headquarters are located in Mezzano di Ravenna, in the area where the company has its roots, while the foreign offices are located in Lima in Peru and Antananarivo in Madagascar, i.e. in the two main countries in which the Group carries out its activities outside Italy. Currently the Group holds assets, through its subsidi-

aries, in Italy (photovoltaic, wind and biogas) and Madagascar (hydroelectric). In Peru, the Group is engaged in implementing a rural electrification plan in partnership with the national government. In Madagascar Tozzi Green is the largest player in the sector in the country and directly and indirectly owns a portfolio of hydroelectric plants with an installed capacity of about 164 MW consisting of 6 plants, specifically, 2 operational (Maroansetra Project and Sahanivotry Project), 1 under construction (Mahitsy Project) and the remaining 3 under development (Tsinjoarivo Project, Talaviana Project and Sahanivotry Down Project).

OWNED FACILITIES				
Technology	Plants/Company	% ownership	Country	Installed capacity
Photovoltaic	Chahak	48.4%	Iran	10
	S. Alberto (Ravenna)	65%	Italy	34.6
	Podere Cavallo	100%	Italy	1.0
	Anita (Augusta SR)	100%	Italy	1.0
Hydroelectric	Sahanivotry	65%	Madagascar	17
	Maroantsetra	65%	Madagascar	2.4
Wind	Butera (CL)	100%	Italy	18
	Cerignola (FG)	100%	Italy	18
	Siculiana (AG)	100%	Italy	16.5
	Small Wind Turbines	100%	Italy	1.0
Biogas	San Giovanni (S. Giovanni Persiceto)	90%	Italy	1.0
RER	Ergon Perù	90%	Peru	217,025 SHS
Total				120.5 MW
				217,025 SHS

## PERCENTAGE BREAK DOWN OF THE TOZZI GREEN GROUP'S INSTALLED POWER BY TYPE OF RENEWABLE SOURCE





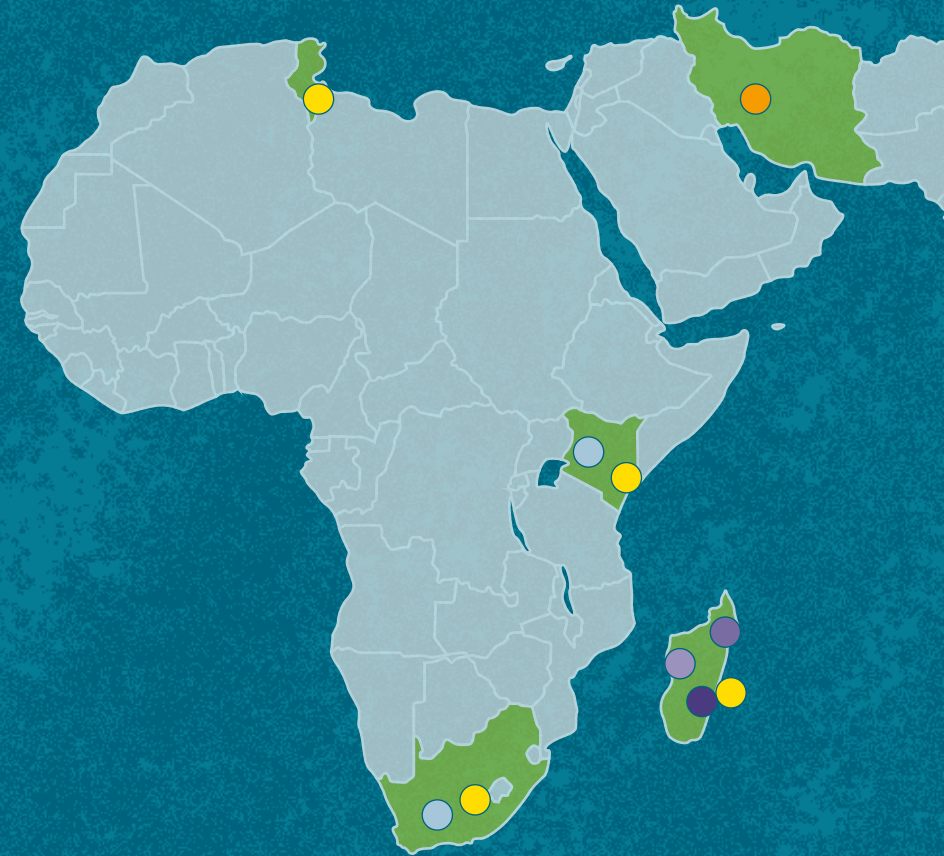
## ITALY



## SOUTH AMERICA



## AFRICA AND THE MIDDLE EAST



- OPERATIONAL PHOTOVOLTAIC POWER
- PHOTOVOLTAIC POWER UNDER DEVELOPMENT
- OPERATIONAL BIOGAS

- OPERATIONAL HYDROELECTRIC POWER
- HYDROELECTRIC POWER UNDER CONSTRUCTION
- HYDROELECTRIC POWER UNDER DEVELOPMENT

- OPERATIONAL WIND POWER
- WIND POWER UNDER CONSTRUCTION
- WIND POWER UNDER DEVELOPMENT
- OFFSHORE WIND POWER UNDER DEVELOPMENT

**120.5** MW in operation

**28** MW under construction

**63** authorised MW

**703,5** MW under development



## 2.1.4

### Group organisation and structure

The management of the industrial and commercial processes of the Tozzi Green Group is entrusted to the parent company Tozzi Green S.p.A. which is fully controlled by Tozzi Holding S.r.l., in turn wholly owned by the Tozzi Family. The current structure of the Group is the result of a rationalisation activity that has led in the last two years to the concentration of all activities related to renewable energies under the control of Tozzi Green S.p.A., separating them from other manufacturing activities, which have remained under the direct control of the holding company, with a view to providing clarity and transparency to investors and stakeholders in general.

The Group's recent reorganisation process has led to the centralisation in Tozzi Green S.p.A. of intra-group services such as accounting, administration, finance, human resources, management of information sys-

tems and management of compliance with health, safety and environmental regulations.

In addition, the parent company directly carries out activities across the Group as a whole, such as:

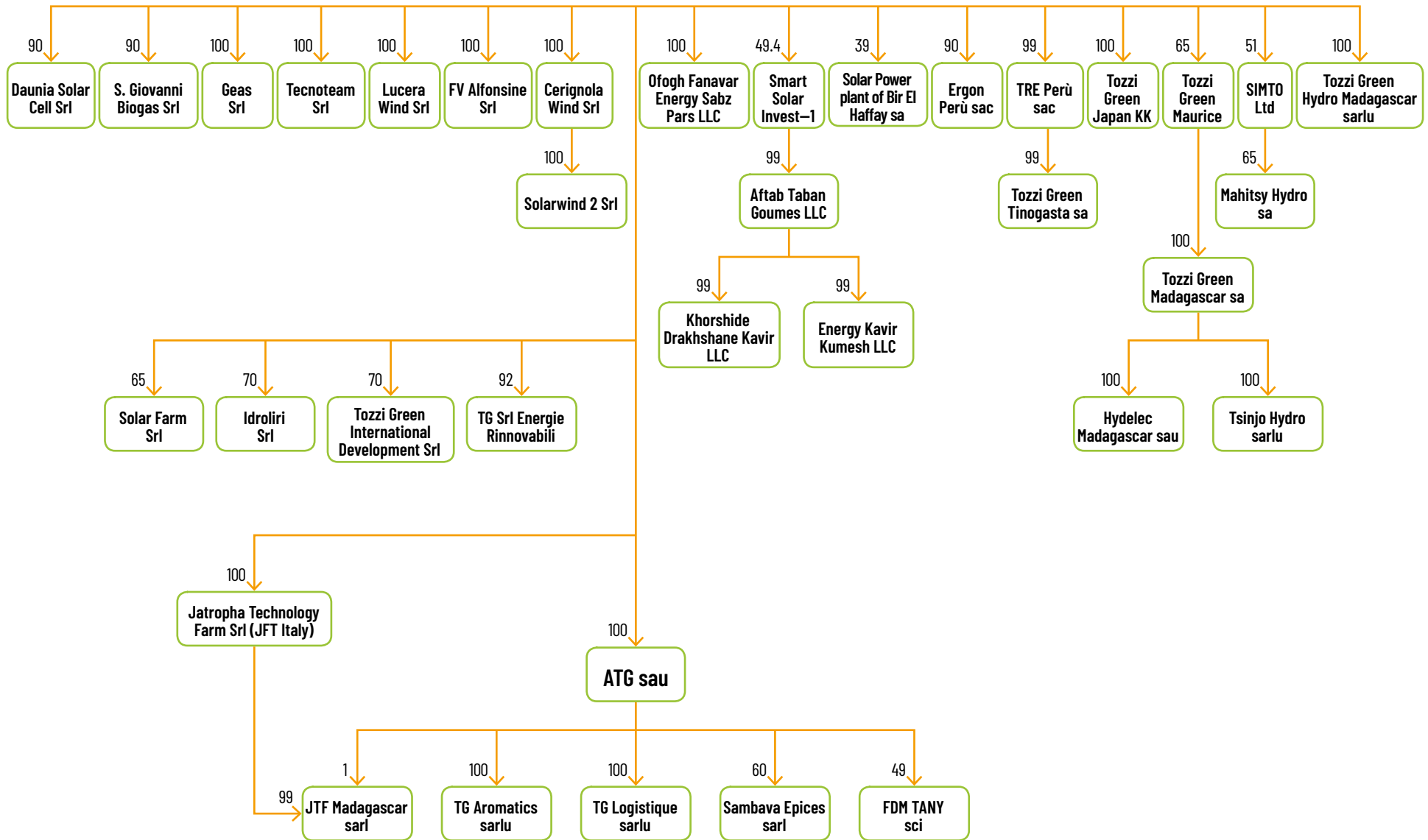
- Energy Management, unifying all three energy generation technologies with which the Tozzi Green Group operates;
- Operation & Maintenance of renewable energy generating plants both owned directly and those owned by subsidiaries and third party customers.

In addition to providing intra-group services, Tozzi Green S.p.a. operates, both directly and through its subsidiaries, in the activities of electricity generation from wind, hydroelectric, photovoltaic and biogas sources.

The internal organisation and the organisation chart reflect the complete horizontal integration of the EPC chain (*Engineering, Procurement and Construction*) and O&M (*Operation & Maintenance*) through the creation of dedicated and closely related Business Units that report directly to the Company's Chief Executive Officer.



# TOZZIgreen





# 2.2

## Governance

**MATERIAL ISSUE:**  
**Business integrity and ethics**

**MATERIAL ISSUE DESCRIPTION:**

Propriety and honesty must be seen as the two essential guiding principles of a company if it wants to establish itself within an area and become accepted, because only by keeping faith with these two principles is it possible to gain the loyalty of customers and business partners.

Reliability is a guarantee with no time limit. These are principles that apply to the Group and to the family that leads it and that are nurtured and passed on to its employees.



### MEMBERS OF THE BOARD OF DIRECTORS



**Franco Tozzi**  
**Chairman**  
born in 1936



**Andrea Tozzi**  
**Chief Executive Officer**  
born in 1969



**Roberto Fagnocchi**  
**Director**  
born in 1969

The Tozzi Green Group has a system of rules and organisational structures that guarantee correct and efficient corporate governance and protection of the rights and interests of shareholders, of investors who have put faith in the Company and stakeholders as a whole.

**Tozzi Green S.p.A.** is administered by a Board of Directors, which in turn has appointed a Chairman and a Chief Executive Officer. The accounts are audited by an independent firm of auditors. The Company has also appointed a Board of Internal Auditors. The Board of Directors, whose powers are established by the Shareholders' Meeting, is vested with the broadest of powers for the ordinary and extraordinary management of

WHAT WE HAVE DONE	COMMITMENTS FOR THE FUTURE
<b>231/2001 Organisation, Management and Control Model</b> introduced in 2013	<b>Structured Audit plan</b> across the activities and companies of the Group  <b>Training plan</b> on 231/2001 issues and sustainability
<b>Control &amp; Risk Self Assessment</b> activities	
Subsequent updating of the <b>231/2001 Organisation, Management and Control Model</b> completed in 2019	
<b>Code of Ethics</b> extended to all Group companies	
Participation in the <b>Business Integrity Forum</b> promoted by Transparency International Italia and subscription to the SME Charter of Ethical Principles	
Establishment of a <b>"whistleblowing" system</b> as part of the Group's internal control activities	
Signing up to the <b>UN Global Compact</b>	

the Company, without exception, with all the authority needed to implement and achieve the corporate purposes.

During 2019, the Board of Directors, whose members had an average age of 58 years, met 17 times (15 times in 2018).

The current Board of Directors was appointed by the Shareholders' Meeting of 2 January 2020 and will remain in office until the approval of the financial statements for the year ending 31 December 2022.

## 2.2.1 The model 231/2001

Since 2013, Tozzi Green has adopted an "Organisation, Management and Control Model" as set out in Italian Legislative Decree No 231 of 8 June 2001, as amended, in order to guarantee shared standards of ethical conduct and to seek to comply with the principles of legitimacy, propriety and transparency in carrying out company activities. Periodically, risk assessment analyses are carried out with the aim of identifying the activities that expose the companies, among others, to crimes of corruption (active and passive, public and private), offences resulting from violations of health and safety in the workplace and environmental offences.

The 231 Model is reviewed periodically to take into account changes in the business model, significant organisational changes and new regulations. As a result it was reviewed and updated for the first time during 2016 and subsequently, by a resolution of 3 April 2019, the Board of Directors approved the latest adjustment to the new structure put in place by the Group following the reorganisation process that was started in 2018.

The Model provides for the rules of operation of the governing bodies in order to prevent corporate offences, the rules of conduct of personnel and associates of various kinds and the related training and dissemination initiatives, the system of sanctions that governs the way the corporate bodies operate, the Code of Ethics, the Supervisory Body, corporate controls and the integrated assessment and management of the risks of committing a crime.

The Model is based on and integrated with a structured and organic internal control system, consisting of protocols and rules, tools for defining responsibilities, as well as mechanisms and tools for monitoring company processes, which existed before the Model itself was issued.

The principles that inspire the architecture of Tozzi Green's internal control system, with particular reference to the sensitive activities outlined by the Model, are:

- **clear identification of the roles, duties and responsibilities** of the persons participating in the carrying out of the company's activities (internal or external to the organisation);
- **segregation of the duties** of those who actually carry out an activity, those who monitor it, those who authorise it and those who report it (where applicable);
- **the ability to check and document operations ex-post** through appropriate formal procedures;
- **identification of preventive controls and checks ex-post, manual and automatic.**

Based on the *risk self-assessment* activity, which preceded the adaptation of the most recent model, Tozzi Green identified the aspects to be improved and defined the action plans to achieve the objectives set out in the Model.

## 2.2.2

### The Code of Ethics and values

“ Our Code of Ethics provides a guide to the conduct expected of all, orientated toward the essential values of integrity, fairness and transparency. This compass provides bearings for our conduct and that of all the various players that interact with our company and constitutes the basis necessary for guaranteeing the excellence of service for all our stakeholders.

In truth, the way the ethics are expressed in the code is nothing more than the graphic representation of a *modus operandi*, of a vision of the world and of the business itself. We do not operate ethically by relying on an extensive written document; rather, the cornerstone of our shared protocol could be viewed as the summation of the way we perceive our work. It is not a necessary evil to be complied with, but a reflection of what we are.

Andrea Tozzi, CEO of Tozzi Green

”

Tozzi Green adopts a Code of Ethics that sets out explicitly the values to which all directors, employees and associates of the Company itself and of all its subsidiaries must adapt their behaviour, sharing structures, roles and rules and assuming personal responsibility inside and outside the Company for any violations of them, even though they may not result in any liability to third parties.

The principles and rules of conduct and behaviour set out in the Code are also binding for persons acting in the name and on behalf of each Tozzi Green Group Company on the basis of a mandate or other contractual relationship, external consultants, suppliers, customers, agents, contractors and other partners also being deemed to be included in this definition.

To this end, the Code is made available on the website [www.tozzigreen.com](http://www.tozzigreen.com), and can be consulted by all those with whom Group Companies have business relations, both in Italy and abroad.

Tozzi Green adheres to the **Business Integrity Forum** promoted by **Transparency International Italia** and has adopted the Charter of Ethical Principles in its business practices to help create a climate of transparency, integrity and trust, for activities carried out inside and outside its organisation.

#### 1. COMMITMENT

Compliance with current laws and the principles of integrity, transparency and anti-corruption is the first pillar on which a responsible business is based. Publicly disseminating ethical principles reinforces their value and their ability to have an impact beyond their mere fulfilment.

#### 2. INTEGRITY

Moral integrity, honesty and rectitude in daily business practices are principles that inspire and guide us in our daily work activities.

#### 3. TRANSPARENCY

Transparency, i.e. the openness of the organisation and the communication of data and information relevant to the community, is a basic principle. We believe that obscurity and lack of clarity provide fertile ground for improper practices and behaviour, which should in no way be encouraged.

#### 4. ZERO TOLERANCE OF CORRUPTION

We recognise in corruption, in all its forms, an evil capable of causing serious and negative effects of a so-



cial, reputational, economic and civil nature, capable of impoverishing the country and damaging the companies operating within it.

Therefore, in addition to unlawful conduct, we reject all conduct that in any way is not in line with the principles of propriety and honesty, even if of minor financial significance, such as small payments, gifts or improper advantages given in order to expedite processes or obtain favours.

## 5. CONFLICT OF INTEREST

We are determined and careful to avoid conflicts of interest and, if they do arise, we will manage them with a sense of responsibility and transparency.

## 6. LOYALTY

Loyalty to colleagues, as well as to business partners, competitors and institutions, is expressed in correct behaviour that respects the principles of fair competition.

## 7. RESPONSIBILITY

We promote maximum responsibility in the execution of all activities that may affect the community and society at large. All this, of course, with full respect for human rights, safety and the environment.

## 8. CULTURE OF LEGALITY

A working climate that respects applied ethical principles reinforces employees' recognition of and adherence to the company's values.

### THE TOZZI GREEN MAP OF VALUES

	incoming	outgoing
<b>INNOVATION</b>	Curiosity and the capacity to think outside the box, optimising and streamlining the organisation and processes.	Ability to create original solutions, through research and development, technical skills, experience and cutting edge technology.
<b>DYNAMISM</b>	The ability always to get involved in constantly differing projects, with an open and cooperative spirit.	Consulting services and integrated customised solutions that meet the specific needs of clients, partners and investors.
<b>PASSION</b>	People who work together with enthusiasm, determination and the constant desire to achieve new goals and increasingly ambitious objectives.	Experts who work with precision and care to ensure reliability, efficiency and effectiveness.
<b>SOLIDITY</b>	A team of dedicated and determined expert professionals who work with precision and care to ensure reliability, efficiency and effectiveness.	A stable, healthy company with an effective and well-established business model. A history built on tangible results, precision and professionalism.
<b>ETHICS</b>	Integrity and commitment to the company as a whole: teams, colleagues, clients, suppliers, partners and investors.	Loyalty, integrity and transparency. Care for the environment, land and people. Commitment to the well-being of future generations.

### The Whistleblowing System

During 2018 Tozzi Green set up a whistleblowing system, as part of its internal control activities with the aim of preventing offences. This system can be used by employees, associates

of various kinds, business partners and suppliers in order to report situations, requests or initiatives that do not comply with the principles laid down in the Code of Ethics and the Charter of the Ethical Principles.

Any reports should be sent to the Supervisory Body at the email address specified on the web-site [www.tozzi.green.com/it/etica-dimpresa/](http://www.tozzi.green.com/it/etica-dimpresa/) There were no such reports during 2018 and 2019.

# 2.3

## Tozzi Green's approach to sustainability

### 2.3.1

The guiding principles:  
UN Global Compact



In 2019 Tozzi Green officially signed the UN Global Compact and committed itself to incorporating the principles that inspire the initiative into its strategy, culture and business operations and to embracing the objective of promoting corporate social responsibility.

The UN Global Compact is a voluntary initiative of the United Nations, created with the aim of guiding all companies worldwide towards the adoption of sustainable policies in the 4 main areas of activity (human rights, labour, environmental sustainability and the fight against corruption). The initiative provides for the application of 10 principles aimed at promoting the values of sustainability in the long term through actions, policies, business practices, and responsible social and civil behaviour, which also take into account future generations.

Tozzi Green's business activities and development projects have a direct or indirect impact on 13 of the United Nations' 17 Sustainable Development Goals (SDGs).

Tozzi Green is firmly committed in all the 4 areas highlighted, as can also be seen from the process of defining its material issues which was addressed during 2019 and which is reported in the following pages.



## The 10 principles of the UN Global Compact



### HUMAN RIGHTS

- 1** Support and respect universally recognised human rights in the context of a business's respective sphere of influence.

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- 2** Make sure the business is not, even indirectly, complicit in human rights abuses.

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### LABOUR

- 3** Uphold the freedom of association of workers and recognise the right to collective bargaining.

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- 4** Support the elimination of all forms of forced and compulsory labour.

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- 5** Support the effective elimination of child labour.

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- 6** Support the elimination of all forms of discrimination in employment and occupation.

---




### ENVIRONMENTAL SUSTAINABILITY

- 7** Support a precautionary approach towards environmental challenges.

---

- 8** Undertake initiatives that promote greater environmental responsibility.

---

- 9** Encourage the development and diffusion of environmentally friendly technologies.

---




### ANTI-CORRUPTION

- 10** Work against corruption in all its forms, including extortion and bribery.

---






### 2.3.2

## Adherence to the Sustainable Development Objectives

On September 25, 2015 the United Nations approved the **Global Agenda for Sustainable Development** (Agenda 2030) and the related **17 Sustainable Development Goals (SDGs)** to be achieved by 2030.

The implementation of the Agenda requires a **concerted involvement by all the players within the community**: companies, public sector, society at large, philanthropic institutions, universities, research centres, and information and cultural bodies.

In this regard, during the initial work for the preparation of this 2019 Sustainability Report, the SDGs and related targets on which Tozzi Green's business activities have the greatest impact were identified.





**The Tozzi Green Group contributes to 13 of the 17 SDGs proposed by the UN through its core business in the renewables sector and through its vocation to bring about opportunities for the development and socio-economic growth of the people living in the areas where it operates.**



**1 NO POVERTY**  
Making clean sources of energy available to those who do not yet have access to it, as an opportunity for emancipation from extreme poverty (Madagascar and Peru).



**2 ZERO HUNGER**  
Maize crops in Madagascar, the product of which is reserved mainly for the internal market.



**3 GOOD HEALTH AND WELL-BEING**  
The rural electrification projects that bring electricity to local medical facilities. Construction of Satrokala Hospital in Madagascar.



**4 QUALITY EDUCATION**  
Construction of a school in Madagascar and the supply of teaching materials for environmental education in Italy, Peru and Madagascar.



**5 GENDER EQUALITY**  
Women's empowerment through the support of the national women's rugby team in Madagascar and through training in the use of domestic energy in Peru.



**6 CLEAN WATER AND SANITATION**  
Implementation of drinking water distribution systems for the rural community in Madagascar



**7 AFFORDABLE AND CLEAN ENERGY**  
Producing and distributing energy from renewable sources and making it accessible to entire sections of the population who are still without it is part of the company's mission.



**8 DECENT WORK AND ECONOMIC GROWTH**  
Tozzi Green's core activities provide the conditions for economic growth in the areas that benefit from the energy produced and the development of local agriculture. These conditions also favour qualitatively better jobs.



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
Building infrastructure in areas without it and creating favourable conditions for the development of new economic activities and for the strengthening of existing ones that are fragile.



**10 REDUCED INEQUALITIES**  
Activities in Madagascar and Peru aimed at narrowing the poverty gap compared to developed countries.



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
The company's commitment to the development of renewable energy is accompanied by initiatives aimed at also applying the principles of sustainability to agricultural production and the synergies that can be created between industry and agriculture.



**13 CLIMATE ACTION**  
Reduction of emissions of CO<sub>2</sub> and experimentation with and cultivation of new drought-resistant species suitable for reforestation and enrichment of arid and uncultivated soils. Environmental education initiatives for young people and children are also part of this policy.



**15 LIFE ON LAND**  
Farming practices for the conservation of heavily degraded land, together with the creation of new ecosystems to protect, restore and promote the sustainable use of the Earth's ecosystem.

### 2.3.3

#### Stakeholder engagement

In developing its activities and in relation to its various areas of expertise, the Group's management maintains relations with the main categories of stakeholders on an ongoing basis, through channels structured in various ways. Moreover, its presence in different countries and continents leads Tozzi Green to interface with different stakeholders and consequently to adapt its communications and reports in order to respond better to the needs of different areas.

Tozzi Green's Code of Ethics requires that relations with all stakeholders be based on clear and transparent communication, in a climate of fair competition, respecting the legitimate interests of each and based on the company's core values.

**The relationship based on listening, on continuous dialogue and on the active involvement of stakeholders is first and foremost a form of responsibility.**

Tozzi Green is "an organised family business" and represents a synthesis of the positive characteristics expressed by the two concepts. Being a "family" allows you to let your employees enjoy an environment that is enriched with opportunities for daily interaction and respect for traditions, for example at Christmas or on special anniversaries. Being "organised" allows it to grow and develop its business thanks to the specific skills of its managers and workers.

Tozzi Green is constantly evolving, changing its organisational structure in accordance with its strategic needs, and, above all, it is constantly investing in training. Training involves all aspects of the development of human resources and of the company, in terms of both technical skills and managerial and personal skills.

**This relationship also represents a valuable source of information, hints and ideas for understanding the needs of the local areas and responding to them in an effective and innovative way, for promoting local development, preventing any critical issues and, ultimately, promoting our business in a sustainable form.**

Tozzi Green's financial results and the satisfaction of the people who work there are not alternatives, but two aspects that are inextricably linked to each other.

External stakeholders who contribute to the value chain, such as suppliers and business partners, are first of all asked to adhere to the values and commitments set out in the Code of Ethics and in its 231/01 Model. The Group's normal activities in many cases presuppose the establishment of long-term relationships with customers and suppliers with whom there is an exchange of know-how that promotes effective problem-solving. The relationship with this type of stakeholder is also structured through the fulfillment of contractual obligations and periodic checks on orders that involve meetings and collaboration in *problem-solving*.





The Group's internationalisation strategy has presented an opportunity for a more intense dialogue with the financial community with which the company has shared its development plans. The preliminary investigations that precede the granting of loans are an opportunity to improve the process of formulating policies and procedures that will enable Tozzi Green to apply on international financial markets and at the same time to refine its sustainability policies.

As a producer of electricity from renewable sources, the Group operates in a market that is strongly regulated by national, European and non-European standards and requires constant monitoring of current legislation and its evolution. In this context, maintaining and developing relations with the institutions and their rep-

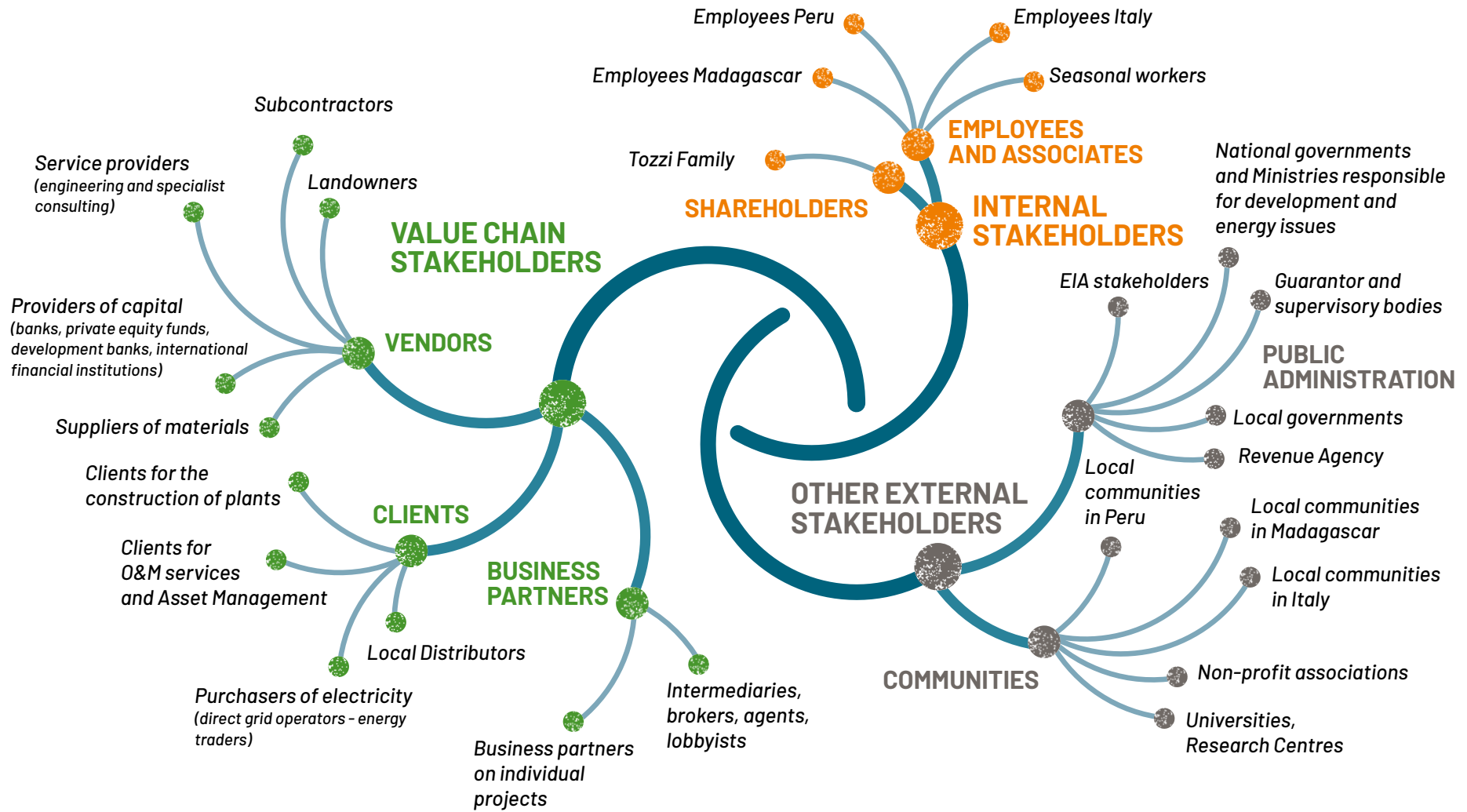
resentatives in the local areas through continuous and transparent dialogue is a central and strategic issue. Especially in developing countries, interaction with local and central institutions is often aimed at finding the best solutions to basic community problems, such as the availability of electricity.

The relationships that Tozzi Green establishes in the places where it carries out its business is not limited to the formal agreement, and the right and proper relationship with the Institutions but also involves, in the simplest ways possible, the local populations. The relationship with the community becomes an added value, a way to ensure that the encountering of different cultures never becomes an obstacle, but rather a tool for cross-fertilisation and a basis for growth. Each project is always preceded by an activity of involvement

and dialogue. The potential impacts on the local areas and the way the activities are managed, are thought through, not only keeping in mind the purely financial impacts but including in the processes themselves, as far as possible, the dynamics relating to the anthropological character of the different peoples.

The activities of involvement in formalised meetings cover all phases of the project, from design to execution of the works, for which, where possible, local contractors are preferred.

# STAKEHOLDER MAPPING





## 2.3.4

### Material issues

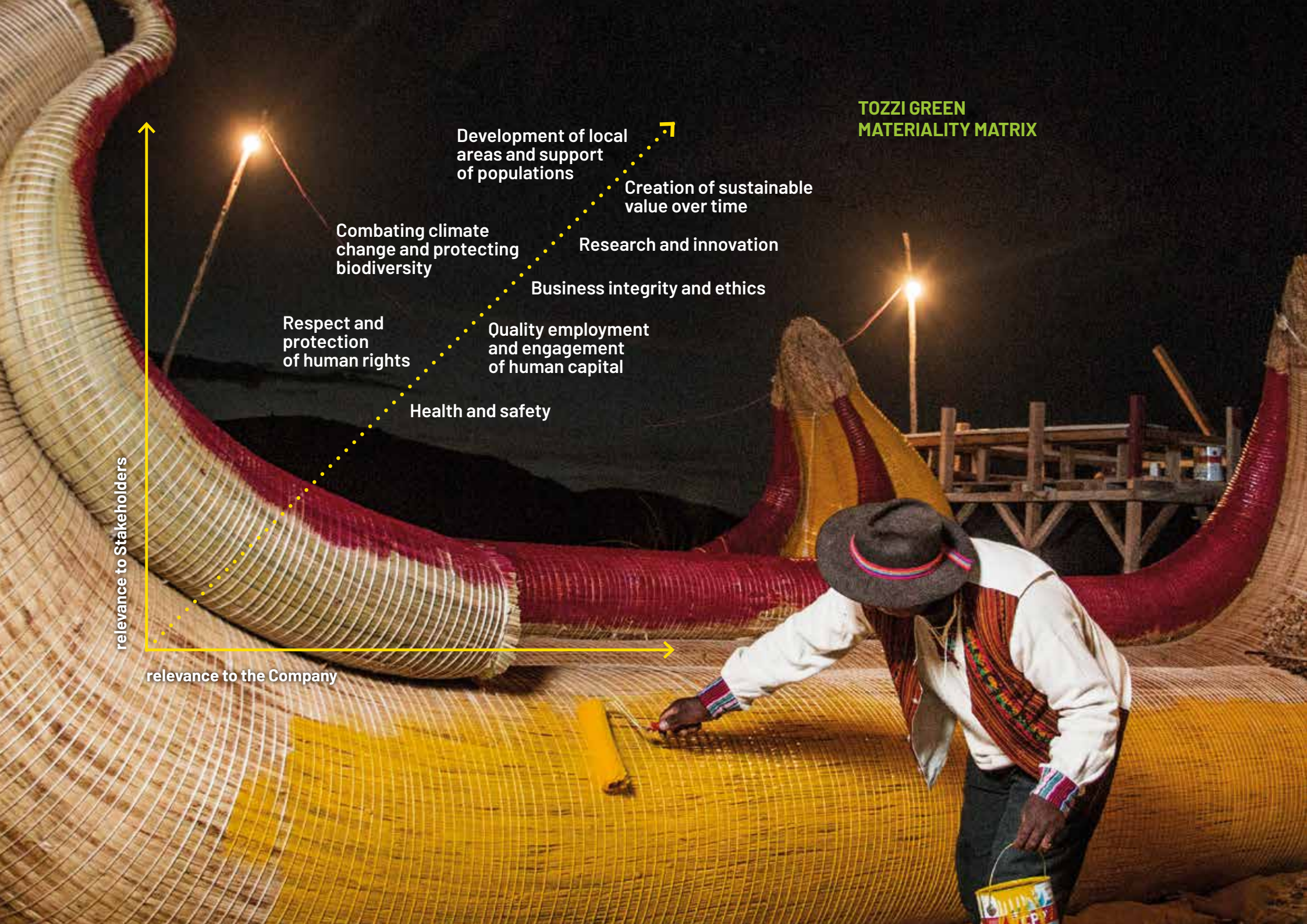
It was in 2019 that Tozzi Green, for the first time, carried out a materiality analysis for the preparation of the Sustainability Report drawn up in accordance with the GRI Standards. It was felt that the process of attributing materiality provided an important opportunity for management to be involved in an analytical reflection on these matters, so that the concept of Corporate Social Responsibility (CSR) could be placed at the heart of the company's strategies. The issues were identified as a result of an analysis of the general context and the one in which the Group operates,

and their relevance to stakeholders emerged from a combination of subjective assessments, expressed by senior management during dedicated interviews, and of external analyses from sector-specific and general sources. The interviews with managers, who on an almost daily basis are in direct contact with many of the stakeholders included in the mapping, due to their roles in the company and because they are representatives of the local community concerned, identified the main expectations and positions of the stakeholders that the Group has to deal with in its relationship with the local spokespersons. For further information on the stages involved in determining the material issues, please refer to the Note on Methodology at the end of the document.































**TOZZI GREEN  
MATERIALITY MATRIX**





The table below, which correlates the Tozzi Green Group's sustainability issues, the SDGs and the principles of the UN Global Compact, shows the chapters of the document in which the individual issues are examined in depth from the point of view of their importance to the Group, the policies implemented to manage them and the results obtained.

## CORRELATION TABLE OF THE TOZZI GREEN GROUP'S SUSTAINABILITY ISSUES, THE SDGS AND UN GLOBAL COMPACT PRINCIPLES

MATERIAL ISSUES	CHAPTER	SDG'S	UN GLOBAL COMPACT
<b>Business integrity and ethics</b>	paragraph <b>2.2</b> <b>Governance</b>		art. 10 
<b>Creation of sustainable value over time</b>	paragraph <b>2.4</b> <b>The creation of a value</b>	   	
<b>Development of local areas and support of populations</b>	chapter <b>4</b> <b>We share well-being and development with communities</b>	      	
<b>Quality employment and human capital engagement</b>	paragraph <b>2.5</b> <b>Our team</b>		art. 3 / 4 / 5 / 6 / 7 
<b>Combating climate change and protection of biodiversity</b>	paragraph <b>3.4</b> <b>Environmental impacts</b>	 	art. 7 / 8 / 9 
<b>Research and innovation</b>	paragraph <b>3.1</b> <b>Research and innovation</b>	  	
<b>Health and safety</b>	paragraph <b>2.6</b> <b>Health and safety</b>		
<b>Respect and protection of human rights</b>	chapter <b>4</b> <b>We share well-being and development with communities</b>	   	art. 1 / 2 



# 2.4

## The creation of value

In the coming years Tozzi Green intends to grow significantly in international markets, starting from the places where it has already been present for some time, to expand its sphere of activity into countries that are opening up to the introduction of renewable energy as an opportunity for sustainable development.

**MATERIAL ISSUE:**  
Creation of sustainable value over time

**MATERIAL ISSUE DESCRIPTION:**  
Tozzi Green has decided to place the combination of sustainable development, environmental protection and technological innovation at the heart of the creation of shared value. The legitimate expectation of investors to obtain a return is accompanied by a vision capable of involving and satisfying the needs of stakeholders, communities and the planet as a whole.

**147.3 mln**  
Value of production

**57 mln**  
EBITDA

**44.5 mln**  
Added value produced and distributed

**222 mln \$**  
Green Bond issue

**+141%**  
Net profit

Projects under construction **28 MW**

Projects at the authorisation phase or already authorised and in the implementation phase **63 MW**

Plan for developing activities **703.5 MW**



**WHAT WE ACHIEVED IN 2019**

**FUTURE COMMITMENTS**



## 2.4.1

### The development strategy

The Group's presence in Madagascar and Peru, where it has invested resources and carried out major works that have then stimulated local development and in some cases genuine processes of civil and cultural emancipation, has enabled the entire management team to acquire a wealth of experience of undoubted value. It is precisely the ability to understand, to create relationships, to set out shared pathways, that lays extraordinary foundations for the further expansion

**“Sustainable energy for all” is the motto that guides the Group, driven by its historical propensity for innovation and the discovery of new markets.**

of Tozzi Green in other international markets such as **South America** and **Africa** where there are countries with numerous new investment opportunities.

The *business models* already developed, are exactly the kind of experience necessary for addressing new ventures. For each of them, in addition to complying with the reference legislation, it is important to apply the blueprints that have allowed the Malagasy and Peruvian communities to perceive the presence of Tozzi Green

as a "friendly tool" to be integrated into and support their economic and social growth.

The national and international development strategy is divided into four main lines of action, which converge on a medium and long-term target of approximately 700 MW of installed capacity at power plants producing energy from renewable sources.







During 2019, as part of the "RENOVAR- round 3" programme managed by the Argentine Ministry of Energy and with reference to a 10MW photovoltaic plant located in the province of Catamarca, Tozzi Green was awarded a 20-year contract with the COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA

ELÉCTRICO SOCIEDAD ANÓNIMA for the sale of the electricity produced.

The signing of the contract and the completion of the project are planned for the period 2020-2021.

During 2018, as part of an invitation to tender issued by the Tunisian Ministry of Energy and in connection with a 10MW photovoltaic plant located in the province of Sidi Bouzid, Tozzi Green signed a 20-year contract with the Société Tunisienne de l'Electricité et du Gaz for the sale of the electricity produced.

The project is expected to be completed during the year 2020.

### PLANTS UNDER CONSTRUCTION **28 MW**

#### hydroelectric



### PLANTS AUTHORISED FOR CONSTRUCTION **63 MW**

#### wind

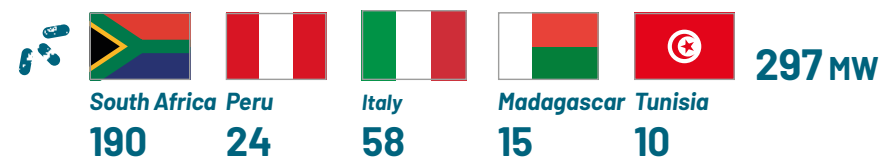


#### photovoltaic

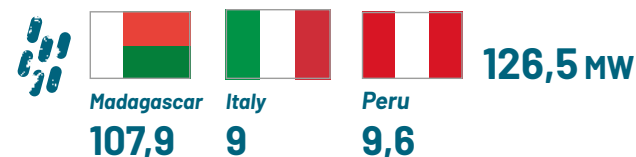


### PLANTS UNDER DEVELOPMENT **703,5 MW**

#### photovoltaic



#### hydroelectric



#### wind





## 2.4.2 Investments

**Tozzi Green intends to collect and invest resources to be allocated to the development, construction and management, also at an international level, of major projects for generating energy from renewable sources and for sustainable and long term rural electrification and development.**

During the two-year period 2018-2019 Tozzi Green was involved in the construction of plants in Italy and abroad:

- through its investee company Solarwind 2 Srl it completed the **construction of 2 wind farms** one with a total capacity of 18 MW in the Municipality of Butera (CL), which became operational in May 2018, and the other with a total capacity of approximately 16.5 MW in the Municipality of Siculiana (AG), which became operational in December 2018;
- through its investee company Mahitsy Hydro, Tozzi Green is building a 28 MW **hydroelectric plant** in Mahitsy, in the Analamanga region of the Central Highlands of Madagascar. The works are scheduled for completion by the end of 2020;

- through its subsidiaries Ergon Peru and Tre Perú Sac, Tozzi Green is implementing the rural electrification plan sponsored by the Peruvian government in areas not connected to the electricity grid, throughout the country. The installation programme for photovoltaic devices was completed by the first quarter of 2020.

**Total investments made by Tozzi Green during the two-year period 2018-2019 amounted to 189.4 million, of which 40.9 million went to the hydroelectric sector for the plants being built in Madagascar; 41.5 million to wind farms whose construction was completed in 2018 in Italy and 107 million to the rural electrification project in Peru.**

The Group's development programmes are financed through methods of *project financing* involving both local commercial banks and large supranational financial institutions, especially in developing countries.

In July 2019 Tozzi Green, through its subsidiary Ergon Peru, concluded its first **Green Bond** issue by the private placement of a fixed-interest bond worth \$222 million. The proceeds from the issue are intended to finance the rural electrification project in Peru and will be used partly to extinguish existing project financing and partly to offset the financing of the remaining project costs.

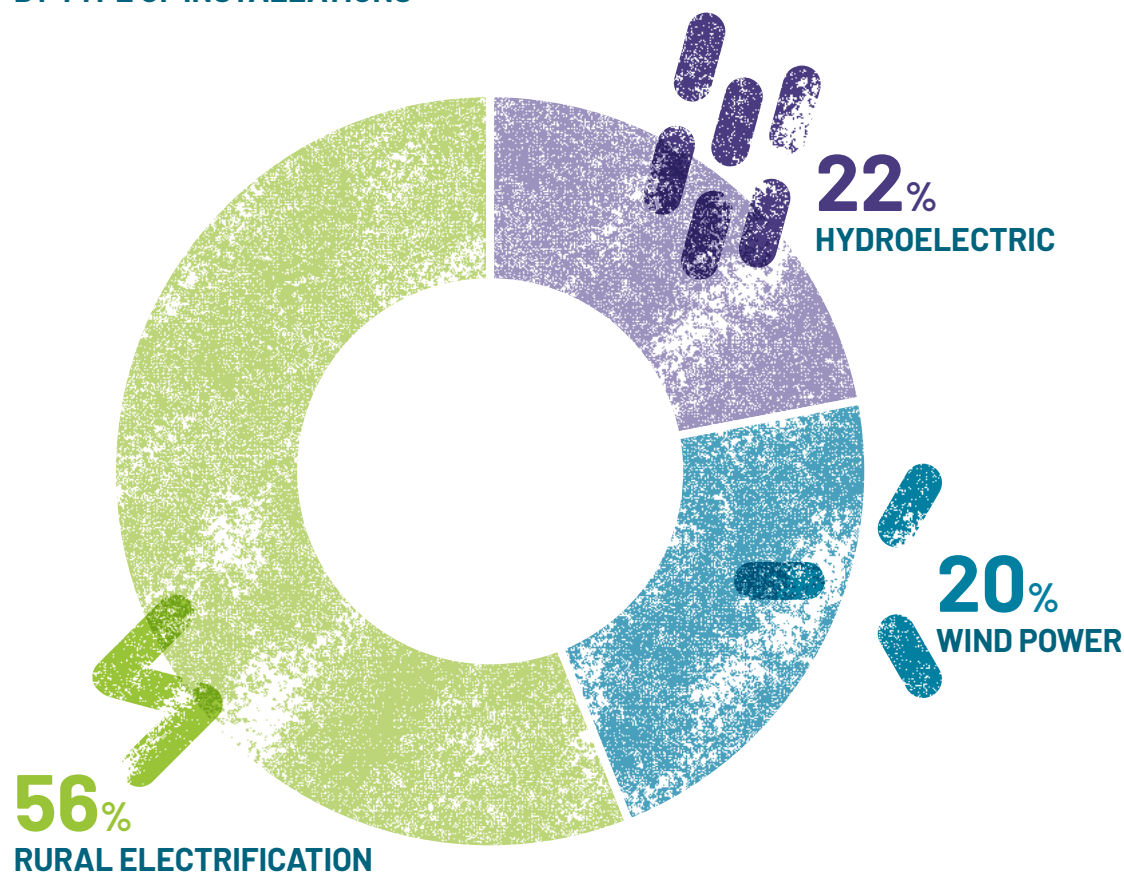
The offering was four times over-subscribed and the investors who participated in the bidding were among the largest financial institutions worldwide. S&P assigned the bond issue a BBB rating (with a positive Outlook), giving the bonds an E1 rating, the highest value of the green rating tool (Green Evaluation).

During the year, other refinancing operations for existing projects were completed in order to optimise financial leverage and pre-existing commercial terms and conditions.

**The Green Bonds** are relatively new financial instruments that are issued for projects with aspects relating to environmental sustainability such as clean energy production, energy efficiency etc. Recently the European Commission emphasized the potential and functioning of the Green Bond market by presenting a package of measures entitled "Clean energy for all

Europeans", according to which from 2021 there will be a need for an additional EUR 177 billion per year to achieve the climate and energy objectives identified for 2030, for which these new financing and investment mechanisms could play a key role.

## PERCENTAGE OF INVESTMENTS IN THE TWO-YEAR PERIOD 2018-19 BY TYPE OF INSTALLATIONS



“ The first Green Bond issued by Tozzi Green is in line with the strategy of diversifying our financial structure towards solutions offered by international capital markets. The transaction confirms the confidence of the financial markets in our innovative projects and our internationally sustainable strategy.

Andrea Tozzi, CEO of Tozzi Green





### 2.4.3

#### The added value produced and distributed

By calculating the added value generated during the year, Tozzi Green intends to show the Group's ability to create value to the benefit of the overall geographical and social context in which it carries out its activities. The value added, calculated on the basis of the consolidated and reclassified Income Statement, represents the wealth produced for the stakeholders most directly interested in the company's activities.

During 2019, the Group generated revenues and other proceeds of 147.3 million euros, 28% from renewable energy production, 64% from rural electrification activities in Peru and 8% from corporate services including Energy Management and agricultural activities in Madagascar. Having incurred production costs of Euro 84.8 million, **Tozzi Green produced in 2019 a global net added value of 44.5 million after depreciation of 14.2 million.**

Tozzi Green is committed to generating value over time and not only for the legitimate profit expectations of its investors, but also to support the environmental and social investments needed. From a sustainability perspective this translates into generating and distributing added value for the benefit of the main categories of stakeholders and the community at large, in support of long-term objectives.

#### PERCENTAGE BREAKDOWN REVENUES AND OTHER PROCEEDS



**This is even more significant in some of the countries where the Group operates because of the impact that the value created can have on the socio-economic system as a multiplier of development.**

By calculating the distribution of the added value created, it is possible to quantify how the wealth produced was distributed among the stakeholders who benefit from it in various ways.

- **Employees** received 9.5 million euros (up 38% compared to 2018), which includes gross wages and salaries, social security contributions, severance indemnities and pensions and represents 21% of total added value.

- **Central Public Administrations** received income taxes of 7.96 million, equal to 18% of the added value produced.
- Short, medium and long term **loan capital** repayments, charges and interest paid totalled 12.2 million euros, corresponding to 27% of the added value.
- In the **communities** where the activities take place, local taxes and duties paid represented 4% of the added value.

#### THE CREATION OF ADDED VALUE (GRI 201-1)

	31.12.2019	31.12.2018
<b>VALUE OF PRODUCTION</b>	<b>147,299,488</b>	<b>127,204,430</b>
Revenues from sales and services	144,763,525	124,051,382
Other revenues and proceeds	2,535,963	3,153,048
<b>COSTS OF PRODUCTION</b>	<b>84,775,334</b>	<b>76,125,641</b>
Raw materials, consumables and goods	62,281,000	54,885,018
Services	14,590,675	16,092,745
Leases and rentals	551,880	3,286,217
Provisions and depreciation	5,853,911	1,416,119
Other operating expenses	1,497,868	445,542
<b>ADDED VALUE FOR ORDINARY OPERATIONS</b>	<b>62,524,155</b>	<b>51,078,789</b>
Extraordinary income components (-)	-3,865,507	
<b>TOTAL GROSS ADDED VALUE</b>	<b>58,658,647</b>	<b>51,078,789</b>
Depreciation	14,161,759	11,136,689
<b>TOTAL NET ADDED VALUE</b>	<b>44,496,888</b>	<b>39,942,100</b>

#### THE DISTRIBUTION OF ADDED VALUE

	31.12.2019	31.12.2018
<b>STAFF REMUNERATION</b>	<b>9,489,578</b>	<b>6,892,640</b>
Staff and related costs	9,223,751	6,697,025
Employees' severance indemnity (TFR) and pensions	265,826	195,615
<b>REMUNERATION OF PUBLIC ADMINISTRATION</b>	<b>7,961,730</b>	<b>8,373,226</b>
Taxes on income	7,961,730	8,373,226
<b>REMUNERATION OF LOAN CAPITAL</b>	<b>12,165,684</b>	<b>5,860,295</b>
Short- and long-term capital charges	12,165,684	5,860,295
<b>REMUNERATION OF RISK CAPITAL</b>	<b>32,186,808</b>	<b>2,368,821</b>
Distributed profits	32,186,808	2,368,821
<b>COMPANY REMUNERATION*</b>	<b>-19,180,055</b>	<b>15,035,327</b>
Undistributed profits	-19,180,055	15,035,327
<b>TRANSFER TO THE COMMUNITY</b>	<b>1,873,143</b>	<b>1,411,791</b>
Local taxes and duties	1,873,143	1,411,791
<b>TOTAL NET ADDED VALUE</b>	<b>44,496,888</b>	<b>39,942,100</b>



## 2.4.4

### Suppliers - Sustainability Partners

The Group, aware of the important role that its supply chain plays in the quality and sustainability of the projects carried out, has adopted a selection and qualification procedure that applies to all suppliers that influence the production cycle of Tozzi Green in terms of impact on the quality of the product and service provided, as well as compliance with legal requirements regarding health, safety, the environment and administrative responsibility.

**Tozzi Green considers its suppliers and subcontractors strategic business partners with whom to establish stable and transparent long-term relationships.**

The Group's supply chain includes suppliers for the purchase of:



#### **GOODS AND MATERIALS**

Group companies purchase plant components such as turbines, generators, pipelines, sluice gates, panels, inverters, etc. from specialist suppliers.

During the last two years a significant percentage of the purchases of goods have related to the Solar Home Systems kits used in the rural electrification project in Peru.



#### **SERVICES**

They mainly relate to engineering and design consultancy, maintenance and professional technical advice of a legal and administrative nature.

A very important category for the business in which Tozzi Green operates is **subcontractors**, third party companies to which, where expressly authorised by the contract manager, the Group subcontracts the supply of parts of turnkey plants such as wind turbines or other equipment fed from renewable sources. Other occasions, when subcontracting services are called for, may be, for example, civil works for the infrastructure supporting the installations (work sites, access roads, storage, foundations, connections, etc.) and some of the maintenance activities of the installations.

In order to manage relations with subcontractors Tozzi Green has adopted a specific policy that is part of the wider **QHSE policy, aimed at ensuring the management of the requirements of Quality, Health and Safety, the Environment and Administrative Responsibility** in accordance with applicable laws and international standards ISO 9001, ISO 14001 and ISO 45001.

With this in mind, it has chosen to select only contractors and subcontractors who undertake to comply with the Group's Code of Ethics and operate in accordance with strict standards on the issues specified in Tozzi Green's 231/01 model and in compliance with specific quality, hygiene, occupational safety and environmental protection requirements.

The procedure provides for the possibility of Tozzi Green carrying out inspections by its properly qualified QHSE Service personnel to verify that the requirements are being met and that the rules are being complied with.

Whenever possible and where there are local suppliers and contractors meeting the requirements, Tozzi Green selects suppliers that are based in the local areas in which it operates and in which the plants are located.

During 2019, the Tozzi Green Group made use of the work of employees of subcontracted companies, for a total of 3,758,433 hours, 97% of which was in the energy sector and particularly in Madagascar, for local hydroelectric development projects.

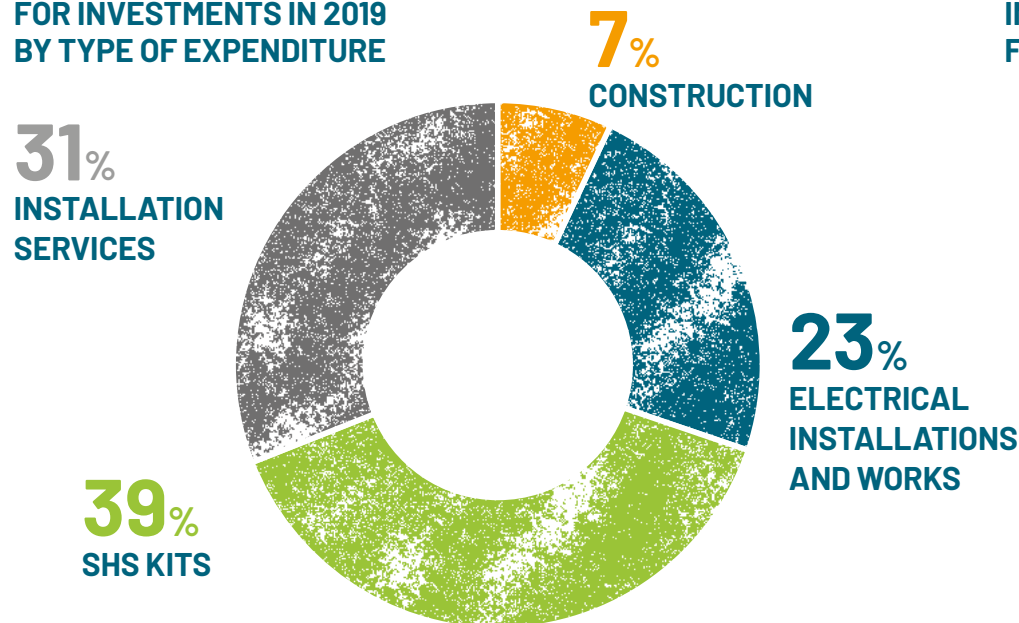
These hours equate to 2,357 jobs if we apply a divisor of 1,550, which is an estimate of the net hours worked annually by a full-time worker in the private sector in 2018.

During 2019 Tozzi Green incurred costs to support its investments in various ways totalling 82.3 million.

Of this:

- 31% was spent on investments in Peruvian suppliers who the Group uses for the transport, installation and maintenance of photovoltaic devices in homes;
- 31% was spent on suppliers in Madagascar, where the Group is building a hydroelectric power plant and where it has agricultural activities;
- 38% was spent in the rest of the world on the supply of materials and plant components.

### SUBDIVISION OF SUPPLIES FOR INVESTMENTS IN 2019 BY TYPE OF EXPENDITURE



### SUBDIVISION OF SUPPLIES IN 2019 BY GEOGRAPHICAL LOCATION FOR INVESTMENTS



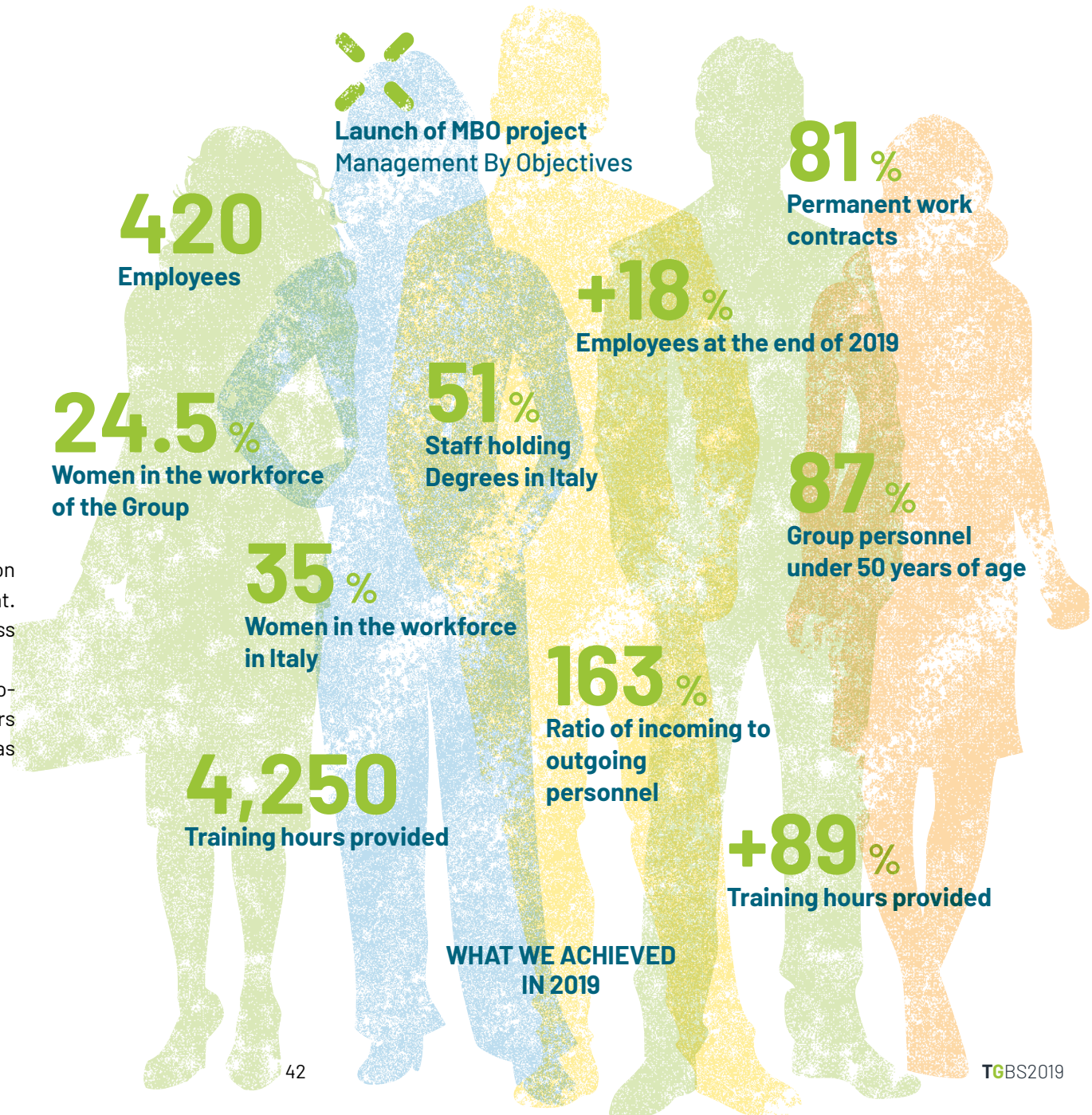


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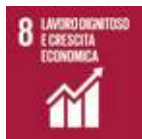
## Our team

**MATERIAL ISSUE:**  
**Quality employment**  
**and human capital engagement**

**MATERIAL ISSUE DESCRIPTION:**  
 The Company is a complex organism that depends on its human resources, their work and their commitment. One of the key factors in the success of the business is the "right" people who enable it to be competitive. The lifeblood of the company is found in a team of motivated personnel who feel that the Company is theirs and who, for the common good, contribute their ideas to solving critical problems every day.



**WHAT WE ACHIEVED**  
**IN 2019**



As at 31 December 2019, the Tozzi Green Group had a total staff of 420 persons (+19% compared to 2018), primarily divided between 3 countries that accounted for 99% of the total: 22% of the staff in Italy, 19% in Peru, 58% in Madagascar.

“ Most of the people who work in the companies have much more talent, intelligence, skills and creativity than is required by the activity they carry out or than would permit them to do it. ”

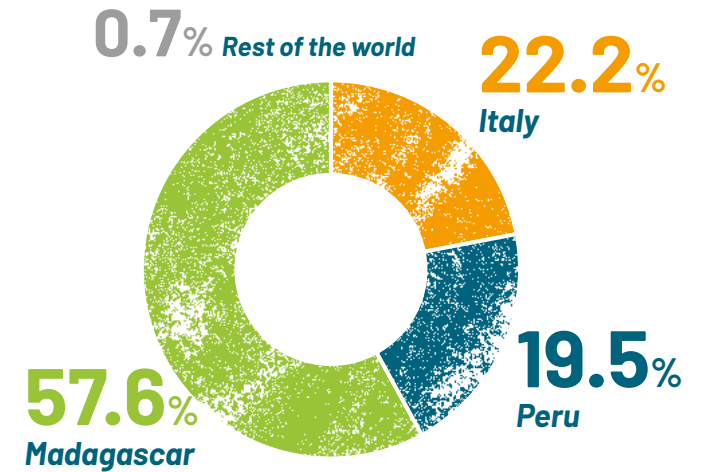
At the basis of the Tozzi Green Group's personnel management lies the belief that motivated and professionally excellent human resources are an essential strategic lever for competing and establishing itself in its business. To this end, the Companies of the Group promote working conditions and environments that favour proactivity, creativity, active participation, the ability to work in a team and the inclination to assume responsibility in the search for "Organisational Wellness"<sup>2</sup> in the definition of a "psycho-physical-organisational-relational environment such as to produce satisfaction and well-being, if not happiness, in the people who work in and for the company throughout its business process". Tozzi Green believes in change management, i.e. a structured approach to change in individuals through a continuous process of creating the conditions for widespread innovation within the organisation, stimulating the creative contribution of the individuals who are part of it.

<sup>2</sup> Organisational wellness. *Benessere e capitale umano nella Nice Company* - Walter Passerini, Marco Rotondi - Franco Angeli ed. 2011

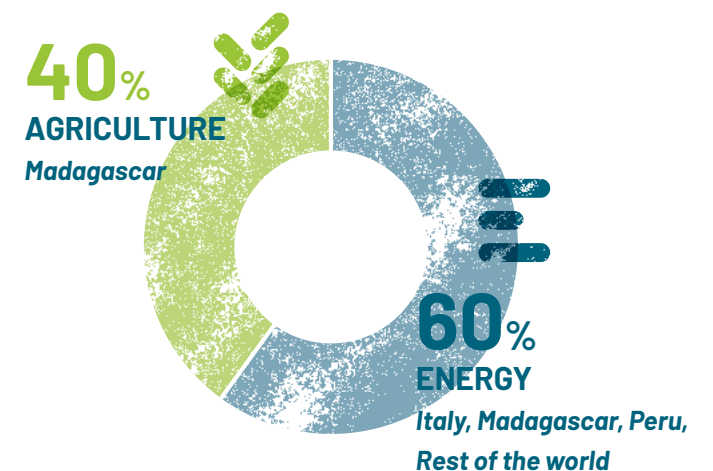
The Group's Code of Ethics provides for respect for the fundamental rights of individuals, protecting their physical and moral integrity and guaranteeing equal opportunities for all. Likewise, it rejects all forms of discrimination based on age, sex, sexual orientation, health status, race, nationality, cultural background, political opinions and religious beliefs. Tozzi Green addresses the heterogeneity of local regulations for the protection of personnel, conforming to the principles contained in its Code of Ethics, national regulations and inspired by the social policy of the International Labour Organization (ILO), which establishes minimum international standards for working conditions and the fundamental rights of workers.



### PERCENTAGE BREAKDOWN OF EMPLOYEES BY COUNTRY



### PERCENTAGE BREAKDOWN OF EMPLOYEES BY SECTOR OF ACTIVITY





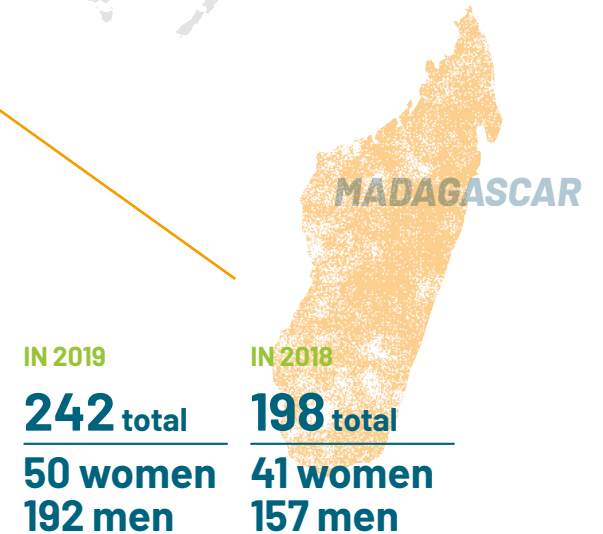
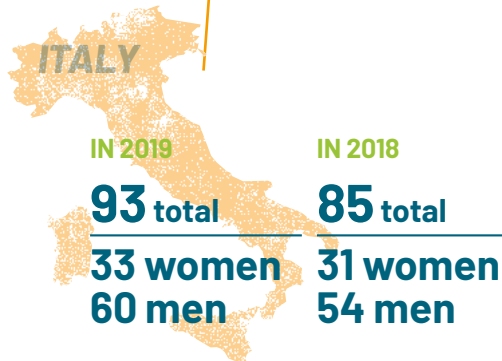
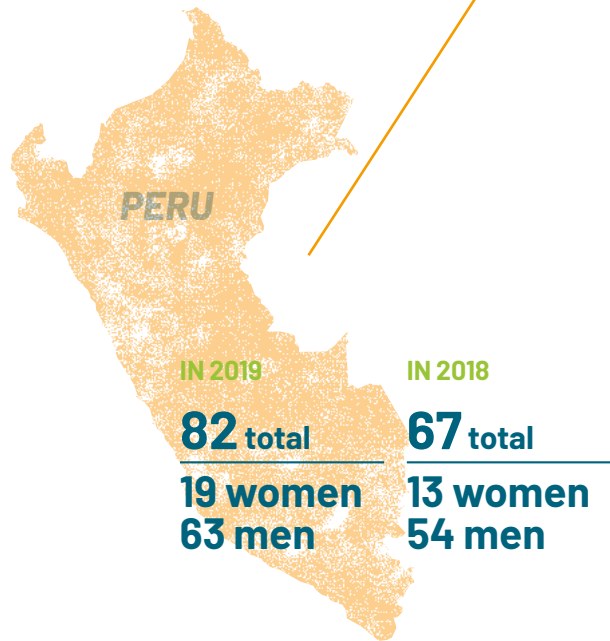
**GEOGRAPHICAL BREAKDOWN OF PERSONNEL**

IN 2019

IN 2018

<b>420</b> total	<b>353</b> total
<b>103</b> women	<b>86</b> women
<b>317</b> men	<b>267</b> men

Of the 242 employees (+22% compared to 2018) operating in Madagascar 31% are engaged in the Energy sector and the remaining 69% in agriculture.



**REST OF THE WORLD**

IN 2019	IN 2018
<b>3</b> total	<b>3</b> total
<b>1</b> woman	<b>1</b> woman
<b>2</b> men	<b>2</b> men

**OF WHICH IN THE ENERGY SECTOR**

<b>74</b> total	<b>52</b> total
<b>23</b> women	<b>17</b> women
<b>51</b> men	<b>35</b> men

**OF WHICH IN AGRICULTURE**

<b>168</b> total	<b>146</b> total
<b>27</b> women	<b>24</b> women
<b>141</b> men	<b>122</b> men

The total workforce consists of 24.5% women and 75.5% men.

In Italy, the Group's female employment equates to 35%, while it is around 23% and 20% in Peru and Madagascar, respectively. At Group level, 81% of staff are employed on permanent contracts. The proportion of permanent contracts to the total number of contracts varies from 91% in Italy, to 96% in Madagascar, to 70% in Peru where a large part of the staff is recruited for installation activities in the area that must be contractually completed within a short timescale. Where the characteristics of the activities permit it, Tozzi Green tends to offer stability in its working relationships.

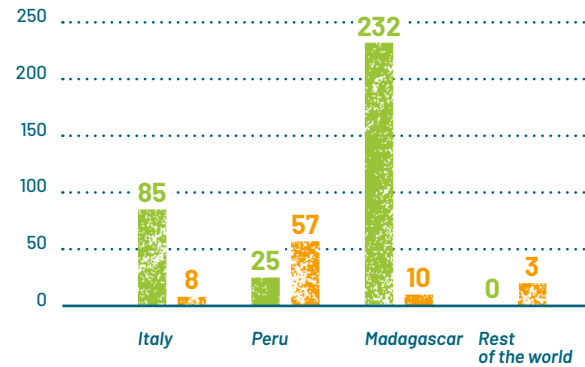
During 2019, 7 fixed-term contracts were converted into permanent contracts (4 men in Italy, 2 men and 1 woman in Madagascar). There are 8 part-time employ-

ees, 6 of whom work in Italy and are women.

When making any organisational changes and issuing related communications to personnel, the Group follows procedures that comply with the legislation of the countries in which it operates.

### STAFFING BY TYPE OF CONTRACT

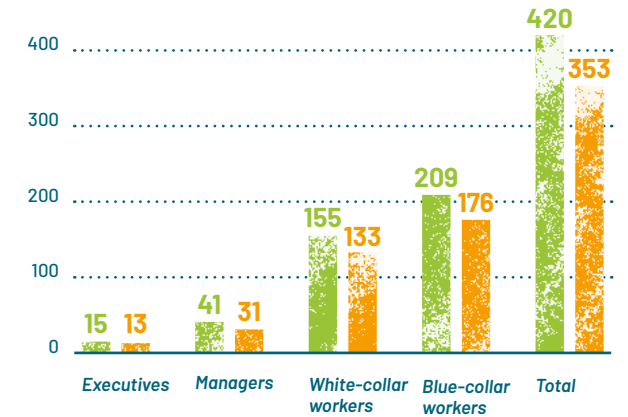
■ permanent ■ fixed period



About 50% of the Group's employees are blue-collar workers. The figure is strongly influenced by the composition of the staff in Madagascar where 70% of the employees are employed in JTF's agricultural activities. 70% of the staff in Italy and 49% in Peru are white-collar workers.

### STAFFING OF THE GROUP BY GRADE

■ 2019 ■ 2018



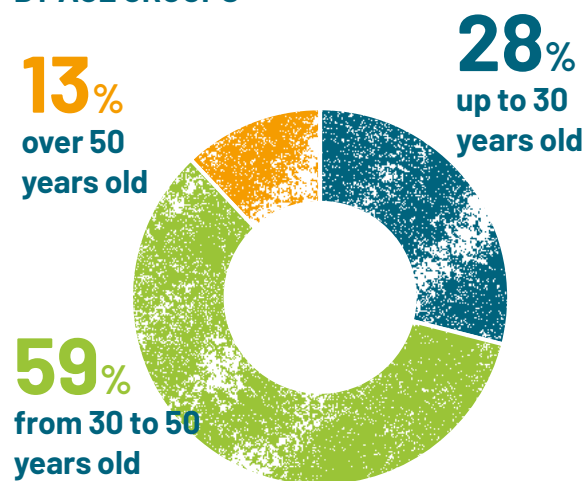
### STAFF COMPOSITION BY GRADE, GENDER AND COUNTRY

	2019										2018									
	ITALY		PERU		MADAGASCAR		REST OF THE WORLD		Total	ITALY		PERU		MADAGASCAR		REST OF THE WORLD		Total		
	W	M	W	M	W	M	W	M		W	M	W	M	W	M	W	M			
Executives	0	5	0	2	1	7	0	0	15	0	4	1	5	1	2	0	0	32		
Managers	3	10	1	3	10	14	0	0	41	3	9	0	0	7	12	0	0	67		
White-collar workers	30	35	14	26	22	25	1	2	155	28	31	10	26	19	16	0	2	97		
Blue-collar workers	0	10	4	32	17	146	0	0	209	0	10	2	23	14	127	0	0	157		
<b>Total</b>	<b>33</b>	<b>60</b>	<b>19</b>	<b>63</b>	<b>50</b>	<b>192</b>	<b>1</b>	<b>2</b>	<b>420</b>	<b>31</b>	<b>54</b>	<b>13</b>	<b>54</b>	<b>41</b>	<b>157</b>	<b>1</b>	<b>2</b>	<b>353</b>		

W = Women; M = Men



## STAFF COMPOSITION BY AGE GROUPS



28% of employees are under 30 years of age and overall 59% are between 30 and 50 years of age. 87% of staff are under 50 years of age. The combination of junior and senior professionals ensures an interchange of innovation and different perspectives in a mix of shared experiences. This union is also seen in the complementary nature of the two generations of the owners, the Chairman and the CEO.

In Italy, more than 50% of employees have a university degree. At Group level, the average number of graduates is 44% but the percentage rises to 68% if we include holders of a bachelor's degree or a secondary school diploma. In Italy, 100% of the staff are covered by a collective labour agreement under the private metalworkers contract.

Labour relations in Peru and Madagascar are regulated by specific contracts drawn up in compliance with lo-

cal regulations<sup>3</sup> that have stringent requirements with regard to the protection of workers, the prevention of the risks of child labour, vocational training and safety at work and specify which authorities are responsible for inspections and monitoring. The legislation of both countries provide for the registration of employees in social security lists and for the payment of income taxes. During 2019, eighteen Group employees (9 women and 9 men) took parental leave, 13 of whom returned to work after the period of leave; 13 of the 17 employees who took leave during 2018 are still employed after 12 months.

<sup>3</sup> Ley General de Inspección del Trabajo Ley N° 28806 in Perú. Loi n° 2003-044 du 28 juillet 2004 portant Code du travail.

## Training and enhancement of skills

The achievement of the business goal is determined by people's knowledge and skills. Tozzi Green properly trains its personnel, both to enable new skills related to new business processes to be acquired and to enhance individual qualities by making them clear and usable. The goal is to find the right place for everyone, so that people can do the things they know how to do well and where they can get the best results. On-the-job training remains the day-to-day method of training that allows the acquisition of practical skills and which is carried out daily during working hours, both in ongoing operations and as part of the induction training of new employees. Particularly in Madagascar, in the agricultural sector, a method of continuous training is used that involves workers living in the villages in the

### TRAINING HOURS BY GRADE AND GENDER

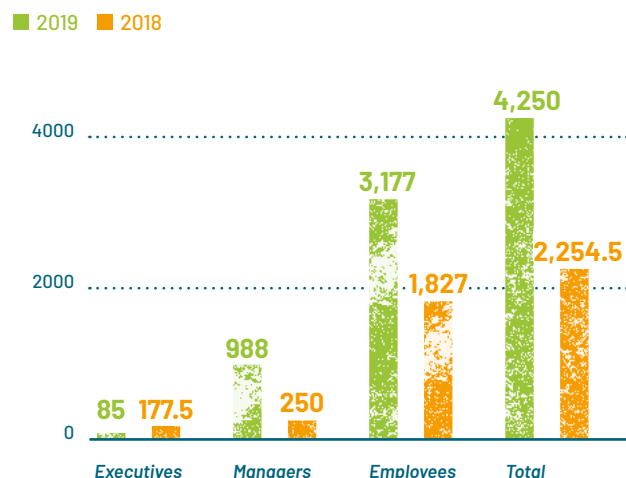
	2019								2018							
	ITALY		PERU		MADAGASCAR		Total	ITALY		PERU		MADAGASCAR		Total		
	W	M	W	M	W	M		W	M	W	M					
Executives	0	85	0	0	0	0	85	0	27.5	0	150	0	0	177.5		
Managers	109	231	0	348	232	68	988	63	7	0	0	180	0	250		
White-collar workers	258	294	771	1,486	300	68	3,177	102	70	450	900	260	45	1,827		
<b>Total</b>	<b>367</b>	<b>610</b>	<b>771</b>	<b>1,834</b>	<b>532</b>	<b>136</b>	<b>4,250</b>	<b>165</b>	<b>104.5</b>	<b>450</b>	<b>1,050</b>	<b>440</b>	<b>45</b>	<b>2,254.5</b>		

W = Women; M = Men

area and that helps to achieve a widespread knowledge of agricultural techniques, which can also be employed outside the workplace.

During 2019, 4,250 hours of training were provided at Group level to employees (1,670 to women and 2,580 to men), an increase of 88.5% over the previous year. On average, each Group employee received 10.12 hours of training (16.21 hours for women and 8.14 hours for men).

### HOURS OF TRAINING PER GRADE



The company results depend on the performance of those who work to achieve those results, i.e. the business owner, the manager and the human resources involved in the strategic/operational process. It goes without saying that the better the performance, the better the results. Therefore, when meaningful performance indicators or KPIs are set, all actions aimed at improving performance by increasing positive KPIs have a direct and immediately measurable impact on the results obtained.

The inclusion of the MBO (Management by Objectives) project in 2019 is a measure to support business strategies. The company is aware that this is a tool that will need to be integrated into the corporate population and will require some years of work before it can be considered to be effective.

The aim is to:

- align the interests of management with the strategic vision of top management;
- increase people's involvement in and degree of re-

sponsibility for the achievement of corporate objectives;

- reward behaviour that is consistent with the strategies and policies of the company and of the individual's function;
- cultivate employee loyalty.

In Tozzi Green each participant is assessed against a maximum of 8 objectives:

- 2 Group objectives, the same for all participants in the system;
- a maximum of 6 individual objectives, linked to the position held.

Each target is given a weighting and a share of the overall monetary incentive. The Group's objective, which is the same for all the persons involved, is 50% of the incentive amount and is measured through two financial indicators: EBITDA and NFP/EBITDA in accordance with the Plan and Budget approved each year by the Board of Directors.

	AVERAGE GENDER PAY RATIO									
	ITALY		PERU		MADAGASCAR ENERGY		MADAGASCAR AGRICULTURE		REST OF WORLD	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Executives	0%	0%	0	0	150%	27%	0%	0%	0	0
Managers	95%	93%	72%	63%	88%	216%	28%	21%	0	0
White-collar workers	71%	76%	79%	71%	64%	33%	85%	126%	155%	155%
Blue-collar workers	0	0	163%	100%	190%	18%	65%	81%	0	0
<b>General average</b>	<b>69%</b>	<b>72%</b>	<b>47%</b>	<b>35%</b>	<b>113%</b>	<b>105%</b>	<b>84%</b>	<b>78%</b>	<b>155%</b>	<b>155%</b>

\* the data relate only to TRE Peru, which accounts for 85% of the Group's employees in Peru because TRE Peru does not record the presence of women among its staff.



# 2.6

## Health and safety

**MATERIAL ISSUE:**  
**Health and safety**

**MATERIAL ISSUE DESCRIPTION:**  
 By health and safety we mean the management systems applied in the workplace to protect the physical and moral integrity of personnel, and the systems for managing the safety of operations and facilities in order to protect those who work there and those who live nearby.

Mapping **business processes** and identifying **areas for improvement**

**2,089** hours  
 Safety training

**+47%**

Identifying **training needs of personnel on risks and responsibility**

Action plan for developing **an HSE culture**

Developing **Integrated QHSE Management System**

**Certification ISO:45001** for managing health and safety by spring 2020

**WHAT WE ACHIEVED IN 2019**

**FUTURE COMMITMENTS**



**“** We believe in the importance of educating about the health and safety of people, and the protection of the environment in which we live, the source of our energy and work. We have started a journey of sharing values and experiences to promote a culture of safety at work and in everyday life. We intend to nurture safety at work, creating places and opportunities for debate and discussion, where knowledge can be exchanged and new ideas and reflections can be stimulated, with the involvement of all employees and stakeholders. For this reason, we have adopted an unconventional training

Tozzi Green has an integrated QHSE Management System, compliant with the highest international reference standards, which it is committed to certify by 2020 in accordance with international standards ISO 9001:2015 (Quality), ISO 14001:2015 (Environment) and ISO 45001:2018 (Health & Safety).

In order for the management system and the objectives that the Group has set itself to become an integral part of the being and conduct of every employee of the company, the company is committed to developing specific technical skills and to creating the conditions for the development of a QHSE culture within the organisation and to carrying out an annual review of the company's health, safety and environmental performance.

**The plan to improve the Safety Management System initiated by Tozzi Green has led to a significant increase in training hours on the subject: 2,089 hours of training in 2019, an increase of 47% over the previous year.**

course starting with the managers, to make the way they exercise their leadership in safety matters more effective and aware. We are aware that positive examples within the organisation become a source of inspiration for all personnel. We who are responsible are the first agents of change.

*Andrea Tozzi, CEO of Tozzi Green  
(from the QHSE video)*

**”**

In particular, the action plan for developing an HSE culture within the Group involved the following activities carried out in 2019:

- a course for managers on HSE leadership, based on experiential teaching methods, which was completed;
- a series of workshops that was conducted with the aim of involving participants in the contents of the company's safety policy and in the creation of an HSE logo that encourages a sense of belonging and involvement;
- an event that was organised at the end of April on the occasion of the World Day of Health and Safety at Work (28/04).

To give more visibility to the path being taken in the Company and to encourage the participation and awareness of the staff, Tozzi Green took part in the **Italia Loves Sicurezza (#ILS19) Road Show**, an important movement that was started recently in Italy, based on the desire to revolutionise the way in which health and safety are communicated and lived, adopting channels of communication focused on participation, involvement and emotion.

In Peru, the Group, in its subsidiaries Ergon and TRE, uses an occupational safety management system aimed at complying with the technical and legal requirements established by Law No 29781 and by its regulations. To this end, an Occupational Health and Safety Committee is operating within each company, and is responsible for the monthly meetings and for evaluating the efficiency and effectiveness of the Occupational Health and Safety Management System.

During the year there were no accidents among personnel working in Italy and Peru. There were 3 accidents among staff in Madagascar, two of whom were agricultural workers and one was in the energy sector. Out of a total of 1,275,276 hours worked by Group personnel in 2019, the accident frequency index stood at 0.47.

## Health and safety in EPC management

One of the main areas in which the Group is involved in health and safety issues is the management of the entire supply chain making up the EPC contracts, in particular with regard to the identification and management of the main risks that the activities of the supply chain present. In this regard, in addition to specific procedures, a targeted set of QHSE related KPIs has been defined for each individual project and for Tozzi Green's activity as a whole. By monitoring them it will be possible to assess the actual performance of the project.





# OUR COMMITMENT TO THE FUTURE OF THE PLANET

We make our know-how and our entrepreneurial ability available for the creation of new development models capable of combining economic growth with environmental protection and respect for the principles of social equity.





# 3.1 Research and innovation

## MATERIAL ISSUE: Research and innovation

### MATERIAL ISSUE DESCRIPTION:

The search for new alternative sources to produce energy and innovative tools to use the energy available in nature and to overcome the problems arising from their discontinuity, has guided the development of the Group since its inception and has allowed its expansion into the rural electrification sector, which has become a significant part of its business, and into agriculture. Through these strands of research Tozzi Green has developed projects in countries where energy poverty still afflicts a large part of the population and is pursuing the objective of making electricity available in areas that it is difficult to reach with distribution networks.



Our commitment for the future of the planet

“ We want to embrace the challenge of providing electricity and light to those who are without it today. We can do it with our experience in the energy sector and our knowledge of energy storage technologies.

Andrea Tozzi, CEO of Tozzi Green



Research in the field  
of alternative sources  
of applied technology

Development of SHS technology  
(Solar Home Systems)  
for rural electrification

Search in the  
agronomic sector  
(Jatropha Curcas as  
alternative source of energy)

WHAT WE ACHIEVED  
IN 2019

Nufid Project  
(24 months starting  
from June 2018)

Amaranth Project  
(28 months starting  
from January 2018)

FUTURE COMMITMENTS



## Development of mini-grid technologies

The objective of research at Tozzi Green is to overcome the inherent limitations of renewable energy sources, due to the inability to plan their production of energy. Energy storage makes it possible to optimise the use of renewable energy sources, making it available at the user's request, while distributed generation minimises energy leakage in the grid, reducing the environmental impact. Tozzi Green's research is directed towards making electricity available in developing countries where the difficulty of supplying energy is the main cause of poverty, and is part of the **mini grid** technol-

ogy sector. The term describes an off-grid electricity distribution system that involves the production of energy on a small scale (from a few kW to several MW). Over 190,000 mini-grids are expected to be built around the world by 2030 to provide access to energy for over 500,000 people.

They are relatively quick and easy to implement even in remote areas and can be powered by solar, wind, biomass or hybrid plants, reducing operating costs and associated emissions<sup>3</sup>.

The main advantages of mini-grid technologies are:

- **short lead times:** (less than one year);
- **modularity:** the possibility of expanding the output of the plant in line with the growth in energy demand;
- **environmental and social sustainability:** directly related to the small size of the installations and to the intended uses strictly linked to the needs of the area and the populations in question;
- **affordability of the energy produced,** when compared to the cost of building a distribution grid to reach remote communities.

<sup>3</sup> *MINI GRIDS FOR HALF A BILLION PEOPLE Market Outlook and Handbook for Decision Makers, ESMAP, World Bank*

The technical and engineering skills accrued over the years, have enabled the Tozzi Green Group to present itself as a developer of mini-grid and Solar Home System (SHS) systems. The latter are for use in households, small health care facilities and schools that do not have electricity. The SHS kits have ratings up to a few kW and consist of a small photovoltaic system, a charge regulator and an energy storage and distribution system. Their maintenance is deliberately simplified and can be carried out by the local communities. Thanks to its research into innovative solutions, Tozzi Green has developed its own SHS system called RER (Recurso Energia Renovable - Renewable Energy Resource) specifically for the needs of the rural electrification project in Peru.

In parallel with its research activities in the core business of renewable energy, Tozzi Green has long been carrying out research into plant species for energy production and for applications in the food and nutraceutical sector.





## NuFid Project

The project is based on the use of waste products from prickly pear processing to obtain semi-finished products with a high inherent value. Using a technical-chemical-experimental approach, through the collection, treatment and chemical analysis of the by-products of Sicilian prickly pear production, the goal is to be able to prepare special flours, food supplements and products that can be used in the field of nutraceuticals and cosmetics, and finally products for feeding animals. This complete usage of waste fruit and pruning cladodes can be considered to be a circular economy process in which no part of the plant is deemed to be waste for disposal.

With a view to safeguarding the production area, the major Sicilian prickly pear producers' organisations

**In June 2018, Tozzi Green launched a project aimed at exploiting the by-products of the prickly pear from waste fruit, the seeds of the fruit and the cladodes (shovels) obtained from spring pruning.**

**The project lasts for two years and is entirely financed by Tozzi Green.**

from the Etnean area and San Cono (Catania) have been directly involved in this project.

Two universities were involved in the pre-treatment and chemical analysis of the product:

- the University of Florence, through the Neurofarba Department, for the "Study on the composition of Sicilian prickly pear fruit for its nutraceutical usage";
- the University of Catania, through the Department

of Agriculture, Food and Environment (Di3A) for a research contract called "Study on the composition of fruits, seeds and cladodes of Sicilian prickly pear for its nutraceutical and industrial usage".

Following promising results obtained in the first months of research, in January 2019, Tozzi Green submitted an application to the Ministry of Economic Development for financial support for research and development projects within the applicable areas consistent with the National Strategy for Intelligent Specialisation (SNSI) "Agrifood".

The application has successfully passed the pre-preparatory phase and is now in the preparatory phase.

In this context Tozzi Green has started a preliminary design of the waste products treatment plant to obtain the semi-processed vegetable matrices.

With a view to environmental sustainability and the enhancement of the Sicilian territory, Tozzi Green has identified as the possible site of the industrial plant some buildings already located in the Etna area and made available by the local producers' organisations.



## Characterisation of essential oils

A service has been started for the characterisation of essential oils produced and marketed by a company invested in by Tozzi Green based in Madagascar.

Tozzi Green's R&D laboratory has been equipped with a gas chromatograph with mass spectrometer for the analysis and characterisation of samples of essential oils from Madagascar.

## Amaranth Project

Tozzi Green has signed a 28-month contract effective from January 2018, with the Department of Food Production and Environmental Sciences (DISPAA) of the University of Florence for a research project on the "Selection of Varieties of Amaranth (*Amaranthus spp. L.*) and the development of the cultivation technique".

Amaranth, a vegetable species rediscovered in the early 70s, is a pseudo cereal with remarkable nutritional properties, rich in protein, lysine and calcium. In addition to being already used as a basis for food preparations for coeliacs, it could in the near future become a valuable food as a substitute for or complement of animal-based proteins, the production of which presents greater problems of environmental sustainability. Research has led to the selection of a new variety of amaranth.





# 3.2

## Rural electrification in Peru

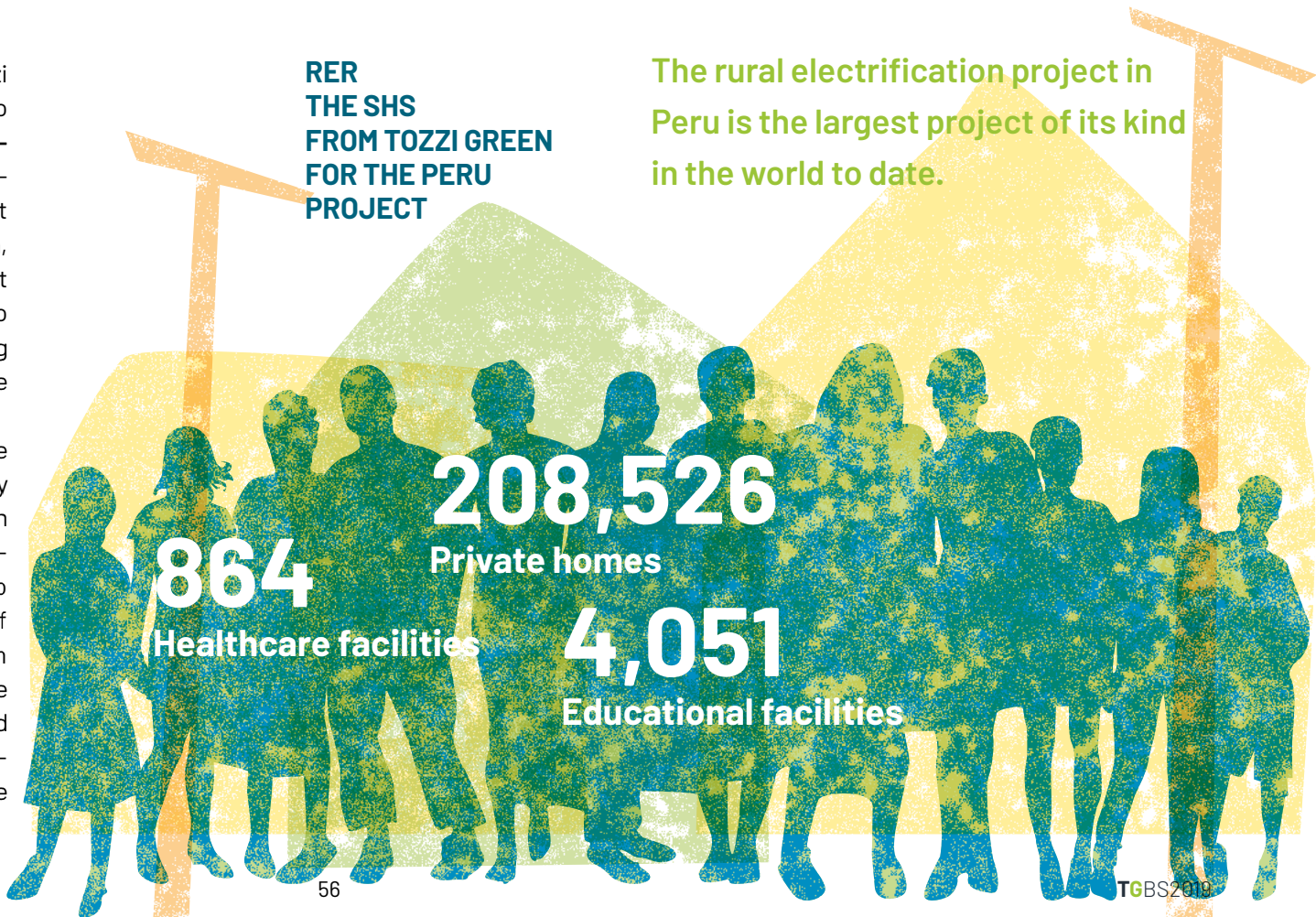
In April 2015 Ergon Perú S.A.C., a subsidiary of the Tozzi Green Group, won an international public invitation to tender issued by the Peruvian State through its **Ministry of Energy and Mines (MEM)** for the supply of electricity from renewable energy resources in areas not connected to the national electricity grid for the North, Centre and South of the country. The aim of the project is to promote the use of renewable energy sources to improve the quality of life of the poorest people living in remote areas of the country and at the same time contribute to safeguarding the environment. Based on the contract and subsequent addendums, the latest of which was signed in March 2019, the Company undertook to design, build and install up to a maximum of 213,441 autonomous RER systems for the three geographical areas by 31 January 2020. It also undertook to provide the necessary assistance and maintenance of the installed systems for the next 15 years, after which the concession acquired by Ergon Perú through the award of the tender contract will expire. The installed systems will be transferred to a distributor to be designated by the Peruvian government at the end of the period.

Our commitment for the future of the planet

“ Thanks to electricity, clean water can be pumped from deep water tables and vaccines can be stored in refrigerators at the appropriate temperatures. A simple light bulb is enabling these men and women to discover the possibility of extending the day beyond sunset, of listening to a radio or weaving their fabrics with a small sewing machine, and children are able to read and study even after sunset. Making electricity available is laying a sound foundation for combating poverty.

Can one say that the work of rural electrification in Peru is ethical because it does good? No! It is because it does good, without deviating from its inspiring principle, namely that of doing business, that it is ethical. In that activity, Tozzi Green, without the need to attach any label, introduces an ethical vision into its work, in other words it is something that comes totally from within.

Andrea Tozzi, CEO of Tozzi Green





The SHS resulting from Tozzi Green's research has different characteristics and is modular so that it can be adapted to different types of usage and to the needs of different users such as homes, healthcare and educational facilities.

## TYPES OF SYSTEMS

### RER 1

#### FOR PRIVATE HOMES

Direct current (12V) home photovoltaic system which has internal and external components **for installation in selected homes.**



### RER 2

#### FOR HEALTHCARE FACILITIES

Community photovoltaic system - RER 2 producing alternating current (220V) consisting of internal and external components **to be installed in healthcare facilities** that do not have access to electricity.



### RER 3

#### FOR EDUCATIONAL FACILITIES

Community photovoltaic system - RER 3 producing alternating current (220V) consisting of internal and external components **to be installed in educational facilities** that do not have access to electricity.





## PROJECT DEVELOPMENT PHASES

### PHASE I

#### CONSTANT MONITORING OF INTERNATIONAL INVITATIONS TO TENDER

The monitoring of opportunities on the renewable energy market, in connection with international invitations to tender, is carried out using the platforms dedicated to monitoring the trend in the market and through channels opened with local stakeholders.

### PHASE II

#### DEVELOPMENT OF TECHNOLOGIES AND PRODUCTS

The strong development of the Engineering division enables the creation of innovative products capable of meeting the requirements of the invitations to tender and winning the contract. In particular, the Group presents itself as a developer of SHS that are small in size, easily replaceable and requiring only a few hours of assembly work.

### PHASE III

#### START OF MANUFACTURING

After winning the tender, the Group sets up and carries out the following activities directly:

- supplier selection;
- sourcing of materials for production;
- quality control;
- transporting of products from production sites to the *hubs* where they are stored.

### PHASE IV

#### LOGISTICS AND INSTALLATION

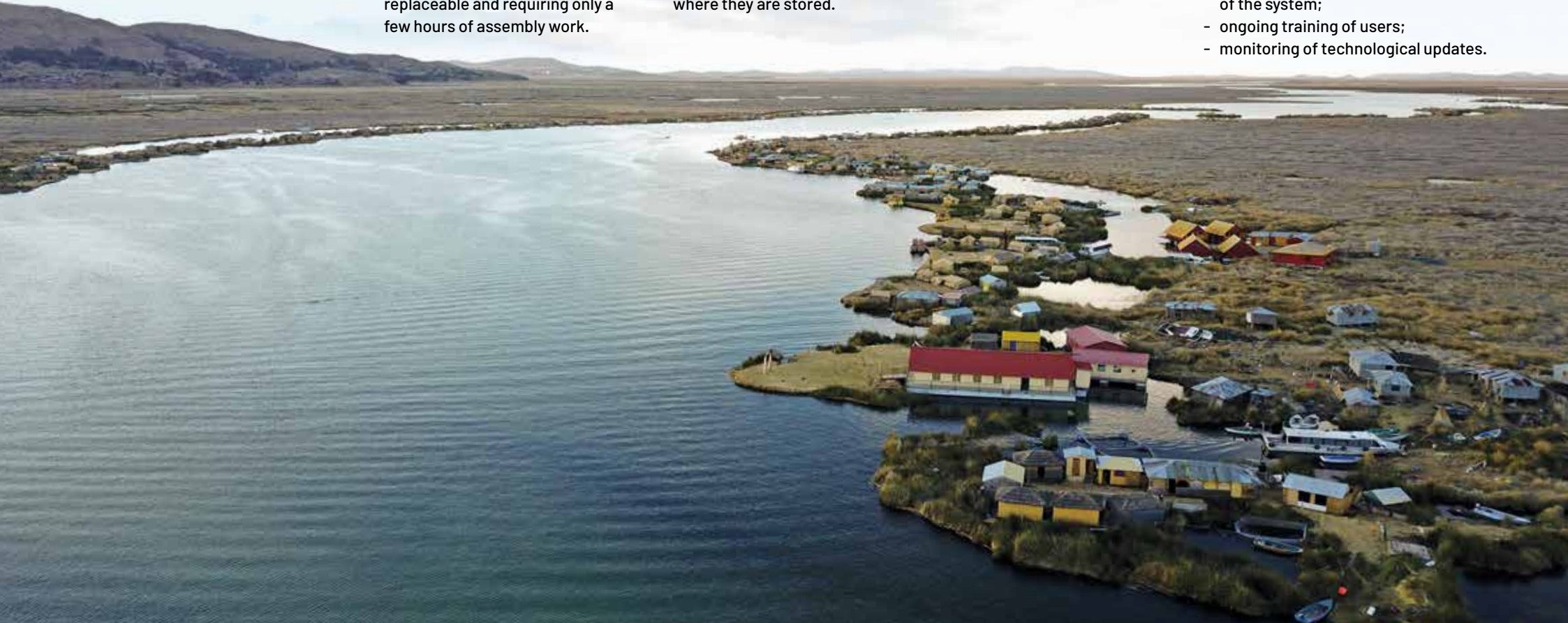
This activity involves the distribution of the products from the *hubs* to the warehouses, located at strategic points in the Country, and installation by specialist teams in the homes previously identified by a census carried out by the Group itself.

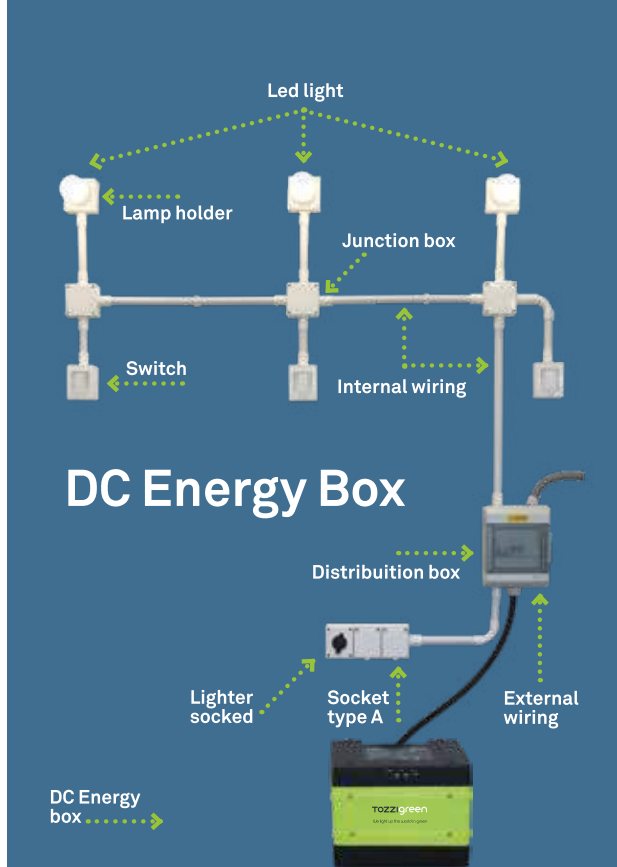
### PHASE V

#### MONITORING AND TECHNICAL SUPPORT

Activities aimed at ensuring the functionality and quality of the service rendered on the basis of the requirements set by the MEM and specified in the concession agreement. In particular, they include:

- preventive maintenance;
- on-call repairs;
- connection or reconnection of the system;
- ongoing training of users;
- monitoring of technological updates.





The Peruvian project is an ambitious undertaking that has made it possible to bring electricity to homes that were still lacking in the most rudimentary forms of urban development, just as it has allowed the First Aid centres and medical facilities to be provided with the equipment needed to respond to emergencies, albeit in a limited way.

In countries such as Peru, the inequality between a rich minority and a rather poor majority is still, even today, a heavily discriminating element when it comes to the use of something, electric current, that Western countries, wrongly, tend to take for granted.

In Peru access to energy is made problematical by a

number of factors, mainly geographical, such as the distance between the various towns and villages located in the most remote and inaccessible areas and the isolation of the population due to the absence or inadequacy of means of communication.

It is precisely the lack of road infrastructure that has effectively prevented private investment in rural electrification projects and led the Peruvian Government to intervene in order to make use of renewable energy to overcome the energy poverty that still affects significant parts of the population.

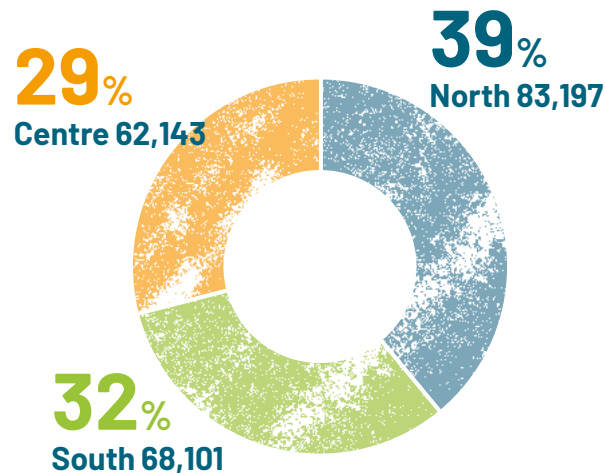
According to the contract awarded, Tozzi Green is responsible for the complex logistical organisation of the supplier chain that installs kits in exceptionally remote areas of the country: at 5000 m in the Andes,

or in the middle of the forest after navigating a river for three days. By the end of January 2020 the project had achieved a good state of progress: a total of 213,441 systems had been installed.

Each user has been provided with a list of appliances suitable for use because of their low consumption, such as radios or televisions.

Training meetings were also organised to help people understand how to use the system correctly and to illustrate its full potential. The installation of more powerful kits in the healthcare and educational facilities, in accordance with the established plan, are bringing about an extraordinary advance in health standards in the area and are enabling previously undreamed cultural and educational opportunities.

### BREAKDOWN OF PLANNED SHS INSTALLATIONS BY GEOGRAPHICAL AREA IN PERU



INSTALLATIONS APPROVED AS AT 31 JANUARY 2020	
RER 1 (private homes)	200,716*
RER 2 (healthcare facilities)	639
RER 3 (educational facilities)	2,340
<b>Total</b>	<b>203,695</b>

\* another 6,097 RER1 systems have already been installed but are awaiting approval.



# 3.3 Agriculture in Madagascar

The Group's agricultural activity began in 2010 through its subsidiary JTF Madagascar (Jatropha Technology Farm), which launched a project in Madagascar, where Tozzi Green is already present in the energy sector, for the intensive cultivation of *Jatropha Curcas*, which grows wild in those areas because of the favourable environmental conditions. It is an oil plant in connection with which the company has developed a research project in collaboration with the Faculty of Agriculture of the University of Florence for the production of biofuel. At the same time that the research, which was running into difficulties, was being carried out, Tozzi Green began to study the country and realised the enormous amount of labour that could be brought in play, on both the energy and the purely agricultural fronts.

Madagascar is a country which, since its independence in 1960, has seen its population quadruple from 5 to 20 million inhabitants, but has not been able to develop at the same rate. Today three out of four Malagasy people live below the poverty line. In smaller towns, but also in major cities, the power supply is very unreliable and

By developing crop varieties adapted to the characteristics of the region and improving agronomic techniques that allow for an enhancement and fertilisation of the soil through the improvement of its agricultural qualities, Tozzi Green's activity has led overall to the reclamation of over 6,300 hectares of degraded and marginal land, reversing its desertification and turning it into fertile agricultural land.

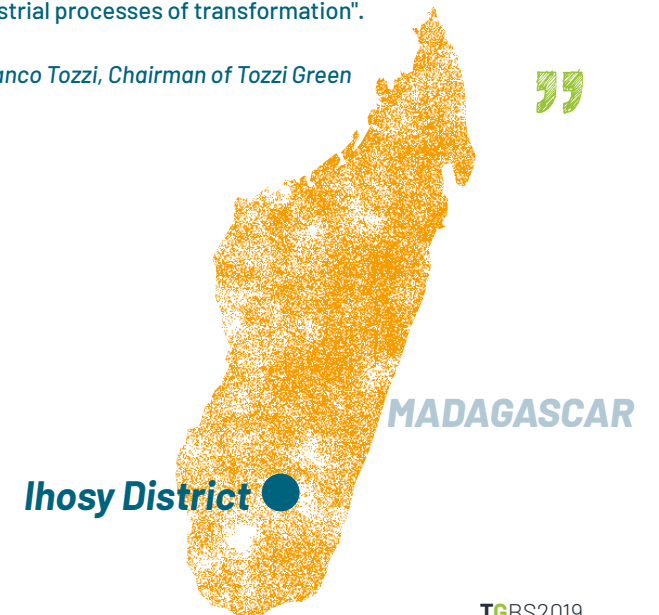
sudden blackouts and power cuts are not uncommon. In order to ensure a lasting and functional stabilisation of the electricity supply, combined projects using hydroelectric, wind and photovoltaic technologies would have to be implemented.

The daily survival of the population depends exclusively on the use of natural resources. Aware, therefore, of the role that agriculture can play in growth and sustainable development, in the fight against poverty, in food and nutritional security, in 2013 Tozzi Green launched a large-scale agricultural operation. It invested in industrial crops (geranium, spices) but above all in crops such as maize and soy intended for the domestic market for feeding farm animals, contributing to the growing food needs of the country to the point that **JTF is now an accredited supplier within the World Food Programme.**

“ The agricultural activity carried out by Tozzi Green confirms an entrepreneurial identity handed down from generation to generation, aimed at the integrated and sustainable growth of the local area. In line with the Group's family roots, linked to the farming culture, Tozzi Green sees productive agriculture as an essential tool for the development of the areas in which it operates. The entrepreneurial strategy is driven by the conviction that "a surplus capable of going beyond subsistence, triggers industrial processes of transformation".

*Franco Tozzi, Chairman of Tozzi Green*

”



The company has chosen to operate in one of the poorest countries in the world, where 75% of the population live on less than two dollars a day, and where there is one of the highest rates of chronic malnutrition (47%) affecting almost half of all children. On the fourth largest island in the world, there are 36 million hectares of potentially arable

land, of which only 3 million hectares are actually used for agricultural purposes. Agricultural productivity faces difficulties linked to the adaptability of the land (drought in the southern region, erosion, depletion of soil fertility) and the lack of means of production and intensive technologies. Nevertheless, agriculture

remains the main and leading sector of the Malagasy economy (30% of gross domestic product). The primary sector continues to be an important incubator of development in the country and at the same time, through sustainable cultivation, the main instrument for preserving the country's exceptional biodiversity.

Within this framework, one of the strategies identified by the National Government is the "Programme Sectoriel Agriculture-Elevage-Pêche" (PSAEP) which provides the guidelines for developing competitive agricultural production methods, incorporating family-type agricultural activities with modern production units to ensure food security and to penetrate export markets by 2025.

In Madagascar, JTF Madagascar has developed several varieties of crops covering a total area equivalent to 0.25% of the Ihorombe region, in the southern part of the country, in the Ihoisy District and distributed across the municipalities of Satrokala, Andiolava and Ambatolahy.

This is some of the most difficult land to cultivate in Madagascar, so much so that it has never attracted the interest of agro-industrial entities. Crops are selected on the basis of their ability to adapt to the characteristics of the soil and the local climate.

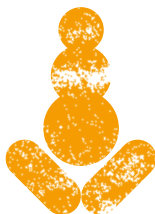
Over the years, after various experiments, JTF Madagascar succeeded in introducing different varieties of crops. Today, where once there were only arid lands destined to become desert, not only can green areas be observed, but mammals and birds, insects, chameleons and bees carrying seeds and pollinating have also appeared. The diversification of crops, including individual pineapple plants, fruit trees, as well as the care of the gardens, have resulted in the enrichment of biodiversity which, in those particular areas, risked a progressive and inevitable impoverishment.





## Agricultural performance 2018-2019

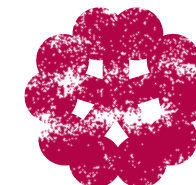
The area cultivated in the 2018-2019 season was 6,337.94 hectares for the main crops shown in the table.



The cultivation of **maize** in the 2019 agricultural season was affected by the limited availability of nitrogen-based fertiliser which meant that in many areas, a complete growing and reproductive development cycle was not possible, with a negative effect on the final production. At the end of the season, 15,556 tonnes were produced at 12.5% average humidity for a final average yield of 3.82 t/ha (5.17 t/ha, down 26.3% compared to the previous season).



**Soy** was grown to assess the adaptability and varietal productivity of germplasm obtained from three different sources: Madagascar, South Africa and Zimbabwe. The aim of this test was to select the most productive varieties on the company's land, as soy is part of future programmes both for economic reasons (growing demand on the market) and for agronomic reasons (soil and climate adaptability and inclusion in maize rotations). The final results were very encouraging with a final average of 2.7 t/ha on 68 ha, but with production peaks of over 3 t/ha of some varieties.



The cultivation of **geranium** allowed a production of 2,489.5 Kg of essential oil which is marketed for the production of essences and perfumes and for which the company began the Ecolabel certification process in 2019.

### Development of agricultural activities

JTF is pursuing a dual track: in addition to traditional agricultural crops such as corn, soy, sunflower and legumes, which require the availability of thousands of hectares of land and, therefore, mechanical ploughing, the company's interest has focussed on all those crops with high "economic density", such as saffron.

The processing of this crop requires a lot of manpower (the pistils are separated by hand), but the added value it produces is incomparable when set against traditional crops. It is an entrepreneurial strategy that is having a dual effect: the creation of jobs and the simultaneous emergence of a kind of farming imbued with the use and conservation of the local area.

#### AGRICULTURAL ACTIVITIES - MADAGASCAR

Type of crop	Cultivated area (ha)		Production (tonnes)	
	2019	2018	2019	2018
Maize	4,085	3,502	15,556	18,041
Soy	68	18	185	17.2
Geranium oil	93.6	63.4	2.49	1.53
Aromatic plants	1.03	0.2	0.021	0.028
Cover Plants*	2,039	2,373	0	0
Jatropha	33	50	2.6	2.17
Eucalyptus and reforestation	18.31	0	0	0
<b>Total</b>	<b>6,337.94</b>	<b>6,006.60</b>	<b>15,746.11</b>	<b>18,061.93</b>

\* These are leguminous plants that have the effect of preserving and restoring soil fertility.

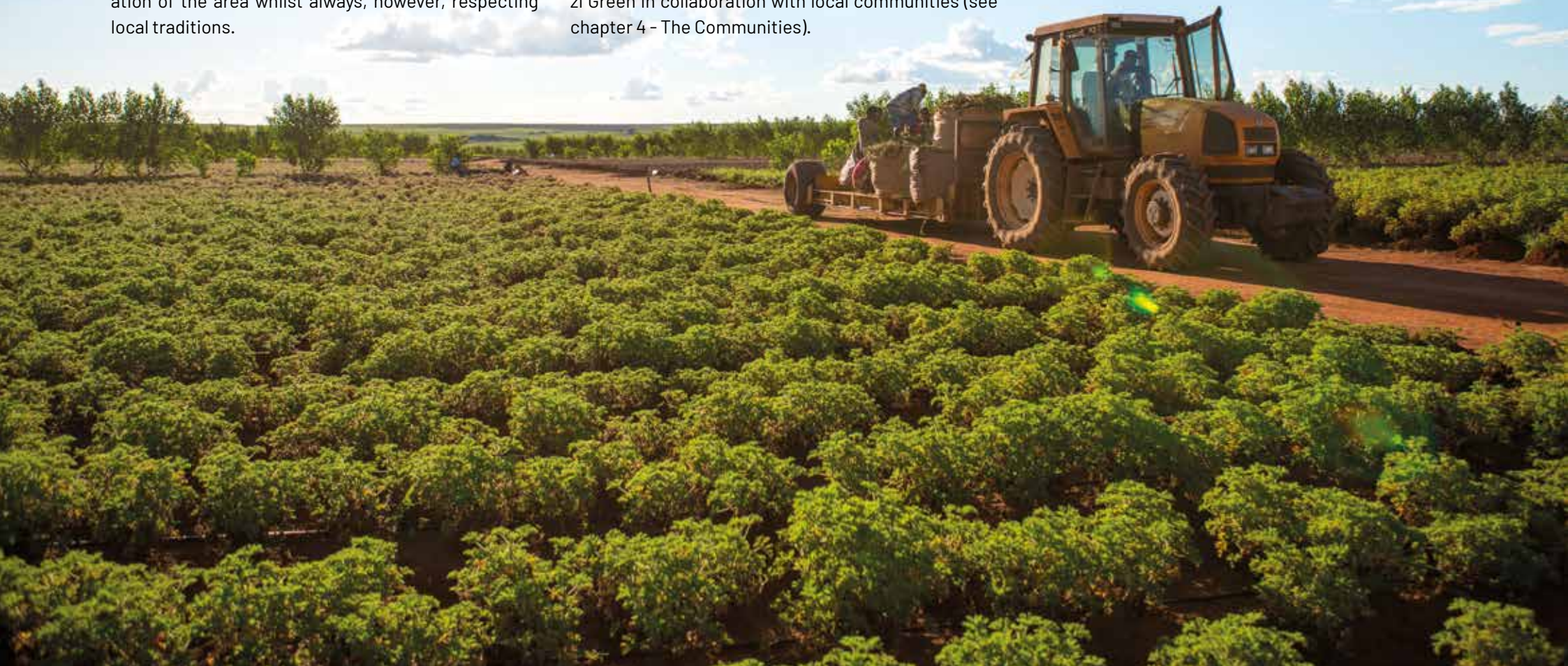


Although agricultural activity in Madagascar represents less than 10% of the Group's total revenues in 2019, it is a very important initiative from an ethical and social point of view. Directly and indirectly, more than 1,500 jobs have been created since 2005, accompanied by initiatives to support the educational, social and healthcare systems of an area that has always been considered arid and unproductive, and where it would have been extremely difficult to find opportunities to improve the living conditions of the population living there. Besides the continuous training of local workers, JTF is also actively contributing to the reforestation of the area whilst always, however, respecting local traditions.

Despite the use of state-of-the-art technical and technological means, at the end of 2019 agricultural activities in Madagascar employed 232 permanent employees, 10 temporary employees and about 200 temporary employees per month for land preparation, sowing and harvesting activities. Of the staff employed, 80% are from the local area.

The villages near the areas worked by the company have seen the population grow over the years, attracted by job opportunities, and improvements in living conditions resulting from the development of productive activities and social initiatives carried out by Tozzi Green in collaboration with local communities (see chapter 4 - The Communities).

In March 2019, the Finnish Development Bank, Finnfund (Finnish Fund for Industrial Cooperation LTD), and the Belgian Finance Company BIO-Invest (Belgian Investment Company for Developing Countries) after submitting JTF's agricultural activities in Madagascar to due diligence to verify that they met the socio-environmental requirements of the investment, approved a financing plan of €7.5 million to invest in the agricultural project.



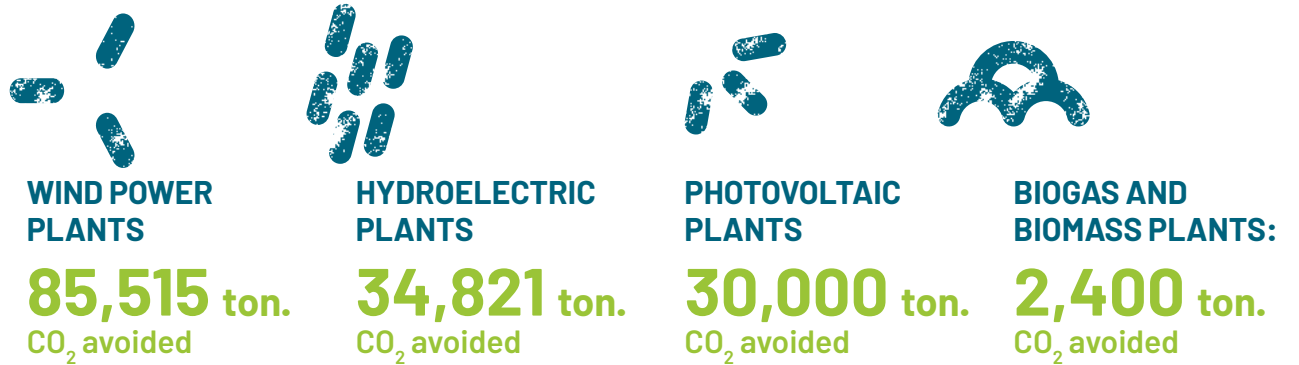


# 3.4 Environmental impacts

**MATERIAL ISSUE:**  
Action against climate change

**MATERIAL ISSUE DESCRIPTION:**  
Much of the scientific evidence in recent years recognises human activities as being co-responsible for ongoing climate change, which poses a threat to future generations and is already having major consequences in many parts of the planet. This correlation is particularly strong when we consider the increases in CO2 emissions into the atmosphere in recent decades and their effects on global warming, which the international scientific community now recognises as unequivocal. New policies on the part of supranational institutions and individual states that are joining forces are driving the search for innovative solutions that will guarantee a growing world population the clean energy needed to fuel ever-changing development processes.

Tozzi Green develops industrial plants and products that generate, distribute and control electricity both efficiently and sustainably and through its activity contributes to the achievement of the objectives of reducing emissions of CO<sub>2</sub> as provided for in the Kyoto Protocol (for the period 2013-2020) and the Paris Agreement (after 2020).



**152,736 tonnes of CO<sub>2</sub> avoided in 2019 (+8.5% compared to 2018)**  
thanks to Tozzi Green's production of energy from renewable sources



Through the entrepreneurial experience acquired over the years, Tozzi Green has shown that the projects it is working on, not only respect and protect the environment and the rights of future generations, but contribute to their improvement.

The development plan for the Group's activities in the field of renewable energy is the Group's main commitment to environmental protection, as it provides for the generation of clean energy with a low environmental impact.

In developing its plant construction projects, the Group pursues objectives of full compatibility with the local area, natural resources and the surrounding environment as a whole.

The authorisation procedures that precede the start of the operations, both in Italy and abroad, are carried out in full compliance with current regulations and include all the necessary assessments of the characteristics of the physical environment, climatology, hydrogeomorphology, geology, biological environment and landscape of the site identified for the installation of the plant and the analysis of the potentially significant effects of the project on the environment and local ecosystems.

These are lengthy and demanding processes during which Tozzi Green is dedicated to a collaborative dialogue, offering maximum cooperation and transparency to local and central institutions, communities and the monitoring and verification authorities that, in various ways, are responsible for taking the appropriate decisions.

In the subsequent phases of operation of the plants, Tozzi Green, through its *Operation & Maintenance* and *Energy Management* activities uses all the technological and procedural tools available to monitor their energy performance and to plan activities for maintaining them in order to minimise their environmental impact.

### 3.4.1 Environmental protection policies

The Tozzi Green Group has instituted a QHSE (Quality, Health, Safety & Environment) function that, for each technology and across all Group companies, provides support for regulatory monitoring, inspection of EPC activities and of those for overseeing the correct implementation of operating procedures on environmental issues.

The new Corporate Policy for Health, Safety and Environment, adopted in 2019, states that the protection of the environment, as well as the continuous improvement of company performance in these areas, are an integral part of the company strategy pursued through the minimisation of risks and the promotion of positive examples. The Group is also committed to spreading knowledge about its policy both internally and exter-

nally, and to ensuring that the objectives and commitments are respected, not only by employees, but also by contractors and partners operating within Group company sites.

In line with the Policy described above, the management of environmental issues is based on the application of an integrated QHSE management system, defined during 2019, which provides for the achievement of ISO 14001:2015 certification for plants in Italy, Madagascar and Tunisia by spring 2020. The certification will be extended to the activities in Peru by 2021 and then to the agricultural activities in Madagascar.

During 2019 the company voluntarily submitted the offices of the headquarters and the biogas plant in San Giovanni in Persiceto to an energy audit in accordance with the UNI CEI 16247-1-2-3-4 standards.

The audit was then sent to ENEA, even if it was not compulsory to do so.



### 3.4.2

## Usage of energy resources

### PLANTS

The Tozzi Green Group's renewable energy plants (wind, photovoltaic, hydroelectric, and biogas) produce their own electricity for their own needs during normal operation and, if necessary, purchase from the grid (indirect consumption) only that which is necessary to guarantee the continuity of auxiliary or safety systems.

Ten percent of the energy withdrawn from the grid to power the auxiliary systems of the production plants controlled by Tozzi Green is produced from renewable sources, according to the option signed in the contracts with AXPO, the Group's broker.

The biogas plant is fuelled with biomass consisting of 90% maize with the remaining part made up of sorghum flour, waste flours, and wet material.

During 2019, the San Giovanni Biogas plant underwent a voluntary energy audit to analyse and monitor consumption in order to identify possible savings; this energy audit was subsequently sent to ENEA.

### HEADQUARTERS AND OFFICES

The electricity to power the buildings located in the Municipality of Mezzano, where Tozzi Green S.p.A. is based and where the Group's management offices and research laboratories are located, comes partially from photovoltaic panels placed above the structures, owned by Tozzi Industries and therefore outside the scope of the Group considered in this document, and from the purchase of electricity from the grid for the portion not covered.

**During 2019, the aforementioned photovoltaic system, located on the roof of the headquarters, produced a total of 376,351 kWh of energy, 369,180 kWh of which was self-consumed.**

**The self-consumed energy from the photovoltaic system on the roof of the headquarters in Mezzano is 18% of the total energy consumed that is purchased from the grid.**

The head office also consumes natural gas for use in the kitchen attached to the staff cafeteria/restaurant which, although owned a company belonging to the holding company, are recorded under consumption and emissions of the Group, as they are considered relevant.

During 2019, the buildings at the Mezzano headquarters underwent a voluntary energy audit to analyse and monitor consumption in order to identify possible savings; this energy audit was subsequently sent to ENEA.

TOTAL GROUP ENERGY CONSUMPTION (GRI 302-1)			
	UM	2019	2018
<b>DIRECT CONSUMPTION from non-renewable sources</b>			
Natural gas for heating	m <sup>3</sup>	33,726.00	24,950.67
Diesel fuel	litres	594,041.35	609,035.56
Fuel oil	litres	35,805.01	6,910.30
Natural gas for motor vehicles	m <sup>3</sup>	1,832.80	1,837.60
Diesel for motor vehicles	litres	77,351.26	82,928.28
Petrol for motor vehicles	litres	8,260.20	7,412.24
<b>DIRECT CONSUMPTION from renewable sources</b>			
Self-produced and self-consumed electricity (100% renewable sources)	kWh	21,637,002.00	11,815,010.39
Maize, sorghum flour, and by-products (biogas)	ton.	18,438.00	18,672.50
<b>INDIRECT CONSUMPTION (SCOPE II)</b>			
Electricity purchased from third parties from non-renewable sources (90%)	kWh	2,240,847.90	2,126,694.06
10% from renewable sources	kWh	248,983.10	236,299.34

The Group's direct energy consumption from non-renewable sources refers to various uses. The natural gas is used by the kitchen of the in-house company restaurant in Mezzano. Diesel oil and fuel oil are used for JTF's activities in Madagascar to power the geranium oil distillation plants. The rest of the consumption is related to the fuel used by the company's vehicles in use at the headquarters (fringe benefit cars and plant maintenance vehicles) as well as vehicles used in agriculture and at the biogas plant.

Direct consumption from renewable sources regards the electricity that the Group produces (100% renewable) and self-consumes for powering the plants and for use at the headquarters. It also includes raw materials such as maize, sorghum flour, and various by-products that are used to supply the San Giovanni in Persiceto biogas plant.

The surplus electricity consumed, which is shown in the table as indirect consumption, is purchased from third parties through the Group's broker supplier, which declares that the energy from renewable sources makes up from 11% to 13% of the total. It was decided to conservatively apply a 10% share for calculating the Group's CO<sub>2</sub> emissions.

The energy consumption of the offices and warehouses in Lima, where Ergon Perù and Tre Perù are based, is included in the services covered by the office rental contract; this consumption is not currently disclosed by the company, but its monitoring is part of the Group's certification commitments.

TOTAL GROUP CO <sub>2</sub> EMISSIONS			
	UM	2019	2018
<b>DIRECT CONSUMPTION from non-renewable sources *</b>			
Natural gas for heating	t CO <sub>2</sub>	73.62	54.44
Diesel fuel	t CO <sub>2</sub>	1,546.12	1,585.14
Fuel oil	t CO <sub>2</sub>	97.06	18.73
Natural gas for motor vehicles	t CO <sub>2</sub>	2.79	2.80
Diesel for motor vehicles	t CO <sub>2</sub>	201.32	215.84
Petrol for motor vehicles	t CO <sub>2</sub>	18.80	16.87
<b>DIRECT CONSUMPTION from renewable sources</b>			
Self-produced and self-consumed electricity (100% renewable)	t CO <sub>2</sub>	0.00	0.00
Maize, sorghum flour, and by-products (biogas)	t CO <sub>2</sub>	0.00	0.00
<b>TOTAL DIRECT EMISSIONS (SCOPE I) (GRI 305-1)</b>	<b>t CO<sub>2</sub></b>	<b>1,939.71</b>	<b>1,893.83</b>
<b>INDIRECT CONSUMPTION **</b>			
Electricity purchased from third parties from non-renewable sources	t CO <sub>2</sub>	713.04	676.71
Electricity purchased from third parties from renewable sources (10%)	t CO <sub>2</sub>	0.00	0.00
<b>TOTAL INDIRECT EMISSIONS from non-renewable sources (SCOPE II) (GRI 305-2)</b>	<b>t CO<sub>2</sub></b>	<b>713.04</b>	<b>676.71</b>
<b>TOTAL EMISSIONS</b>	<b>t CO<sub>2</sub></b>	<b>2,652.75</b>	<b>2,570.54</b>

\*Source of conversion factors for direct CO<sub>2</sub> consumption: "Table of national standards" published by the Ministry of the Environment for the period 01 January - 31 December 2019.

\*\*Source of conversion coefficients for indirect CO<sub>2</sub> consumption: Greenhouse gas emission factor of the electrical power sector for electricity generation (gCO<sub>2</sub>/kWh) in Italy - Ispra Report 2019

At the headquarters in Mezzano all employees have been provided with a Tozzi Green "24 clima" stainless steel thermos bottle and have access to energy-efficient water dispensers.





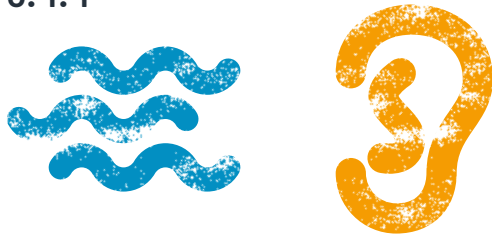


### 3.4.3

#### Usage of water resources

The usage of water resources changes according to the plants' power sources. For wind, photovoltaic, and biogas plants this is not relevant because water consumption is low and not particularly significant. In hydroelectric plants water is used to generate electricity and cool the systems and is then returned to the watercourses in the same quantity and with the same quality.

### 3.4.4



#### Visual and acoustic impacts

These aspects are assessed by the competent authorities as part of the authorisation process. Specifically, all Italian plants are subject to EIA (Environmental Impact Assessment) authorisation issued by the Ministry of the Environment. In the foreign countries where Tozzi Green operates, there are environmental protection regulations in force which must be complied with in order for operations to be authorised.

### 3.4.5

#### Waste management

Waste management is constantly monitored by the Group, which conducts plant operations in accordance with best practices and in compliance with current legislation. For waste produced by Operation & Maintenance activities at the plants managed in Italy by the Group, logistical storage bases are used to temporarily store the waste produced by the various plants, which is then disposed of according to its classification as hazardous or non-hazardous waste and, where possible, striving to maximise its recovery.



### 3.4.6

#### Environmental aspects of the rural electrification project in Peru

The companies Ergon Perú and Tre Perú, which operate on behalf of the Group, have developed a specific environmental policy aimed at minimising the impact of their activities in compliance with the regulations in force in the country, including in their installation and maintenance procedures all measures for the efficient use of available resources, and aimed at training and raising the awareness of workers, associates, and communities on environmental protection issues.

The environmental impact of the companies regards:

- the activities of the Lima headquarters where the offices are located and where the materials to be installed in the housing units are stored;
- the development of the rural electrification project.

For both aspects, the companies are committed to improving their environmental management system in order to optimise resource and waste management and reduce environmental impacts. The detection and monitoring of impacts is an objective that the company has set itself with the extension of ISO 14001:2015 certification to activities in Peru planned for 2021.

The rural electrification project launched in Peru was preceded by an environmental impact assessment that certified that the impacts of the operations are reduced to a minimum, requiring no invasive actions in the area or use of polluting resources.

However, the Peruvian Government has requested a commitment from Ergon Perú to implement a series of measures for preventing, mitigating, and correcting impacts that mainly regard the methods of transporting materials to the installation sites via existing routes, battery maintenance and disposal methods, and solid waste management, according to a pre-established disposal plan and in strict compliance with current legislation.



### 3.4.7

## Environmental aspects of agricultural activity in Madagascar

The company JTF Madagascar pursues an environmental policy based on agroecology, i.e. the use of means and techniques aimed at optimising crops while improving soil fertility, taking account of ecosystems and striving to minimise pressure on the environment. This involves using nature's resources as a factor of production, maintaining its capacity for renewal, adapting crops to the climate and the specific characteristics of the soils cultivated and practising crop rotation. It is through this systemic approach that good technical and economic results can be achieved while simultaneously improving environmental performance. Tozzi Green carries out its activities in compliance with IFC Performance Standards, which are internationally accepted standards, and with national environmental legislation, in particular those of the current Malagasy Environmental Charter introduced in 1990 and the MECIE Decree, which establishes the rules and procedures for verifying the compatibility of investments made in the country with the natural environment.

**Through the agricultural activities of Tozzi Green, over 6000 hectares of virgin land has been reclaimed and transformed into fertile agricultural land. The reclaimed and cultivated land is a natural barrier against savannah fires, which are also an ecological problem in the region.**

Although Madagascar is known for its unique fauna and beautiful forests, a large part of the island has suffered serious environmental damage (the wooded area has decreased from 28% of the national territory to 17% in 50 years). Deforestation, which each year results in a 0.4% reduction in wooded areas, is essentially due to the cutting of timber for domestic use and the fires set to make the land arable. Wood is used as a subsistence activity for building houses and cooking food. In addition to domestic use for subsistence, timber is harvested, without any planning, for marketing both within the country and abroad, with export. JTF operates on marginal land, which has been deforested and degraded by more than two centuries of unsound traditional practices.

Aware of this dramatic problem, **the Group allocated over 100,000 trees in 2019 to tackle the serious problem of reforestation.**

By working in **synergy** with local populations and sharing knowledge about sustainable agriculture, the company helps to spread awareness of environmental protection. **Tozzi Green Madagascar's commercial farm is powered entirely by renewable energy sources.**

Two hybrid wind and solar power systems cover the

site's electricity needs throughout the year and provide public lighting for the nearby municipality of Satrokala, where Tozzi Green has installed 13 solar panel poles. In 2019 the company started the Ecolabel certification process for the production of geranium essential oil, now in its final stages.

In its farming practices, Tozzi Green uses fertilizers and plant protection products to protect crops.


All the active ingredients and formulations used are included in the list of pesticides approved in Madagascar. They are not included on the list of Persistent Organic Pollutants (POPs) nor they are subject to the Prior Informed Consent (PIC) procedure pursuant to Regulation (EU) no. 649/2012. Furthermore, they are not included in class I of the WHO classification. (Source: MEC / EIE environmental compliance).

JTF's agroecological policy, based on the reduction of environmental impacts, can be well exemplified by the extreme attention paid to saving water. **Maize fields are fed exclusively through the natural cycle of rain.**

In the same manner, with regard to the production of geraniums for oil extraction, a drip irrigation system was installed to provide targeted irrigation by depositing water on the surface of the land adjacent to the plant and then directly to the root zone.

There are no other examples of the same size anywhere on the island, just as the **wild pepper domestication** project is also unique. Discovered in 2009, this pepper, which is unique in terms of its distinctive character and aroma, is generating interest outside of the country. Used locally mainly for certain traditional Malagasy medicine preparations, its use in the kitchen has piqued the curiosity of many Michelin-starred chefs. Production is very limited and the plant is even at risk of extinction. In fact, its peppercorns grow at a height of more than 10 to 20 metres above the ground, as they are only produced from the youngest and tallest branches of the plant, which is a spontaneous liana that clings to tall trees in the area. According to local practices, in order to harvest large quantities of this pepper with a minimum of effort, the lianas are often cut directly so that the branches

with the peppercorns fall to the ground. This method, which is contrary to any logic aimed at preserving the land, contributes to the long-standing problem of deforestation, also causing a change in light and humidity conditions that alters the microclimate, thus making it impossible for the plant to grow. As a result of the emergence at an international level of a specific interest in this wild pepper, JTF has launched a project to help protect the species' existence. This project involves training farmers how to sustainably harvest spices and domesticate the plant, choosing the strips of land adjacent to green areas as the place of cultivation. **As a result, buffer zones have been created between the forest and the desert, which guarantee, besides the reproduction of the plant, also a certain natural environmental control.**

 The modern farmer is the custodian of knowledge and acts as a sentinel for the territory itself.

Franco Tozzi, President of Tozzi Green



**JTF Madagascar** **TOZZIgreen**

**MISE EN CONFORMITE ENVIRONNEMENTALE  
MEC / EIE**

**EXPLOITATION AGRICOLE**

**COMMUNES RURALES DE SATROKALA, D'ANDIOLAVA  
ET D'AMBATOLAHY**

**DISTRICT D'IHOSY - REGION IHOROMBE**





# WE SHARE WELL-BEING AND DEVELOPMENT WITH COMMUNITIES

For generations, the trait that distinguishes the entrepreneurial spirit of Tozzi Green has been the desire to develop business opportunities with the aim of generating added value and fostering the development of local communities, responding with concrete actions to the needs of the territories in cooperation with local administrations and stakeholders.





# 4.1

## Development of local areas and support of the populations

**MATERIAL ISSUE:**  
**Development of local areas and support of the populations**

**MATERIAL ISSUE DESCRIPTION:**  
 Renewable energy and innovation are essential elements for the future of the Earth, and it is important to bring the best entrepreneurial experiences to developing countries, promoting their economic and social growth. It has become indispensable to reassemble the overall mosaic of our planet, bearing in mind that we live in a globalised world where a large number of people still live below the poverty line. The development of health and education services and support for local activities while respecting traditions makes it possible to improve the daily living conditions of local populations and the integration of individuals in a context that better meets the basic needs of all.

**MATERIAL ISSUE:**  
**Respect of human rights**

**MATERIAL ISSUE DESCRIPTION:**  
 In addition to the inalienable civil rights that must be guaranteed by governments, the well-being of individuals also depends on the recognition and protection of social, economic, and cultural rights that include, among others, the right to work, the right to education, and the right to social assistance. Tozzi Green operates in areas of the world where it has the opportunity to contribute, to the extent possible, to translate these rights into concrete opportunities.

The production of energy from renewable sources, the Group's core business, is in itself a response to the development needs of the territories and offers communities the opportunity to have access to clean energy at sustainable costs, from both an economic and environmental point of view. This is particularly important for the populations of those countries where energy poverty is still an emergency and does not allow basic needs relating to food, education, and health to be met. Tozzi Green's presence in Madagascar and Peru also addresses such needs, which are planned and developed in a context of co-operation with national governments committed to implementing sustainable development programmes. Each development project requires a knowledge of the socio-economic characteristics of the populations that will be involved, and to this end the willingness to engage in dialogue and to cooperate leads to the emergence of the context and needs of communities in relation to environmental and social impacts, including potential impacts on human rights.



**art. 1**  
**art. 2**

## 4.1.1

### Socio-economic impacts: direct, indirect, and induced




Plant development projects produce direct, indirect, and induced socio-economic impacts, both during the construction and opening of new work sites and during subsequent plant maintenance and monitoring activities. The intensity and manner in which the Group's activities impact local conditions depends on the socio-economic characteristics of the areas and their different levels of development. **Tozzi Green has plants and operates in Italy, Madagascar, and Peru and is gradually developing its activities in other countries in Africa and**

**Latin America, where the ability to manage relations with stakeholders and local communities, consolidated in previous experiences, represents a success factor because it provides the key to access sensitivity and traditions that must be respected and protected.**

Our activities in Peru and Madagascar contribute to the meeting of basic needs (drinking water wells, schools, hospitals), generate development, and bring opportunities for work and handicraft activities, not according to pre-packaged or strictly Western standards, but rather through an effort to adapt to local priorities and customs, addressing the true needs of the territory, trying to produce a cultural process capable of going beyond simply preserving what exists.

### Table of impacts

The result of the analysis of the impacts that the presence of Tozzi Green entails for the territories in which it operates has led to the creation of the following table, which identifies the direct impacts (which the company is able to report below), indirect impacts, and induced impacts that derive from the former ones and that are considered from a qualitative point of view.

Impact categories	Direct effect	Indirect effect	Induced effect
 <b>ECONOMIC IMPACTS</b>	Payments to local suppliers for the purchase of goods and services Wages to local employees Taxes and duties paid to local and central governments Investment in infrastructure	Expenditure on goods and services along the supply chain Wages to local employees in the supply chain Taxes paid by suppliers	Multiplier effect on consumption caused by the wage expenditure of direct and indirect employees within the local economy
 <b>EMPLOYMENT-RELATED IMPACTS</b>	Tozzi Green Group's local employees on permanent, temporary, seasonal, and subcontractor contracts	Local employees along the supply chain	Jobs created as a result of increased consumption and increased demand for services in the private and public sector
 <b>DEVELOPMENT OF HUMAN CAPITAL</b>	Training organised as courses and day by day for temporary, permanent, seasonal, and subcontractor employees Support for social, educational, and health protection activities	Sharing knowledge and expertise with local suppliers and business partners	The meeting of basic needs creates the prerequisites for lifestyles in which culture and knowledge become drivers of development



# 4.2




## The community in Italy

“ We have never presumed to do anything without being convinced that it was good for the environment.

Andrea Tozzi, CEO of Tozzi Green

”

Tozzi Green was one of the first Italian operators to produce energy from renewable sources, and its activities are guided by a principle of sustainability that cannot ignore the protection of the areas where it chooses to operate, from both an environmental and development point of view. In addition to building plants that are as compatible as possible with the surrounding environment, Tozzi Green demonstrates its commitment to the local area through redevelopment works, according to the needs expressed by the community.

 <p><b>DIRECT ECONOMIC IMPACTS</b></p>	<p>Wages and salaries to employees</p> <p><b>6.1 mln</b></p>	<p>Taxes and duties paid on income</p> <p><b>2.7 mln</b></p>	<p>Local taxes and duties</p> <p><b>195 thousand</b></p>	<p>Investment in infrastructure, in the two-year period 2018-2019</p> <p><b>41.5 mln</b></p>
 <p><b>EMPLOYMENT-RELATED IMPACTS</b></p>	<p>Employees</p> <p><b>93 people (+9%)</b></p>	<p>Female employment</p> <p><b>35%</b></p>	<p>Subcontractor employment**</p> <p><b>4 Work units equivalent to full time</b></p>	
 <p><b>DEVELOPMENT OF HUMAN CAPITAL</b></p>	<p>Hours of training provided</p> <p><b>977</b></p>	<p>Visitors to the "Educational Farm"</p> <p><b>over 400 students</b> in the two-year period 2018-2019</p>	<p>Educational activities on energy, agriculture, and the environment</p> <p><b>Primary schools in Ravenna</b></p>	<p>Collaborative activities with local communities</p> <p><b>"adopt a social project"</b></p>

\*2019 data unless otherwise specified

\*\*This corresponds to the number of hours worked by subcontractors in 2019, i.e. 6,394, divided by 1,550, which is an estimate of the net hours worked annually by a full-time worker in Italy according to the National Collective Bargaining Agreement for metalworkers.



## EXAMPLE OF MITIGATION OF THE PLANTS: PHOTOVOLTAIC GRAZING MEADOW

In Sant'Alberto (Ravenna), Tozzi Green has built a 34.6-MW photovoltaic plant on an area of about 70 hectares, capable of satisfying the energy needs of ten thousand families. The plant, in terms of installed power and size, is one of the largest in Italy and the **only example of a photovoltaic plant conceived for perfect integration with an extensive sheep farm**, which in turn is connected, through the creation of a dairy, with an **entire dairy supply chain**. The dairy, called **Buon Pastore**, is located in the area adjacent to the milk storage facili-

ties. **A small wind turbine has been installed near the dairy, which, combined with a rooftop photovoltaic system, is able to cover the energy needs of the entire complex.** The structures for the photovoltaic panels in the field were designed and installed in such a way as not to hinder the movement of the sheep which, by grazing, contribute to maintaining the agricultural areas and the grass cover.

From a purely agronomic point of view, the choice of the photovoltaic meadow, in addition to allowing a complete elimination of pesticides and plant protection products from the soil, plays an important role in fertilizing the soil through a careful selection of seeds. The photovoltaic modules used are totally recyclable

and their supporting structures are built entirely without reinforced concrete foundations, in order to allow the complete reversion of the site at the end of the life cycle of the plant (estimated to be about 30 years). This project has generated and continues to produce work for activities related to managing the dairy and the production and marketing of dairy products in a context of interconnection between environmental and economic sustainability which is the key to modern development.





## EXAMPLE OF EDUCATION ON SUSTAINABILITY: "THE EDUCATIONAL FARM"

Through the "Educational Farm" initiative, the plant in Sant'Alberto (Ravenna) and the adjoining dairy are made accessible to technicians, researchers, and schoolchildren with the clear objective of scientific dissemination and public awareness of energy issues and redevelopment of the local area.

Guided tours and educational programmes are organised for students for each course of study, from kindergarten to high school. **About 400 students have visited the facility in the last three years.** This project aims to educate about environmental sustainability

and food quality; young people are introduced to the subject of renewable sources and the importance of a rational and efficient use of energy, learning the mechanics of photovoltaic solar technology and its environmental benefits. Through concrete examples of the integration of industry and agriculture and by covering the most significant aspects of the creation of the photovoltaic meadow, they are made aware of the fundamental concepts of environmental protection and biodiversity, as well as the importance of animal welfare and quality dairy production.

**The company has signed an agreement with the Faculties of Veterinary Medicine, Food Technology, Agricultural Technology, and Environmental Sciences of the University of Bologna. A specific four-hour course at the farm provides undergraduates with in-depth information on agricultural, zootechnical, food, and environmental issues. In the last three years about 60 university students have had the opportunity to visit the Photovoltaic Meadow.**







**Other activities benefiting the Community in Italy in the last two years, 2018-19**

The Group has fully financed the restoration of **Piazza Pasquale Bona in the city of Cerignola (FG)**, where the company operates a wind farm. In October 2018 the town square was returned to residents, to the benefit of the businesses located in the surrounding area. The renovation project approved by the Municipality of Cerignola and in particular the choice of materials were based on the utmost respect for the local architectural and urban planning heritage.

In the **Municipality of Butera (CL)**, Tozzi Green has completed work relating to the temporary and urgent **protection and conservation of the archaeological finds** that were discovered during the construction

of the wind farm. All the work was carried out in full compliance with the conditions and requirements set out in the authorisations issued by the Caltanissetta Cultural and Environmental Heritage Office, making the relevant area accessible to the public.

In October 2019, Tozzi Green completed and put back into operation the **850-kW wind turbine owned by the Municipality of Butera (CL)** and located in the 18-MW wind farm it built. The company has carried out and completed all the activities necessary to ensure its proper operation and start-up, after having completed the authorisation process and the construction of the connection and user systems that had previously been vandalised, as well as the replacement of all damaged components.





## THE FOUNDING OF THE TOGETHER ASSOCIATION

In 2018 and 2019 the company joined the initiative promoted by the Municipality of Ravenna **“Adotta un progetto sociale, diventa un’azienda solidale” (Adopt a social project, become a socially supportive company)**, which was created to put companies in contact with volunteer associations in order to finance specific projects. Tozzi Green took part, as a supporting company, in the initiative **“La Scuola Bottega” (The School-Shop)**, which was developed by the Social Cooperative Il Faro for high schools. The School-Shop offers students alternative learning opportunities within artisanal or business environments, at no cost to schools. Tozzi Green sponsors a work-study initiative to enable at least two fourth-year students from the Istituto Tecnico Agrario Luigi Perdisa in Ravenna to participate in educational activities at the Buon Pastore dairy in Sant’Alberto, with the support of a tutor. The students are engaged one morning a week during school hours, for 3 to 5 hours, for workshop activities related to dairy production and sheep barn management.

In October 2019, Tozzi Green contributed to the founding of **ToGether**, a volunteer association recognised by the Emilia-Romagna Region with the aim of promoting and supporting environmental education through the conscious and rational use of natural resources, the replacement of fossil fuels with all types of renewable energy, and the dissemination of a culture of ecology. ToGether, which will pursue civic, solidarity and socially useful aims by organising and managing educational, artistic, and recreational activities, seeks to raise awareness, through public events and initiatives, on the practice of preserving human-environment relations, with an eye to the future and the new challenges of a globalised world.

The association immediately began its social activity by establishing the **“L’energia della Natura” (Energy of Nature)** award for the third, fourth, and fifth grades of the primary schools of Ravenna.

This initiative’s aim is to raise children’s awareness about renewable energy and environmental sustainability in general, starting from knowledge of their own area. The Award is inspired by the message contained in the book **“Una casa piena di sole” (A House Filled with Sunshine)**, published by **Tozzi Green Book**, which tells the true story of a project that is changing the lives of thousands of people, who have lived without electricity until now, in the rural areas of Peru.

At the same time, widening the range of action beyond the region, ToGether in November 2019 established a partnership with **Fondazione Lombardia Ambiente**, an institution of a moral and scientific nature based in Seveso (MI), in order to share its experience and professionalism to produce three children’s books to be distributed free of charge to schools, on issues relating to the protection of biodiversity, moving beyond plastic, and using renewable sources.



Illustrations by Valeria Fogato,  
taken from "Una casa piena di sole", Tozzi Green Book






# 4.3

## The community in Peru

The Group's presence in Peru, where it is carrying out one of the largest rural electrification projects in the world, perfectly combines the company's core business with a project of extraordinary social orientation. In the rural areas of the country, in fact, only 70% of the population have continuous access to energy, which is why the Government in Lima is committed to closing this gap in access to electricity within the next ten years. The United Nations Development Programme (UNDP)

states that in order to lead a decent life, the minimum daily electricity consumption per person should be 0.5 kWh, recognising that inclusion and fairness in the use of energy resources is synonymous with economic and social development. The changes taking place in the areas involved in the project are groundbreaking: providing four or five hours of electricity per day to each household, not only provides lighting, but also allows access to communications and the possibility to use

 <p><b>DIRECT ECONOMIC IMPACTS</b></p>	<p>Payments to local suppliers for the purchase of goods and services</p> <p><b>25.2 mln</b></p>	<p>Wages and salaries to local employees</p> <p><b>1.6 mln</b></p>	<p>Income taxes and duties</p> <p><b>4.1 mln</b></p> <hr/> <p>Local taxes</p> <p><b>1.2 mln</b></p>	<p>Investment in infrastructure, in the two-year period 2018-2019</p> <p><b>107 mln</b></p>
 <p><b>Direct EMPLOYMENT-RELATED IMPACTS</b></p>	<p>Employees</p> <p><b>82 people (+22%)</b> of which 168 agriculture and 74 energy</p>	<p>Female employment</p> <p><b>23%</b></p>	<p>Subcontractor employment*</p> <p><b>63 Work units</b> equivalent to full time</p>	
 <p><b>DEVELOPMENT OF HUMAN CAPITAL</b></p>	<p>Hours of training</p> <p><b>2,605</b></p>	<p>Rural electrification goal in Peru after completing the Tozzi Green project</p> <p><b>96%</b></p>	<p>Technology empowerment and environmental education provided to over</p> <p><b>200,000 families</b></p>	<p>Rural households reached by electricity</p> <p><b>about 210,000</b></p>
	<p>Rural healthcare facilities reached by electricity</p> <p><b>864</b></p>	<p>Rural educational facilities reached by electricity</p> <p><b>more than 4,000</b></p>		

\* This corresponds to the number of hours worked by subcontractor service providers in 2019 who worked for the Group's companies in Peru, including technical installers, warehouse workers, etc., i.e. 97,941, divided by 1,550, which is an estimate of the net hours worked annually by a full-time worker in Italy according to the National Collective Bargaining Agreement for metalworkers.

modern working tools, all opportunities that were denied to these communities before they were reached by electricity. Experience shows that access to energy has already stimulated small local handicraft initiatives, for example for some women who, with the use of a sewing machine, have started small businesses in the field of textiles.

The solar module installation programme, contracted out to Tozzi Green by the Peruvian government, will increase the electrification rate in rural areas to 96% in a little less than five years. This is an extraordinary and inexpensive result, both in economic and environmental terms, which was obtained in a short time compared to the time needed to adapt and expand the conventional power grid.

The installation programme for the devices envisages that training meetings will be organised to raise

users' awareness on the proper use of the system and illustrate its full potential, and this, in itself, is an initial opportunity for the technological empowerment of the rural population. Since women are primarily responsible for running the household, it is mainly them who attend the meetings; these meetings become an opportunity for the growth, responsabilisation, and empowerment of women.

Making energy accessible also entails addressing an issue that is often overlooked when it comes to development: the importance of socialisation. Without electricity, the hours of sunlight are consumed during the working day, leaving no room for study or family. Community moments that may seem trivial, such as gathering together for a football match or reading a book, are exceptional catalysts for development in disadvantaged areas.

**The Secretariat of the Presidency of the Republic of Peru issued a note in which it thanked the company for the rural electrification project, precisely because of the possibility of bringing people together more.**

Every year the Group companies Ergon Perú and Tre Perú take part in the Christmas celebrations and give presents to the children of the "La Casita de

Lucio" pre-school with the active involvement of their employees. Approximately 40 to 45 children take part in this activity, which has taken place for 3 years now.








# 4.4

## The community in Madagascar

In the environment in which it operates, Tozzi Green represents the only solid and managerial company capable of generating significant employment for developing the community in Madagascar. Tozzi Green employs 242 people, 96% of whom are permanent employees. In addition, the use of temporary staff for sowing and harvesting operations, according to seasonal needs, can be quantified as approximately 3,600 people per year, and each of them is offered specific

on-the-job training on sustainable agricultural practices. The existence of the commercial farm has had an enormous impact on the community. Since the company arrived, there has been a significant increase in the number of residents.

The commitment and attention to the local area and the community that has always inspired the Group's philosophy can make a real difference in a difficult and complex situation such as in Madagascar, where only

 <p><b>DIRECT ECONOMIC IMPACTS</b></p>	<p>Payments to local suppliers for the purchase of goods and services</p> <p><b>25.4 mln</b></p>	<p>Wages and salaries to local employees</p> <p><b>1.8 mln (+37%)</b></p>	<p>Income taxes and duties</p> <p><b>1.2 mln</b></p>	<p>Investment in infrastructure, in the two-year period 2018-2019</p> <p><b>41 mln</b></p>
			<p>Local taxes</p> <p><b>500 thousand</b></p>	
 <p><b>Direct EMPLOYMENT-RELATED IMPACTS</b></p>	<p>Employees</p> <p><b>242 (+22%)</b> of which 168 agriculture and 74 energy</p>	<p>Female employment</p> <p><b>20%</b></p>	<p>Subcontractor employment** (energy)</p> <p><b>2,357 Work units</b> equivalent to full time</p>	<p>Seasonal employment in agriculture per year</p> <p><b>3,600 people</b></p>
 <p><b>DEVELOPMENT OF HUMAN CAPITAL</b></p>	<p>Hours of training provided</p> <p><b>668</b></p>	<p>Families reached by rural electrification</p> <p><b>about 200</b></p>	<p>Litres of drinking water per day</p> <p><b>12,000 litres</b></p>	<p><b>11,000 children</b> treated every year in the village healthcare facility</p>
	<p>Access to secondary school education for</p> <p><b>826 students</b></p>	<p><b>537 young people</b> involved in the Rugby Academy of Ihorombe</p>		

\*2019 data unless otherwise specified

\* This corresponds to the number of hours worked by subcontractors in 2019, i.e. 3,654,098, divided by 1,550, which is an estimate of the net hours worked annually by a full-time worker in Italy according to the National Collective Bargaining Agreement for metalworkers.

20% of the total population have access to electricity (a rate that drops to 5% in rural areas). The production of clean energy, the company's core business, involves a burden of social responsibility that the company does not shirk; on the contrary, it considers it to be an opportunity. Tozzi Green is the largest player in the sector in the country, and when the third power plant with installed capacity of 28 MW, which is currently under construction, comes on line at the end of 2020, Tozzi Green will supply one-third of the capital's energy needs. Most of the company's initiatives aimed at local communities are included in protocols and formal agreements signed from 2013 onwards by Group companies operating in the country in collaboration with local authorities and associations. Based on the priorities that result from formalised processes of dialogue with the communities themselves and their representatives, municipal development plans are drawn up that set specific objectives. Below are listed a few of the most significant projects carried out for the benefit of local communities, classified according to their macro are-

as. In addition to these, there are others consisting of donations of equipment for school, health, sports, agricultural, and reforestation activities planned each year in the agreement protocols and which contribute to the functioning of the local organisational structures.







## RURAL ELECTRIFICATION

Through the “**Luce per tutti**” (**Light for all**) project, Tozzi Green has brought electricity to Malagasy homes, which are little more than small huts, in the village of Satrokala near the commercial farm run by JTF Madagascar. The project involved the installation of 30 poles with a solar panel and battery (50 off-grid modules), capable of providing the population with enough electricity for their daily needs.

Tozzi Green, which owns and operates the Sahanivotry hydroelectric plant, supplies the local rural community with 200 kW of electricity through 5 km of power lines, which were built by the Group as a commitment to the

local community. The project, which involves about 200 families, provides for the establishment of an association for the local community, to which energy is sold at an agreed price. The association has the responsibility of managing the distribution process through the electrical system provided by Tozzi Green and dividing up consumption and costs among user households. The agreement stipulated with the association is reviewed by the Ministry of Energy and the Monitoring Agency that deals with rural electrification.

These are development actions that are tailored to local needs: energy is planned in line with the needs of the population in order to create a sustainable economic exchange for the country.



## THE CREATION OF INFRASTRUCTURE

As the only major player in the area, Tozzi Green receives numerous invitations to support initiatives from local authorities as well as the community, and they both acknowledge the company's significant contribution to infrastructure development.

In 2017 more than three thousand people attended the inauguration of the Farahantsana bridge in the municipality of Mahitsy, about fifty kilometres from the capital Antananarivo, which connects the municipalities of Ampanotokana and Ambohimasina, which were previously separated by the Ikopa river.

The infrastructure, which is essential for starting work on the construction of the hydroelectric power plant that will produce 28 MW of electricity for the Jirama network, is the result of a public-private partnership. The ceremony turned into a real folk festival with singing and dancing. It is an ancillary work, but also one that is highly symbolic. The connection between the two villages, in fact, now allows different people, previously separated by the watercourse and therefore unable to build shared paths and practices, to be concretely united. The bridge, a metaphor of union and community, represents a link to the future, the possibility of having technological progress coexist with environmental sustainability and social development.

Since the company has been present in Madagascar, it has taken part in the construction of a number of public buildings (the city hall, the new city hall, the regional bank), all of which are powered by photovoltaic panels.





## THE MAHITSY POWER PLANT AND THE LOCAL COMMUNITY

The project for the construction of the Mahitsy hydro-electric power plant by the subsidiary Hydelec was accompanied by the signing of a Memorandum of Understanding between the company and the village of Vodiriana, which is about 1 km from the power plant.

The agreement consists of an action plan that the company has committed itself to start in 2019 and finish by the end of 2022 in support of local infrastructure, which provides for the construction of:

- a well for drinking water;
- flooring in the primary school;
- the village chief's office;
- a health centre;
- a public toilet;
- a football pitch for the children.

The agreement also provides for the renovation of a boat for crossing the river and maintenance work on the main road connecting the villages as well as the restoration of the local religious building.

In addition, priority is given to hiring local workers depending on the skills required.





## ACCESS TO DRINKING WATER

Bringing energy where there was none before means being able to make water drinkable and especially to distribute it: in Satrokala, Tozzi Green built distribution points that deliver 12,000 litres of drinking water a day, giving the villagers access to guaranteed and hygienically safe water for the first time ever.

To this end, drinking fountains have been placed at several points in the village. The villagers themselves, aware of the importance of protecting their use and presence, have placed signs on the fountains indicating the times when they can be used.

## THE MEDICAL FACILITY

A radical improvement in the life and development prospects of the local population took place in 2012 when Tozzi Green financed the construction of a medical facility run by specialised Malagasy personnel. The clinic is the only healthcare facility in an extremely large area: many patients are cared for after making a long journey, often on foot, to find someone to take care of their medical needs.

**Since it began, more than 250,000 people have been treated free of charge, including children under 5 years of age who are given free medicine (11,000 children treated every year),** thus helping to significantly reduce the very high infant mortality rate in the area.

Pregnant women, even from nearby villages, have started to go to Tozzi Green's medical facilities to give birth, effectively eliminating post-natal mortality.

For patients needing major treatment that the medical clinic is unable to provide, the company has donated an ambulance to allow them to reach the hospital, which previously could only be reached in 12-15 hours by mule.





## EDUCATION THROUGH SPORT

The multidisciplinary approach of the company in terms of impact on the local area has given rise to an innovative project of education through sport. Tozzi Green, together with the NGO Terres en Mêlées, founded the **Rugby Academy Ihorombe** in 2017, attended by 537 young people between 7 and 18 years old. In May 2018, the first stadium ever in the province was inaugurated. The project offers an opportunity for inclusion, emancipation, and socialisation to the boys and girls

of the villages, promoting the values of sport and allowing young people from the region to travel all over the country to participate in competitions. In order to attend the Academy, it is compulsory to participate in school activities, so sport becomes an incentive for literacy and an effective lever to bring many more children closer to school. In an environment that is still strongly patriarchal, this represents a valuable opportunity of empowerment and emancipation for girls.

**"A pass, a smile", the motto of the girls of the Rugby Academy Ihorombe, clearly expresses the synthesis between sustainable development, solidarity, and human emancipation.**

In 2017, two players from the Academy of Ihorombe were invited to Paris to kick off the opening ceremony of the Six Nations Rugby Tournament.

In 2018 a partnership was established with the French company MANE in order to create an educational project focused on the issues of gender equality, cultural diversity, and environmental sustainability.

***A pass,  
a smile.***







## PELA'S STORY RUGBY AND THE GIRLS

“Pela, a top 15-year-old player in the Rugby Academy Ihorombe, was noticed in the provincial championships, where she contributed to the rise of her team until she was selected, in the summer of 2018, to train with the junior national women's team. This is a record, since it is the first time that a player from the "coast" has measured up to the girls of the national team, who typically come from the elite of the "highlands".

Paola Turroni, writer, taken from the website [www.tozzigreen.com/it/rugby-academy-ihorombe/](http://www.tozzigreen.com/it/rugby-academy-ihorombe/)



She lived alone, away from home, for four months. Her tenacity and desire for redemption took her all the way to Paris, where on 1 February 2019 she, together with her companions Marcelia and Sonia, participated in the kick-off of the Six Nations Rugby Tournament at the Stade de France. At the press conference at the So-

ciété Générale they asked her why she was so strong, and in front of photographers and journalists she answered simply: "I learned to play on a hard, red ground. I played against teams of boys. Of course, my training was more tiring. Since I have been able to play on the pitch built by Tozzi Green everything is better; we train like professionals". Pela spoke in France, knowing that she was the spokesperson for all the Malagasy girls. It was very clear to her that being there, in addition to fulfilling a personal dream, had a strong symbolic value for all the young women of her country. The younger girls look at her, admire her, and say "I want to play like Pela". For the first time in the isolated inland villages of Madagascar, where life for women is predefined by rigid social patterns, girls can think differently, stand as equals on the pitch with boys, emancipate themselves from the roles that cultural tradition has assigned them, also showing their parents that another life is possible.

## EDUCATIONAL ACTIVITIES

The development of communities living in disadvantaged areas cannot disregard the progress of their educational system.

Tozzi Green has accepted the challenge and over the years has built a pre-school and a high school and, for the children of its employees, a nursery school.

**In 2019, a total of 826 children had access to secondary education.**



# 4.5

## Tozzi Green Book: education for sustainability

Tozzi Green concretely promotes through all its business activities an idea of economic progress based on respect for the environment and social progress, in order to ensure sustainable well-being for future generations. Educating young people, who are the future, on these issues becomes an indispensable challenge that the company has accepted also through the publishing activities of **Tozzi Green Book**, a brand launched in October 2018 and aimed at school-age readers and their parents. Renewable energies, the future of the new millennium, are presented in the captivating form of an illustrated story. The Group's activities in Italy, Peru, and Madagascar are described, going beyond a merely didactic approach, through stories whose protagonists are children and sometimes their best friends, animals.

The first book "**L'energia della natura**" (The Energy of Nature) tells young children the story of the Photovoltaic Meadow of Sant'Alberto (Ravenna) and the ecosystem that surrounds it, showing the benefits and opportunities of sustainable innovation in a form that is attractive and engaging for everyone.

The second book, "**Una casa piena di sole**" (A House Filled with Sunshine) is dedicated to the community of Peru and the story of the rural electrification project. The use of simple language that is suitable for young children makes the message clear to everyone, including their parents and the adult population in general. Telling the details of the project allows the community to become involved, making it more responsible and competent. The book also becomes a cultural tool for learning the national language and for broadening the prospects for social integration.

In September 2019 Tozzi Green presented its new publishing project, entitled "**Le soin de la terre**", at the International Agricultural Fair FIA in which it took part. The book describes the efforts and techniques used to make the red earth of Ihorombe fertile again. It is intended primarily for the children of the villages where Tozzi Green operates, and was designed with the intention of educating the local population on the environmental and economic implications of using the land in a respectful manner. The aim is to ensure the maintaining of a series of correct methodologies aimed at ensuring the food autonomy of the population.

L'energia della natura

PAOLA TURRONI · VALERIA FOGATO

# L'energia della natura



Con il patrocinio di:









# NOTE ON METHODOLOGY

## DATA TABLES AND INDICATORS

## ANALYTICAL INDEX





# Note on methodology

## 1. Objectives and reference standards (GRI 102-50; 102-51; 102-52; 102-54)

The 2019 Sustainability Report of the Tozzi Green S.p.A. Group, with headquarters in Mezzano (Ra) at Via Brigata Ebraica 50, refers to the period between 1 January and 31 December 2019. This document represents the first non-financial reporting practice carried out by the Group. As a methodological reference, this Report employs the principles defined by the "Sustainability Reporting Standards" of the Global Reporting Initiative (GRI) according to the referenced approach.

## 2. Scope of Reporting (GRI 102-45; 102-48)

The 2019 Sustainability Report describes the environmental, social and economic performance of the Tozzi Green Group according to the scope of reporting corresponding to the company's consolidated financial statements as at 31 December 2019 summarised in the "2018-2019 Scope of Consolidation Comparison Table" in the data and tables section. Unless otherwise specified, this document compares the qualitative and quantitative information for the two-year period 2019-2018. Any exceptions and changes in the scope are indicated in the note below the tables or in the text.

## 3. The process of defining the relevant (material) issues (GRI 102-46; 102-47)

The GRI Sustainability Reporting Guidelines, which Tozzi Green has decided to adopt as a reporting standard in the "Referenced" mode (see Content Index), require the report to state the so-called material aspects, i.e. the impacts deemed significant for the organisation from an economic, environmental, and social point of view, which affect its business and which are relevant to stakeholders' interests and expectations. The process of identifying the material aspects to be reported in the Sustainability Report was carried out according to the following four phases:

**1\_ PLANNING PHASE** in which the objectives to be pursued, the scope, and the people within the Group involved in the process were defined. To this end, a working group coordinated by the Communication Department was set up, consisting of:

- Andrea Tozzi, *CEO*
- Luca Dallaglio, *Procurement*
- Cristiano Vitali, *International Business Development*
- Riccardo Masetti, *QHSE*
- Franco Salcone, *Italy Business Development*

- Andrea Baruzzi, *O&M*
- Angelo Coppacchioli, *Head of the Peru Project*
- Nicola Armaroli, *Group controller*
- Roberto Fagnocchi, *CFO*
- Alessandro Berti, *Head of the Madagascar Project*
- Giampaolo Cimatti, *Engineering*
- Grazia Ramponi, *HR & Communication*
- Marco Alessandra, *Communication*
- Massimo Lo Rizzo, *BoD*
- Fabio Cavallari, *Editorial and association projects consultant*

The working group was involved both in the presentation of the project and in the subsequent phases through in-depth meetings, during which the relevant stakeholders for the Group were identified and the individual categories were defined.

## 2 \_ IDENTIFICATION PHASE OF THE RELEVANT ISSUES.

This phase was carried out through the analysis of a number of internal sources closely linked to the company's business situation and external sources in order to gain a broader understanding of the relevant issues that have arisen at the national and international level. The analysis started with the identification of the issues reported in the sustainability guidelines most often applied at the international level (GRI Standards), which are considered representative of the perspective outside the company, since they are identified in multi-stakeholder comparisons at the international level. These issues were then contextualised with respect to the business sector of the Tozzi Green Group through the benchmark conducted on the sustainability reports of several of the main companies operating in the renewable energy sector at the national and international level and through an initial analysis of the main issues that arose from the systematic examination of the press reviews of the last 6 months.

### a. Internal point of view:

- website;
- Consolidated financial statements;
- Code of Ethics and Model 231;
- documentation written over the years available to the company.

External sources:

- b. GRI Standards.
- c. Due diligence and impact studies on agricultural activities in Madagascar.
- d. Text of the tender for the Rural Electrification Project in Peru.
- e. EIA impact studies for plants built in Italy.
- f. Reporting documents for renewable energy operators.
- g. EU and Italian Government institutional documentation.
- h. Analysis of articles taken from selected press review, using the keyword "Energy production from renewable sources" for the period 01/09/2019 - 30/09/2019 in the major national newspapers.
- i. Analysis of articles taken from selected press review, using the keyword "Tozzi Green" for the period 01/03/2019 - 30/09/2019 in the major national newspapers.

Through the analysis of the sources and in light of the expertise of the management involved in the process, a list of relevant issues was defined and grouped by their aspects.

## 3 \_ ASSIGNMENT OF THE DEGREE OF RELEVANCE OF THE ISSUES IDENTIFIED.

In order to define priorities, each relevant issue was assessed on the basis of two aspects:

- relevance to stakeholders;
- impact on corporate strategies.

### Relevance to stakeholders.

Tozzi Green dealt for the first time with the materiality analysis for the preparation of the Sustainability Report drawn up according to the GRI Standards. Therefore, the Company considered it premature to immediately initiate a stakeholder engagement process specifically aimed at systematically identifying the priorities expressed by its stakeholders on the issues identified, despite the fact that it has extensive experience in dialoguing with and involving stakeholders in various aspects of its activities. The identification of the issues and their relevance to stakeholders is, therefore, based on a combination of subjective assessments, expressed by top management during dedicated interviews, and based on external sources. Through interviews with managers who, almost on a daily basis, due to their roles within the company and because they are representatives of the local community of reference, are in direct contact with many of the stakeholders that were identified

via the mapping, the main expectations and positions from the outside world that the Group faces in its relationship with its stakeholders were identified.

### Relevance to the company.

The issues identified were analysed from the point of view of their impact on the company's strategies, through one-on-one interviews with the heads of the main company departments belonging to the working group.

## 4 \_ Validation.

The list of issues that arose was therefore validated by the Group's CEO, Andrea Tozzi.

### Calculation criteria.

The employment effect produced by the companies under contract was calculated by dividing the total number of hours worked during 2019 by 1,550, which is an estimate of the net hours worked annually by a full-time worker in Italy according to the National Collective Bargaining Agreement for metalworkers.



# Tables of data and indicators

TABLE COMPARING THE SCOPE OF CONSOLIDATION, 2018-2019

Company	31 DECEMBER 2019			31 December 2018		
	Country	Share capital	Shareholding %	Country	Share capital	Shareholding %
Tozzi Green S.p.A.	Italy	2,300,000	Holding AREA	Italy	2,300,000	Holding AREA
Idrorivello S.r.l.	–	–	–	Italy	25,000	70%
TG S.r.l.	Italy	50,000	92%	Italy	50,000	80%
Daunia Solar Cell S.r.l.	Italy	10,000	90%	Italy	10,000	90%
JTF S.r.l.	Italy	10,000	100%	Italy	10,000	100%
Solarwind 2 S.r.l.	Italy	10,000	100%	Italy	10,000	100%
Solar Farm S.r.l.	Italy	3,000,000	65%	Italy	3,000,000	65%
FV Alfonsine S.r.l.	Italy	10,000	100%	Italy	10,000	100%
Tecnoteam S.r.l.	Italy	10,320	100%	Italy	10,320	100%
S. Giovanni Biogas S.r.l.	Italy	10,000	90%	Italy	10,000	90%
Tozzi Green Madagascar	Madagascar	122,703	65%	Madagascar	125,836	100%
Ergon Perù	Peru	23,182,022	90%	Peru	22,744,701	90%
Tre Perù	Peru	203,501	99%	Peru	283	99%
Hydelec	Madagascar	674,866	65%	Madagascar	692,099	100%
Geas S.r.l.	Italy	10,000	100%	Italy	10,000	100%
Cerignola Wind S.r.l.	Italy	100,000	100%	Italy	100,000	100%
Pars Green Technology Horizon	Iran	837	100%	Iran	832	100%
Mahitsy Hydro	Madagascar	24,053,567	33%	Madagascar	16,034,046	51%
Lucera Wind S.r.l.	Italy	100,000	100%	Italy	100,000	100%
Idroliri S.r.l.	Italy	10,000	70%	Italy	10,000	70%
JTF Madagascar	Madagascar	736,218	100%	Madagascar	755,017	100%
Tozzi Green Japan	Japan	41,004	100%	Japan	39,730	100%
Tozzi Green Hydro Madagascar	Madagascar	245,406	100%	Madagascar	252	100%
Tozzi Green Maurice	Mauritius	4,519,619	65%	Mauritius	6,260	100%
TG Aromatics	Madagascar	2,454	100%	Madagascar	2,517	90%
TG Logistique	Madagascar	2,454	100%	Madagascar	2,517	90%
Sambava Epices	Madagascar	19,632	60%	Madagascar	20,134	60%
Tozzi Green Int. Development	Italy	10,000	70%	-	-	-
Simto	Madagascar	14,684,265	51%	-	-	-
ATG	Madagascar	2,454	100%	-	-	-
Tsinjo Hydro	Madagascar	2,454	65%	-	-	-

## EMPLOYEES

### BREAKDOWN OF EMPLOYEES BY CLASSIFICATION (GRI 102-8)

	ITALY						PERU						MADAGASCAR						REST OF THE WORLD						GROUP							
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018				
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M
Blue-collar workers	0	10	10	0	10	10	4	32	36	2	23	25	17	146	163	14	127	141	0	0	0	0	0	0	21	188	209	16	160	176		
White-collar workers	30	35	65	28	31	59	14	26	40	10	26	36	22	25	47	19	16	35	1	2	3	1	2	3	67	88	155	58	75	133		
Managers	3	10	13	3	9	12	1	3	4	0	0	0	10	14	24	7	12	19	0	0	0	0	0	0	14	27	41	10	21	31		
Executives	0	5	5	0	4	4	0	2	2	1	5	6	1	7	8	1	2	3	0	0	0	0	0	0	1	14	15	2	11	13		
<b>Total</b>	<b>33</b>	<b>60</b>	<b>93</b>	<b>31</b>	<b>54</b>	<b>85</b>	<b>19</b>	<b>63</b>	<b>82</b>	<b>13</b>	<b>54</b>	<b>67</b>	<b>50</b>	<b>192</b>	<b>242</b>	<b>41</b>	<b>157</b>	<b>198</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>103</b>	<b>317</b>	<b>420</b>	<b>86</b>	<b>267</b>	<b>353</b>		

W = Women; M = Men

### BREAKDOWN OF EMPLOYEES BY TYPE OF CONTRACT (GRI 102-8)

	ITALY						PERU						MADAGASCAR						REST OF THE WORLD						GROUP							
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018				
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M
With permanent contract	29	56	85	30	48	78	4	21	25	11	47	58	50	182	232	40	154	194	0	0	0	0	0	0	83	259	342	81	249	330		
With temporary contract	4	4	8	6	1	7	15	42	57	2	7	9	0	10	10	1	3	4	1	2	3	1	2	3	20	58	78	5	18	23		
Full-time	27	60	87	26	54	80	19	62	81	13	54	67	50	192	242	41	156	197	1	1	2	1	1	2	97	315	412	81	266	347		
Part-time	6	0	6	5	0	5	0	1	1	0	0	0	0	0	0	0	1	1	0	1	1	0	1	1	6	2	8	5	1	6		

W = Women; M = Men

During 2019, seven temporary contracts were converted into permanent contracts (6 men and 1 woman).



**BREAKDOWN OF EMPLOYEES BY AGE GROUPS (GRI 102-8)**

	ITALY						PERU						MADAGASCAR						REST OF THE WORLD						GROUP							
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018				
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M
up to 30 years old	3	2	5	7	1	8	13	23	36	7	23	30	19	56	75	17	45	62	1	1	2	1	1	2	36	82	118	32	70	102		
from 30 to 50 years old	26	40	66	22	41	63	5	34	39	5	26	31	27	113	140	90	23	113	0	1	1	0	1	1	58	188	246	50	158	208		
over 50 years old	4	18	22	2	12	14	1	6	7	1	5	6	4	23	27	1	22	23	0	0	0	0	0	0	9	47	56	4	39	43		

**TRAINING HOURS BY CLASSIFICATION AND GENDER (GRI 404-1)**

	ITALY						PERU						MADAGASCAR						REST OF THE WORLD						GROUP								
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018					
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total
Blue-collar workers	0	85	85	0	27.5	27.5	0	0	0	0	150	150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	85	85	0	178	177.5
White-collar workers	109	231	340	63	7	70	0	348	348	0	0	0	232	68	300	180	0	180	0	0	0	0	0	0	0	0	0	341	647	988	243	7	250
Managers	258	294	552	102	70	172	771	1,486	2,257	450	900	1,350	300	68	368	260	45	305	0	0	0	0	0	0	0	1,329	1,848	3,177	812	1,015	1,827		
Executives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>367</b>	<b>610</b>	<b>977</b>	<b>165</b>	<b>104.5</b>	<b>269.5</b>	<b>771</b>	<b>1834</b>	<b>2,605</b>	<b>450</b>	<b>1,050</b>	<b>1,500</b>	<b>532</b>	<b>136</b>	<b>668</b>	<b>440</b>	<b>45</b>	<b>485</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,670</b>	<b>2,580</b>	<b>4,250</b>	<b>1,055</b>	<b>1,200</b>	<b>2,254.50</b>		

**AVERAGE TRAINING HOURS BY CLASSIFICATION AND GENDER (GRI 404-1)**

	ITALY						PERU						MADAGASCAR						REST OF THE WORLD						GROUP								
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018					
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total
Blue-collar workers	0	17	17	0	6.88	6.88	0	0	0	0	30	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.07	5.67	0	16.13	13.6
White-collar workers	36.33	23.1	26.15	21	0.78	5.83	0	116	87	0	0	0	23.2	4.86	12.5	25.71	0	9.47	0	0	0	0	0	0	0	0	0	24.3	23.9	24.1	24.3	0.33	8.06
Managers	8.6	8.4	8.49	3.64	2.26	2.92	55.07	57.15	56.43	45	34.62	37.5	13.64	2.72	7.83	13.68	2.81	8.71	0	0	0	0	0	0	0	19.9	21	20.5	14	13.53	13.74		
Executives	0	29.4	0	0	7	0	0	0	0	0	0	0	0	0.47	0	0	0	0.35	0	0	0	0	0	0	0	0	0	0	0	0	0	6.34	0
<b>Total</b>	<b>11.12</b>	<b>10.17</b>	<b>10.51</b>	<b>5.32</b>	<b>1.94</b>	<b>3.17</b>	<b>40.58</b>	<b>29.11</b>	<b>31.77</b>	<b>34.62</b>	<b>19.44</b>	<b>22.39</b>	<b>0.71</b>	<b>10.64</b>	<b>2.76</b>	<b>10.73</b>	<b>0.29</b>	<b>2.45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16.21</b>	<b>8.14</b>	<b>10.12</b>	<b>12.27</b>	<b>4.49</b>	<b>6.39</b>		

W = Women; M = Men

**EMPLOYEE TURNOVER BY GENDER, AGE GROUPS, AND COUNTRY (GRI 01-1)**

	ITALY									PERU									MADAGASCAR									REST OF THE WORLD									GROUP								
	2019			2018			2019			2018			2019			2018			2019			2018			2019			2018																	
	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total	W	M	Total															
Number of people hired during the period	3	9	12	1	5	6	16	37	53	3	26	29	24	83	107	23	57	80	0	1	1	0	0	0	43	130	173	27	88	115															
up to 30 years old	1	2	3	1	0	1	12	13	25	2	12	14	11	32	43	9	14	23	0	0	0	0	0	0	24	47	71	12	26	38															
from 30 to 50 years old	2	3	5	0	4	4	4	20	24	1	14	15	10	42	52	13	37	50	0	1	1	0	0	0	16	66	82	14	55	69															
over 50 years old	0	4	4	0	1	1	0	4	4	0	0	0	3	9	12	1	6	7	0	0	0	0	0	0	3	17	20	1	7	8															
Number of people who left during the period	2	7	9	0	3	3	10	27	37	3	7	10	15	44	59	20	48	68	0	1	1	0	0	0	27	79	106	23	58	81															
up to 30 years old	0	1	1	0	0	0	6	8	14	3	1	4	6	18	24	5	12	17	0	0	0	0	0	0	12	27	39	8	13	21															
from 30 to 50 years old	2	4	6	0	2	2	4	15	19	0	5	5	9	19	28	14	32	46	0	1	1	0	0	0	15	39	54	14	39	53															
over 50 years old	0	2	2	0	1	1	0	4	4	0	1	1	0	7	7	1	4	5	0	0	0	0	0	0	0	13	13	1	6	7															

W = Women; M = Men

**TRAINING HOURS BY SUBJECT, 2019**

	ITALY			PERU			MADAGASCAR			GROUP		
	2019			2019			2019			2019		
	W	M	Total	W	M	Total	W	M	Total	W	M	Total
Management skills	88	309	397	255	388	643	0	0	0	343	697	1,040
Foreign Languages	215	285	500	516	1,446	1,962	0	0	0	731	1,731	2462
Other	64	16	80	0	0	0	444	136	580	508	152	660
<b>Total</b>	<b>367</b>	<b>610</b>	<b>977</b>	<b>771</b>	<b>1,834</b>	<b>2,605</b>	<b>444</b>	<b>136</b>	<b>580</b>	<b>1582</b>	<b>2,580</b>	<b>4162</b>

W = Women; M = Men





## ECONOMIC PERFORMANCE

### THE CREATION OF ADDED VALUE (GRI 201-1)

	31.12.2019	31.12.2018
<b>VALUE OF PRODUCTION</b>	<b>147,299,488</b>	<b>127,204,430</b>
Revenues from sales and services	144,763,525	124,051,382
Other revenues and income	2,535,963	3,153,048
<b>COSTS OF PRODUCTION</b>	<b>84,775,334</b>	<b>76,125,641</b>
Raw materials, consumables and goods	62,281,000	54,885,018
Services	14,590,675	16,092,745
Leases and rentals	551,880	3,286,217
Provisions and writedowns	5,853,911	1,416,119
Other operating expenses	1,497,868	445,542
<b>ADDED VALUE FOR ORDINARY OPERATIONS</b>	<b>62,524,155</b>	<b>51,078,789</b>
Extraordinary income components (-)	-3,865,507	
<b>TOTAL GROSS ADDED VALUE</b>	<b>58,658,647</b>	<b>51,078,789</b>
Depreciation	14,161,759	11,136,689
<b>TOTAL NET ADDED VALUE</b>	<b>44,496,888</b>	<b>39,942,100</b>

### CLASSIFICATION OF SUPPLIERS BY AMOUNT AND LOCATION (thousands of euros)

	31.12.2019	31.12.2018
Suppliers, Italy		28,300,763
Suppliers, Peru	25,181,459	15,359,134
Suppliers, Madagascar	25,366,695	15,537,549
Rest of the world	31,756,002	47,890,423
<b>Total</b>	<b>82,304,156</b>	<b>107,087,869</b>

### THE DISTRIBUTION OF ADDED VALUE

	31.12.2019	31.12.2018
<b>STAFF REMUNERATION</b>	<b>9,489,578</b>	<b>6,892,640</b>
Staff and related costs	9,223,751	6,697,025
Employees' severance indemnity (TFR) and pensions	265,826	195,615
<b>REMUNERATION OF PUBLIC ADMINISTRATION</b>	<b>7,961,730</b>	<b>8,373,226</b>
Income taxes and duties	7,961,730	8,373,226
<b>REMUNERATION OF LOAN CAPITAL</b>	<b>12,165,684</b>	<b>5,860,295</b>
Short- and long-term capital charges	12,165,684	5,860,295
<b>REMUNERATION OF RISK CAPITAL</b>	<b>32,186,808</b>	<b>2,368,821</b>
Distributed profits	32,186,808	2,368,821
<b>COMPANY REMUNERATION*</b>	<b>-19,180,055</b>	<b>15,035,327</b>
Undistributed profits	-19,180,055	15,035,327
<b>TRANSFERS TO THE COMMUNITY</b>	<b>1,873,143</b>	<b>1,411,791</b>
Local taxes and duties	1,873,143	1,411,791
<b>TOTAL NET ADDED VALUE</b>	<b>44,496,888</b>	<b>39,942,100</b>

\*These are extraordinarily distributed profits higher than the consolidated profits achieved

### CLASSIFICATION OF SUPPLIERS BY AMOUNT AND TYPE OF SUPPLY (thousands of euros)

	31.12.2019	31.12.2018
Construction works	6,235,134	21,137,178
Electrical installations and works	19,131,561	35,901,134
RER systems	31,756,002	34,690,423
Installation services	25,181,459	15,359,134
<b>Total</b>	<b>82,304,156</b>	<b>107,087,869</b>



### MULTI-YEAR INVESTMENTS (thousands of euros)

	31.12.2019	31.12.2018	two-year total
<b>Investments in plants and infrastructure</b>	<b>82,304,156</b>	<b>107,087,869</b>	<b>189,392,025</b>
<i>of which:</i>			
Italy	0	41,500,763	41,500,763
Madagascar	25,366,695	15,537,549	40,904,244
Peru	56,937,461	50,049,557	106,987,018
<i>of which:</i>			
Hydroelectric	25,366,695	15,537,549	40,904,244
Wind		41,500,763	41,500,763
Rural Electrification	56,937,461	50,049,557	106,987,018

### INCOME TAXES BY GEOGRAPHICAL AREA

	31.12.2019	31.12.2018
Taxes and duties paid in Italy	2,686,355	4,095,468
Taxes and duties paid in Peru	4,094,930	2,036,441
Taxes and duties paid in Madagascar	1,508,035	2,240,746
Taxes and duties paid in the rest of the world	22,410	571
<b>Total</b>	<b>7,961,730</b>	<b>8,373,226</b>

### WAGES AND SALARIES BY GEOGRAPHICAL AREA

	31.12.2019	31.12.2018
Remuneration of staff in Italy	6,111,738	4,535,364
Remuneration of staff in Madagascar	1,759,016	1,443,944
Remuneration of staff in Peru	1,593,319	884,504
Remuneration of staff in the rest of the world	25,505	28,828
<b>Total</b>	<b>9,489,578</b>	<b>6,892,640</b>

### LOCAL TAXES AND DUTIES BY GEOGRAPHICAL AREA

	31.12.2019	31.12.2018
Local taxes and duties paid in Italy	195,026	211,634
Local taxes and duties paid in Peru	1,176,195	377,966
Local taxes and duties paid in Madagascar	500,104	821,849
Local taxes and duties paid in the rest of the world	1,850	342
<b>Total</b>	<b>1,873,175</b>	<b>1,411,791</b>

## ENERGY SECTOR PRODUCTION

### INSTALLED CAPACITY\*

	UM	2019	2018
Wind Farms **	MW	53.5	37
Hydroelectric Plants	MW	11.4	17.4
Photovoltaic Plants	MW	29.3	24.5
Biogas plants ***	MW	13.1	13.1
<b>Total</b>	<b>MW</b>	<b>107.3</b>	<b>92</b>

\* The installed capacity was calculated according to the percentage owned by the Group of the companies owning the plants at the end of 2019.

\*\* This figure includes 1 MW produced by small wind turbines.

\*\*\* This figure includes the power of the Sant'Agata biomass power plant, which is no longer owned by the Group as at the date of publication, but was part of the Group during 2019.

### ENERGY PRODUCTION\*

	UM	2019	2018
Wind Farms	MWh	122,164.81	66,748.85
Hydroelectric Plants	MWh	49,744.50	91,900
Photovoltaic Plants	MWh	44,033	33,286.86
Biogas/Biomass plants *	MWh	75,745.7	89,332.68
<b>Total</b>	<b>MWh</b>	<b>291,688.01</b>	<b>281,286.39</b>

\* The energy production shown in the table is in proportion to Tozzi Green's equity interests in each plant. The scope includes the AGRITRE photovoltaic plant owned by the Group holding company.



### CO<sub>2</sub> AVOIDED\* (GRI 305-5)

	UM	2019	2018
Wind Farms	tonnes	85,515.00	46,724.00
Hydroelectric Plants	tonnes	34,821.00	61,732.00
Photovoltaic Plants	tonnes	30,000.00	23,300.00
Biomass and Biogas plants	tonnes	2,400.00	54,445.00
<b>Total</b>	tonnes	<b>152,736.00</b>	<b>186,201.00</b>

\* CO<sub>2</sub> emissions are reduced by approximately 0.7 tonne per MWh produced compared to the Italian thermoelectric production mix.

(<https://www.sunearthtools.com/it/tools/CO2-emissions-calculator.php>)

### ENERGY CONSUMPTION FOR ENERGY PRODUCTION (GRI 302-1)

	UM	2019	2018
<i>Wind*</i>			
Self-produced and self-consumed electricity	kWh	1,834,244	834,614
<i>Photovoltaic</i>			
Self-produced and self-consumed electricity	kWh	2,246,137	1,448,584.49
Energy purchased from third parties**	kWh	824,741	423,563.40
<i>Biomass and Biogas</i>			
Maize, sorghum flour, and by-products (San Giovanni Biogas)	ton	18,438	18,672.5
Self-produced and self-consumed electricity	kWh	17,187,441	9,168,759

\* Does not include small wind turbines

\*\* Approximately 10% from renewable sources (estimated based on the energy supply mix indicated in the bills from the broker AXPO, the Group's supplier, with reference to its purchase portfolio, which varies between 11 and 13%).

### ENERGY CONSUMPTION OF HEADQUARTERS AND OFFICES\* (GRI 302-1)

	UM	2019	2018
<i>From non-renewable sources</i>			
Natural gas	m <sup>3</sup>	33,726.00	24,950.67
<i>From renewable sources</i>			
Electricity from renewable energy produced and self-consumed (rooftop photovoltaic system)	kWh	369,180.00	363,052.90
Energy purchased from third parties**	kWh	1,665,090.00	1,939,430.00

\*Scope limited to the Tozzi Green S.p.A. headquarters in Mezzano.

\*\* Approximately 10% from renewable sources (conservative estimate based on the energy supply mix indicated in the bills from the Group's broker supplier, with reference to its purchase portfolio, which varies between 11 and 13%).

\*\* Tozzi Green has a lease contract with TSS (Tozzi Shared Services) for the headquarters; therefore, it is TSS that owns the two photovoltaic systems and the gas and electricity supply contracts. With the exception of waste, which is collected as Tozzi Campus (Buildings A, B, and C) and therefore it is not possible to distinguish them, the consumption is that specific to Building B and part of Building C (due to the presence of Daunia Solar Cell Laboratory).

### ENERGY CONSUMPTION OF COMPANY VEHICLES (GRI 302-1)

	UM	2019	2018
Diesel for motor vehicles	litres	77,351.26	82,928.28
Petrol	litres	5,896.44	6,439.99
Natural gas for motor vehicles	m <sup>3</sup>	1,832.80	1,837.60

\* Scope limited to vehicles belonging to the Mezzano office plus bulldozer of the San Giovanni plant (biogas).

### ENERGY CONSUMPTION OF AGRICULTURE SECTOR (GRI 302-1)

	UM	2019	2018
Diesel fuel	litres	594,041.35	609,035.56
Fuel oil (for generators)	litres	35,805.01	6,910.30
Petrol	litres	2,363.76	972.25

### TOTAL GROUP ENERGY CONSUMPTION (GRI 302-1)

	UM	2019	2018
<b>DIRECT CONSUMPTION from non-renewable sources</b>	GJ	<b>26,659.64</b>	<b>25,996.75</b>
Natural gas for heating	GJ	1,315.65	973.33
Diesel fuel	GJ	21,013.34	21,543.73
Fuel oil	GJ	1,266.55	244.44
Natural gas for motor vehicles	GJ	71.50	71.68
Diesel for motor vehicles	GJ	2,736.19	2,933.47
Petrol for motor vehicles	GJ	256.42	230.09
<b>DIRECT CONSUMPTION from renewable sources</b>	GJ	<b>77,893.21</b>	<b>42,534.01</b>
Self-produced and self-consumed electricity (100% renewable sources)	GJ	77,893.21	42,534.01
<b>INDIRECT CONSUMPTION (SCOPE II)</b>	GJ	<b>8,963.39</b>	<b>8,506.78</b>
Electricity purchased from third parties from non-renewable sources (90%)	GJ	8,067.05	7,656.10
10% from renewable sources	GJ	896.34	850.68

### TOTAL GROUP CO<sub>2</sub> EMISSIONS

	UM	2019	2018
<b>DIRECT CONSUMPTION from non-renewable sources</b>			
Natural gas for heating	t CO <sub>2</sub>	73.62	54.44
Diesel fuel	t CO <sub>2</sub>	1,546.12	1,585.14
Fuel oil	t CO <sub>2</sub>	97.06	18.73
Natural gas for motor vehicles	t CO <sub>2</sub>	2.79	2.80
Diesel for motor vehicles	t CO <sub>2</sub>	201.32	215.84
Petrol for motor vehicles	t CO <sub>2</sub>	18.80	16.87
<b>DIRECT CONSUMPTION from renewable sources</b>			
Self-produced and self-consumed electricity (100% renewable)	t CO <sub>2</sub>	0.00	0.00
<b>TOTAL DIRECT EMISSIONS (SCOPE I) (GRI 305-1)*</b>	t CO <sub>2</sub>	<b>1,939.71</b>	<b>1,893.83</b>
<b>INDIRECT CONSUMPTION</b>			
Electricity purchased from third parties from non-renewable sources (90%)	t CO <sub>2</sub>	689.51	654.38
Electricity purchased from third parties from renewable sources (10%)	t CO <sub>2</sub>	0.00	0.00
<b>TOTAL INDIRECT EMISSIONS from non-renewable sources (SCOPE II) (GRI 305-2)**</b>	t CO <sub>2</sub>	<b>689.51</b>	<b>654.38</b>
<b>TOTAL EMISSIONS</b>	t CO <sub>2</sub>	<b>2,629.22</b>	<b>2,548.21</b>

\*Source of conversion factors for direct CO<sub>2</sub> consumption: "Table of national standards" published by the Ministry of the Environment for the period 01 January - 31 December 2019

\*\*Source of conversion coefficients for indirect CO<sub>2</sub> consumption: Greenhouse gas emission factor of the electrical power sector for electricity generation (gCO<sub>2</sub>/kWh) in Italy - Ispra Report 2019

### WASTE (GRI 306-2)

	UM	Wind		Photovoltaic		Hydroelectric		Biomass and Biogas	
		2019	2018	2019	2018	2019	2018	2019	2018
<b>Waste</b>	ton	0	8.12	398.7	320.2	0	1.67	38.43	11.7
<b>Hazardous waste produced</b>	ton	0	0	0.86	0.5	0	0.31	3.88	3.28
portion sent for recovery	ton	0	0	0.63	0.37	0	0.01	3.88	3.28
portion sent for disposal	ton	0	0	0.23	0.13	0	0.3	0	0
<b>Non-hazardous waste produced</b>	ton	0	8.12	397.84	319.7	0	1.36	34.55	8.4
portion sent for recovery	ton	0	5.45	166.36	4.16	0	0.12	32.86	4.69
portion sent for disposal	ton	0	2.68	231.48	315.5	0	1.24	1.69	3.71



## AGRICULTURE SECTOR

### CULTIVATED AREA (ha)

	2019	2018
Maize	4,085	3,502
Soy	68	18
Geranium	93.6	63.4
Aromatic plants	1.03	0.2
Cover plants	2,039	2,373
Jatropha	33	50
Eucalyptus and reforestation	18.31	0
<b>Total</b>	<b>6,337.94</b>	<b>6,006.6</b>

### CONSUMPTION OF MATERIALS

	UM	2019	2018
Maize seed	kg	85,194.35	67,159.17
Soy seed	kg	5,756.8	799.4
Cover crop seed	kg	73,978.37	90,940.86
Peanut seed	kg	259.9	291.0
Grains	kg	3,368,150.06	3,047,705.92
Plant protection products	litres	7,605.95	5,166.5
Plant protection products	kg	1,279.5	733.0

### PRODUCTION (tonnes)

	2019	2018
Maize	15,556	18,041
Soy	185	17.2
Geranium	24,895	1,530
Aromatic plants	0.021	0.028
Cover plants	0	0
Jatropha	2.6	2.17
Eucalyptus and reforestation	0	0

### WASTE\* (GRI 306-2)

	UM	2019	2018
Batteries	kg	800	310
Filters	kg	330	60
Used oils	kg	8,330.00	2,400.00

\* waste is collected and disposed of through specialised companies.





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<b>Material issue: Quality employment and human capital engagement</b>				
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